



President Takahiro Arimoto

Matching Service Japan Co., Ltd. (6539)



Company Information

Exchange	TSE 1st Section
Industry	Service industry
President	Takahiro Arimoto
HQ Address	Iidabashi Grand Bloom 4F, 2-10-2 Fujimi, Chiyodaku, Tokyo
Year-end	March
Homepage	https://company.jmsc.co.jp/

Stock Information

Share Price	Share Outstanding (Term-end)	Market Cap.	ROE (Act.)	Trading Unit	
¥928	24,985,600 shares	¥23,186 million	11.6%	100 shares	
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥15.00	1.6%	¥39.56	23.5x	¥374.65	2.5x

*The share price is the closing price on December 6, 2021. Share Outstanding, DPS and EPS are taken from the brief report on results of the second quarter of fiscal year ending Mar. 2022. ROE and BPS are from the previous term.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2018 Act.	3,117	1,170	1,304	910	36.67	11.25
March 2019 Act.	3,828	1,690	1,770	1,197	48.17	15.00
March 2020 Act.	4,098	1,704	2,023	1,374	55.16	15.00
March 2021 Act.	3,369	1,239	1,612	1,082	43.37	15.00
March 2022 Est.	3,928	1,549	1,486	988	39.56	15.00

*Units: million yen, yen. Unconsolidated financial results until FY 3/20. Consolidated financial results from FY 3/21 onward. The forecast is the company's one. Net income means profit attributable to owners of parent. The same applies hereafter. A 1:4 stock split was implemented on October 1, 2018. EPS and DPS for FY 3/18 were adjusted for the stock split.

This Bridge Report presents Matching Service Japan Co., Ltd.,'s earnings results for the second quarter of Fiscal Year ending March 2022 and earnings forecasts.

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Key Points

- The Company's core business is "MS Agent," an employment agency business specializing in corporate administrative departments and business management professionals such as lawyers, certified public accountants, and certified tax accountants as well as "MS Jobs," direct recruiting media, "Manegy," business media, and "Manegy to B," a service with BtoB platform functions. The company's strength lies in its high profitability based on its management policy of pursuing efficiency and its ability to come up with original ideas. Along with the growth of existing businesses, the company aims to achieve further growth with a view to developing a "BtoB transaction platform."
- In the cumulative second quarter of FY 3/22, sales increased 13.3% year on year to 1,854 million yen. Both the employment agency business and the media business (Manegy) performed well. Operating income increased 30.2% year on year to 776 million yen. The growth in sales absorbed the rise in SG&A expenses, such as advertising expenses, resulting in a significant increase in profits. Sales were almost as planned, and profit exceeded the forecast. Quarterly sales and profit increased both year on year and quarter on quarter. Sales reached a new high after the COVID-19 crisis.
- There is no change in the earnings forecasts. Sales for FY 3/22 are expected to increase 16.6% year on year to 3,928 million yen, and operating income is forecasted to rise 25.0% year on year to 1,549 million yen. Sales are projected to increase 13.3% year on year in the employment agency business, which has been on a recovery trend since the second half of the previous fiscal year. Regarding the media business, which has entered the full-scale monetization stage, sales are expected to grow 55.1% year on year, based on the existing services. Due to further high-efficiency management, operating income margin will rise 2.6 points to 39.4%. The company plans to pay a dividend of 15.00 yen/share like in the previous fiscal year. The expected payout ratio is 37.9%.
- The progress rate in the first half was 47.2% for sales and 50.1% for operating income. Sales are almost at the level of the average year, and operating income is in the 50% range, which is higher than that in the past few years. Thus, the company's performance is going well. In addition to the steady recovery of the employment agency business and the rapid expansion of Manegy sales, the official version of the direct recruiting website, MS Jobs, was released in October 2021. We would like to pay attention to new developments, such as the company implementing future new functions aiming to grow to be one of Japan's largest scout media platforms for the management sections and certified professionals (in fields such as law and accounting).

1. Company Overview

In addition to “MS Agent,” an employment agency business specializing in a company’s management sections as well as professions in the business management domain such as lawyers, certified public accountants, and tax accountants, the company operates “MS Jobs,” which is direct recruiting media in the same domain. Further, through “Manegy,” business media aimed at users in the same domain, the company also operates “Manegy to B,” a service which has a BtoB platform feature that connects management section users and services together. In the management section and professional domains, the company offers its services beyond human resources related businesses.

【1-1 History】

Mr. Takahiro Arimoto (presently the Representative Director and President of Matching Service Japan Co., Ltd.), whose family had been running a business, and who wanted to start up a business ever since he was in high school, joined Recruit Co., Ltd. after graduating from college. After leaving outstanding results and displaying excellent marketing skills in the personnel recruitment domain, he became independent and founded Japan MS Center Co., Ltd. (present name: Matching Service Japan Co., Ltd.) in 1990.

Focusing on the fact that personnel recruitment at accounting firms was extremely inefficient, he started a personnel supporting business for accounting firms and produced high earnings from the first fiscal year.

As large companies were undergoing massive restructuring in their management sections in the wake of the collapse of the bubble economy in the 1990s, he started an employment agency specializing in companies’ management sections, foreseeing an increase in the demand for personnel replenishment.

After that, following the system reforms and legal revisions which accompanied the introduction of international standard accounting practices and the increase in IPO due to the creation of a new market, the recruiting needs of USCPA holders, IPO personnel etc. were also met. Further, as certified public accountants and law school graduates were facing difficulties in finding employment following the restructuring of audit corporations and the reform of systems for bar examinations, the agency would introduce financial, accounting and legal specialists to companies. The company created positions and markets such as in-house accountants and in-house lawyers, which are now commonplace.

By quickly grasping such changes and trends of the times and creating new markets, business operations steadily expanded, and in December 2016, the company’s stock was listed on the Mothers of the Tokyo Stock Exchange. In December 2017, the market was changed to the First Section of the Tokyo Stock Exchange.

【1-2 Corporate Philosophy】

The company’s aim is to “Create New Value Necessary for the Times and Become the Bridge to a New Era, to Create a Society where Independent and Autonomous Individuals and Organizations can Merge Together Organically in Harmony.”

Further, the business keywords that the company uses as its standard are the matching of “People” and “Information.”

The company contributes to the solution of various societal challenges by multilaterally grasping information necessary for people to live (weddings, births, self-development, post-retirement lives, nursing care, etc.) and information necessary for companies to develop (business matching: M&A, franchises, alliances, etc.) and offering them in a meaningful form.



(Taken from the company’s website)

The company’s symbol was created as “The color of the sky rising high up with the motif of a crossed heart.”

This symbol encapsulates the company’s desire to “Connect the hearts of everyone related to the company and make them happy.”

【1-3 Description of the Business】

(1) Overview

The company operates the following 3 businesses: “Agent Business,” an employment agency specializing in companies’ management sections and professions in the accounting and legal domains; “Media Business,” which operates business media and platforms aimed at users in the same domain, and “HR-tech Business,” which operates direct recruiting media.



(Taken from the company’s website)

(2) Business Model

The company started as an employment agency specializing in companies’ management section and professions in the accounting and legal domains. While there is no change in the target domains of the company, it is creating a business model aimed at the expansion of earning opportunities in pursuit of further growth.

In the employment agency business, applicants desiring a job change register at “MS Agent.” The company then acts as an agent which matches each applicant to a recruiting company, but the earning opportunity (Monetization Point) occurs only during the “Job Change.”

In order to further expand this earning opportunity, the company started a “Media Business” in order to increase the company’s visibility among people employed in management sections and professions who are not considering changing jobs at present, and pool together and create a database for personnel in the same domains.

The business media for the management sections and certified professionals (in fields such as law and accounting) “Manegy” offers information on topics of interest to people in management sections and professions. “Manegy to B” offers a feature that lets them compare and consider various services that they might use on a daily basis.

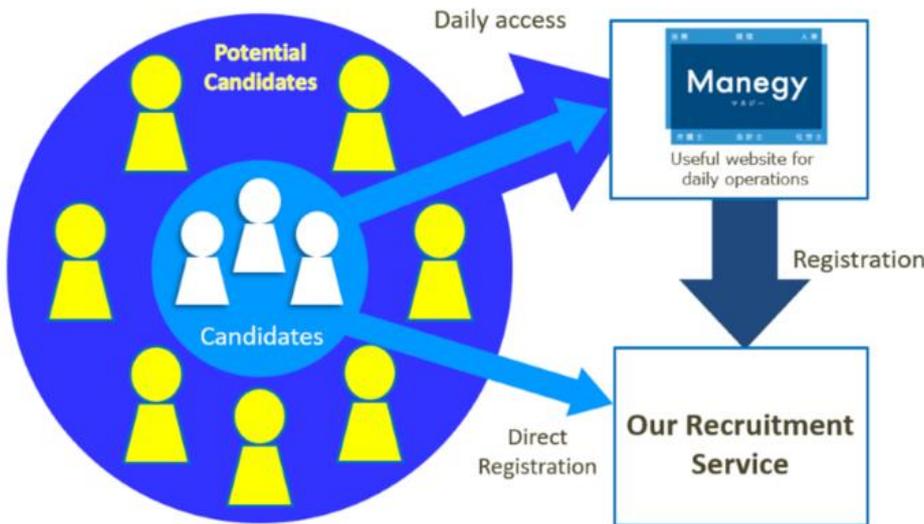
By offering web-based marketing unique to the company, it will work toward guiding people to use its media and services, thereby increasing the number of registered users.

The strengthening of a personnel database will lead to the expansion and diversification of earning opportunities in the following ways.

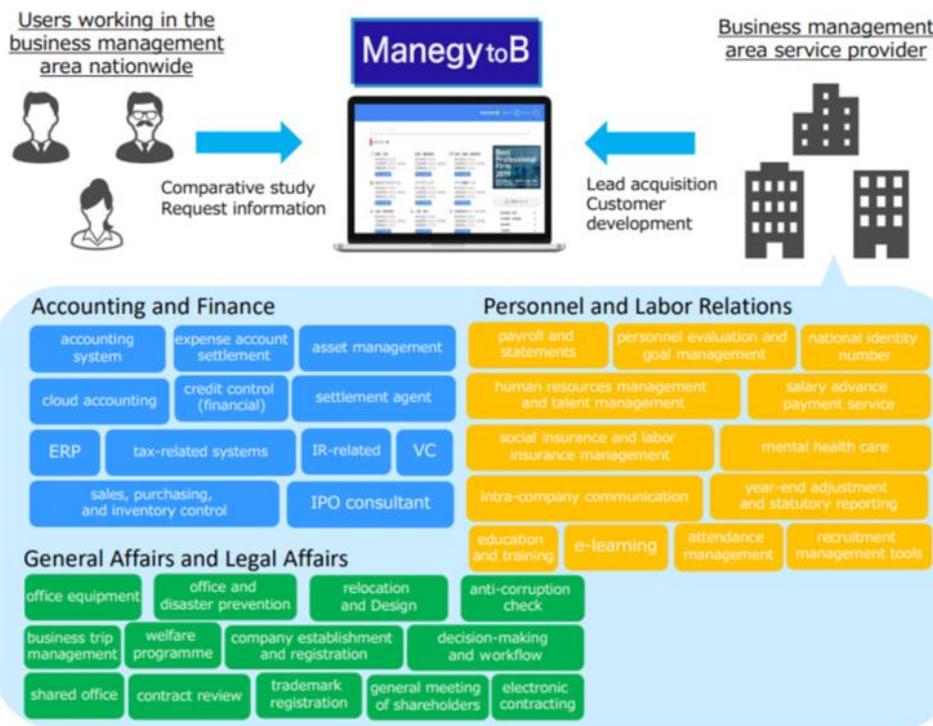
The first way is to retain potential job change applicants, in order to procure earnings in the employment agency business once their needs for a job change emerge in the future.

In addition, through “Manegy,” the company will receive advertisement revenues from companies that primarily want to raise their visibility, and through “Manegy to B,” the company will receive revenues from companies that want to promote and sell their own products and services.

Furthermore, as explained below in "4. Growth Strategy," the company will aim for further growth by offering new services through utilizing data interesting and relevant to people employed in management sections and certified professionals, creating a BtoB Transaction Platform that circulates different information and businesses in the business management field with a powerful database as its foundation, and creating a large number of profit opportunities (monetization points) not limited to an advertising model.



(Taken from the company's website)



(Taken from the company's website)

(3) Overview of Each Business

① Agent Business

An employment agency which targets occupations of the management section of a general business firm (accounting, finance, human resources, general affairs, legal affairs, corporate planning, etc.) and professions which have the qualifications of lawyers, certified public accountants, tax accountants, etc.

“MS Agent,” which is currently the central business of the company, is the No.1 domestic employment agency business specializing in occupations of the management section of a general business firm (accounting, finance, human resources, general affairs, judicial affairs, corporate planning, etc.) and various professions in business management (lawyers, certified public accountants, tax accountants, etc.).



(Taken from the company's website)

It matches the needs of both sides by having job applicants desiring a job change register with the company and introducing new jobs to them through counselling, and by grasping the needs of necessary personnel for recruiting companies and introducing job applicants to them.

As a company specializing in professions related to the management domain, the company grasps the changes in regulations to reflect the times, such as the start of quarterly settlement of accounts, the adoption of a new standard accounting practice, the enactment of an enforcement standard for the assessment of internal controls related to financial reporting, the adoption of a law school system and the enactment of a corporate governance code, and offers various career plans for professions relevant to them.

Further, as for recruiting companies, the company not only offers personnel recruitment support for management sections of general business firms such as listed and unlisted domestic companies, start-up businesses, foreign-owned enterprises, financial institutions and venture capital firms, but also offers personnel recruitment support for specialized organizations such as accounting firms, auditors, law firms, consulting firms, etc., offering a wide variety of services regardless of the industry.

The company adopts a contingent fee model where it earns a commission from the recruiting company in case the recruitment of a registered job applicant is confirmed, and the job applicant accepts the job offer and joins the company.

② Media Business

◎ Manegy

Since March 2017, the company has been operating “Manegy,” a business media that supports the tasks of professions and management sections of companies.

In addition to guidance regarding seminars and publishing news and topics that people employed in the management sections and professions, such as accounting, finance, human resources and general affairs, would be interested in, people can also ask questions regarding any trouble they might be facing at their tasks to experts with real names, at the “Teach me, Expert” section.



(Taken from the company's website)

By not limiting itself to just job changes but providing contents which can be utilized by people in professions and management sections in their daily tasks and having them utilize the company's services on a daily basis, the company is aiming to increase membership to the website by having potential job change applicants become members.

The average number of page views per month during FY 03/2021 exceeded 2 million and the average number of unique users per month increased to over 400,000. The value of the site as advertising media is also increasing, resulting in an increase in advertisement revenues.

Retaining potential job change applicants will not only increase the number of registered users in the employment agency business and HR-tech business (direct recruiting media), but also lead to an increase of future earning opportunities.

◎ **Manegy to B**

In August 2020, the company officially released “Manegy to B,” a service that allowed users to compare and consider various services used in management sections on a daily basis.

“Manegy to B” is the country’s leading BtoB Platform which encompasses all types of services related to the management domain, such as accounting, finance, human resources, labor management, legal affairs, etc.



(Taken from the company’s website)

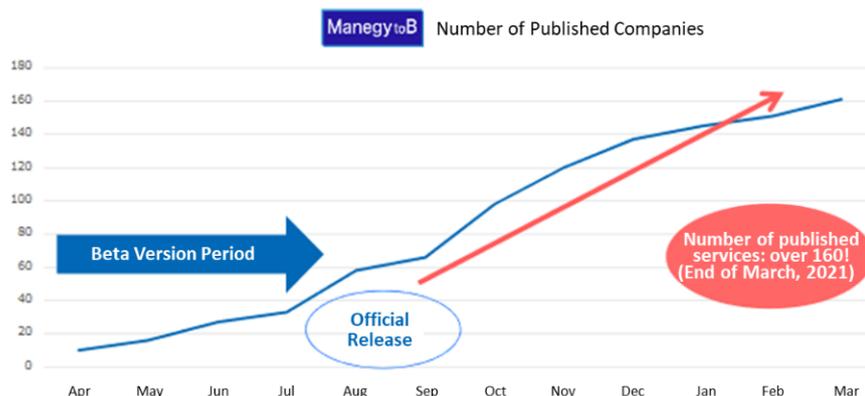
For example, many software and services have been published in the Cloud Accounting, Accounting System and Expenditure Adjustment columns in the “Accounting / Finance” category; the Personnel Management, Personnel Evaluation, Objective Management, Attendance Management, Salary Calculation and Details columns in the “Human Resources” category; and Groupware, Employee Benefits and In-House Communication columns in the “General Affairs” category, and each user can download documents, send document requests to multiple companies and compare a variety of software and services at “Manegy to B.” It also allows users to download white papers and attend webinars.

Further, like “Manegy,” useful information and information on seminars are also published.

The company collects revenues for document requests and attracting customers to seminars, from service-providing companies that want to increase prospective customers and acquire new customers through “Manegy to B.”

The number of published services keep increasing day by day, exceeding 160 by the end of March 2021 and covering most major domestic services in Japan.

The first online event was organized in March 2021, attracting over 3500 management section users during the event period.



(Taken from the reference material of the company)

Together with “Manegy,” it is an important business for the expansion of earning opportunities based on the strengthening of the personnel database in the management section and profession domain.

◎ **Other**

The company also operates “IPO PRO,” a portal site that provides information on interviews and columns related to IPO as well as information on seminars; “J-ing,” a search engine for accounting firms and law firms; “KAIKEI FAN,” a portal site for accounting-related information for certified public accountants, tax accountants and others, along with information related to careers; and “LEGAL NET,” a portal site for law-related information for lawyers and law students, along with information related to careers.

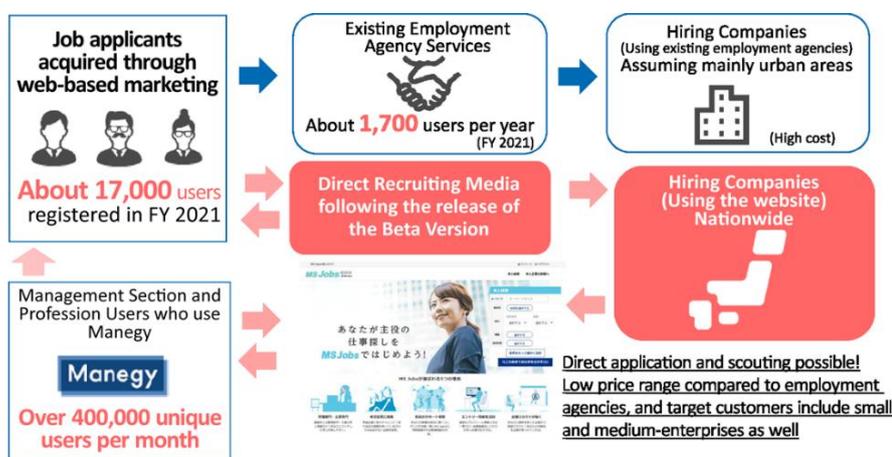
③ **HR-tech Business**

In May 2020, as a new service in the human resources domain, the company released a beta version of MS Jobs. This direct recruiting website directly connects job applicants to recruiting companies. After that, the company released the official version in October 2021.



(Taken from the company’s website)

By utilizing the job applicants (approximately 17,000 users registered in FY 3/2021) acquired through its marketing power in the management domain, the company will be able to target customers all over Japan, as well as small and medium-enterprises, instead of limiting itself to being a high-cost urban employment agency, thus further expanding earning opportunities.



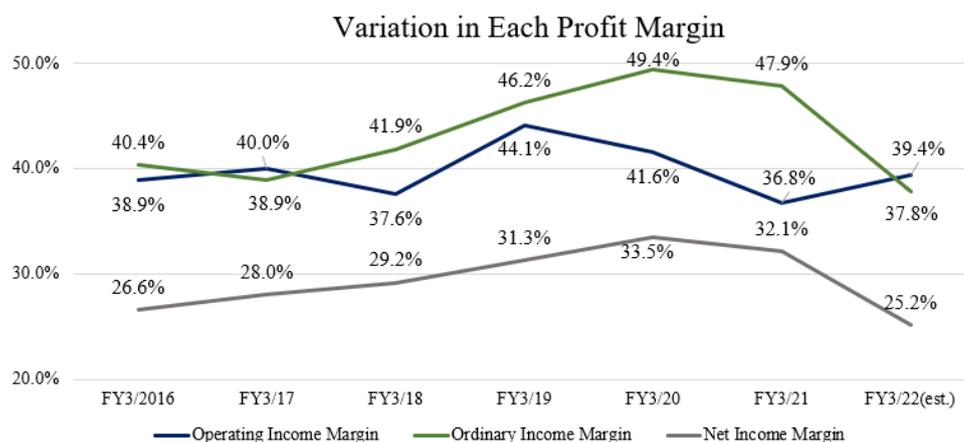
(Taken from the reference material of the company)

Since the beta version was released, the number of job postings has steadily increased, surpassing 1,800 as of the end of September 2021. With the official version release, the company will work on expanding the number of posted jobs further, cooperating with the employment agency business website, MS Agent, opening the database to other agents to become one of the largest media scouts in Japan for the management sectors and certified professionals.

【1-4 Specialties and Strengths】

(1) High Profitability

Under a management policy of “Maximizing Sales and Minimizing Cost to Produce Maximum Profit” and pursuing optimization, the company has placed operating income, ordinary income, net income and their margins as valuable management indices, and has been successful in achieving high profitability.



(2) Marketing Power that Supports the Improvement of User Networks and Personnel Databases in the Fields of Accounting, Law, Human Resources and Labor Management

Based on the accomplishments built up since its foundation as an agent specializing in management sections and professions, the company has established an overwhelming user network in the fields of accounting, law, human resources and labor management. Using this as its strength, the company differentiates itself from other companies in the employment agency business by acquiring new registered users through its own resources.

Normally, the common practice in the employment agency business if there is a job offer is to use external media (a personnel database) to approach the appropriate job applicant and pay the media a usage fee for using its database.

However, this can lead to the media controlling the pricing policy, making it difficult to produce stable earnings. Further, the inability to accumulate the know-how on the creation of a personnel database is another major issue.

In response to this, the company has been using its own resources to retain applicants desiring a job change as well as potential job change applicants since its foundation in 1990, and the marketing power which has made that possible gives it a competitive edge over other companies.

For example, in web-based marketing, the company has been exhibiting that competitive edge in SEO (Search Engine Optimization). The selection of search keywords is the key to having the company’s website displayed at the top of the user’s search results.

For the employment agency, “job change” is an important keyword, but in case of other integrated companies in the same industry, the user will necessarily have to use “job change” by searching for terms like “accounting job change.”

However, in case of the company, as it is specializing in the management section and professions, by setting keywords which will be of interest to those people and setting the contents associated with those keywords in “Manegy” and “Manegy to B,” it makes it possible to have the users temporarily visit those websites and then register at “MS Agent” if they are interested in changing jobs, thus extensively guiding users to the company’s website without being necessarily restricted by the keyword “job change.”

Further, in case of an integrated company, such content marketing requires the time and effort to have “Sales,” “Marketing” and “Engineering” sections each create those contents, making the process significantly inefficient, but as the company with a specialized domain, it can set contents efficiently and effectively, which is another huge advantage.

Such strong marketing power is a powerful weapon for the company as it aims to expand its earning opportunities and further grow, based on the strengthening of its personnel database in the management section and professions domain.

(3) Know-How and Strengths in the Employment Agency Business

The company possesses the following specialties and strengths in the employment agency business.

- ☆ As the company specializes in a particular domain, the specialized knowledge regarding the contents and trends of the industry is accumulated by career counselors who give counseling to job applicants and recruiting advisors in charge of recruiting companies.
- ☆ The company can accomplish speedy recruitments through its mechanism which grasps the detailed technical needs of both job applicants and recruiting companies, making highly precise matching possible.
- ☆ The professional duties in the management domain require a lot of specialized knowledge, which is why the company is focusing on targeted market expansion policies in line with this era of declining birthrates and aging population, such as recommending senior personnel who possess plenty of such technical skill and experience and supporting the career path of women who possess technical skills in the management domain.

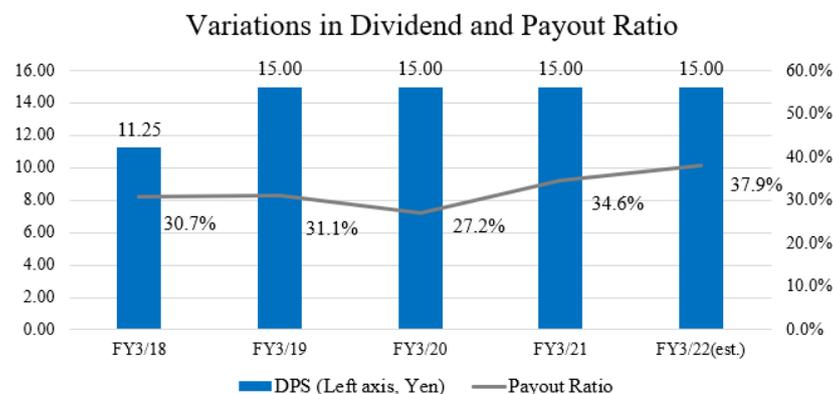
For example, while it is common to use a compatible format for the registering sheet which is used to fill in the profiles of job applicants, the company uses separate sheets for accounting firms, accounting and law affairs.

As it can check the skills of candidates in each domain in detail, the recruiting company can also make prompt decisions and can quickly make a decision on the recruitment of suitable personnel.

【1-5 Dividend Policy / Shareholder Returns】

In order to create a long-term relationship of trust with its shareholders, the company recognizes returning profits as an important management issue. The company's fundamental dividend policy is stable dividend payment, while securing necessary internal reserves for future business development and the strengthening of its management base.

Payout ratio has been over 30% over the last few years.



* The DPS and payout ratio for FY 3/2018 takes into account the 1:4 stock split implemented on October 1, 2018

【1-6 ROE Analysis】

	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21
ROE (%)	17.0	15.9	18.3	18.4	11.6
Net Income Margin (%)	28.04	29.19	31.29	33.53	32.11
Total Assets Turnover (times)	0.54	0.49	0.53	0.49	0.33
Leverage (x)	1.13	1.11	1.11	1.11	1.09

While its leverage is low, the company has maintained a high level of ROE, owing to its uniquely high profit ratio.

2. Second Quarter of Fiscal Year ending March 2022 Earnings Results

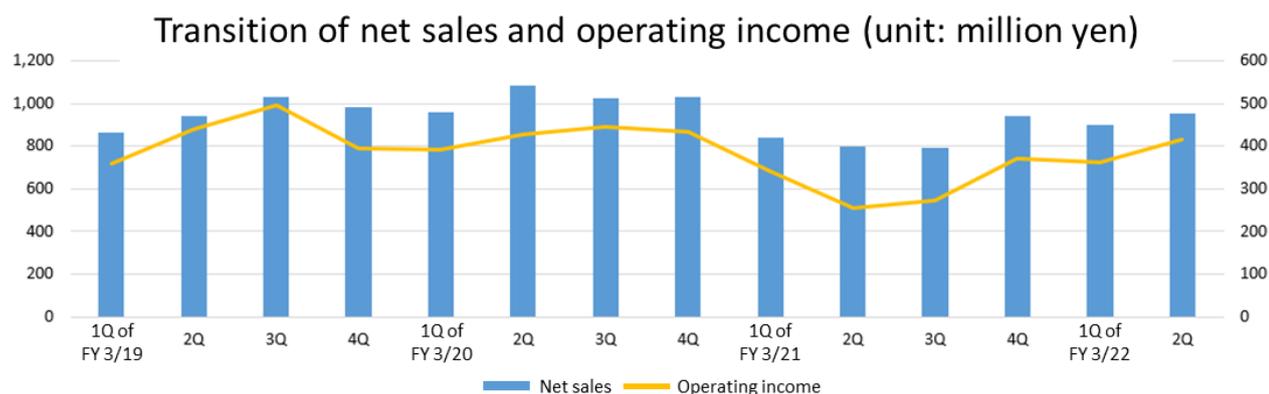
【2-1 Overview of business results】

	2Q of FY 3/21	Ratio to sales	2Q of FY 3/22	Ratio to sales	YoY	Compared to forecasts
Sales	1,637	100.0%	1,854	100.0%	+13.3%	-1.3%
Gross profit	1,636	100.0%	1,853	100.0%	+13.2%	-
SG&A	1,040	63.6%	1,077	58.1%	+3.5%	-
Operating Income	596	36.4%	776	41.9%	+30.2%	+8.3%
Ordinary Income	609	37.2%	816	44.0%	+34.0%	+18.7%
Net Income	413	25.2%	553	29.9%	+33.9%	+21.0%

*Unit: Million yen. Non-consolidated financial results for 2Q of FY 3/21, consolidated financial results for 2Q of FY 3/22. YoY changes are for reference only.

Sales and profit increased, and profit exceeded the forecasts.

In the cumulative second quarter of FY 3/22, sales increased 13.3% year on year to 1,854 million yen. Both the employment agency business and the media business (Manegy) performed well. Operating income increased 30.2% year on year to 776 million yen. The growth in sales absorbed the rise in SG&A expenses, such as advertising expenses, resulting in a significant increase in profits. Sales were almost as planned, and profit exceeded the forecast. Quarterly sales and profit increased both year on year and quarter on quarter. Sales reached a new high after the COVID-19 crisis.



【2-2 Trend in Each Business Segment】

(1) Employment Agency Business

While offering high-quality one-of-a-kind industry-specific services, the company has improved sales by increasing the number of registrants by relying on its marketing capabilities until the first half of FY 3/20. Nonetheless, there were limitations to further growth through the increase in quantity.

For this reason, the company has been working to improve the employment success rate by changing the internal system and enhancing measures since the first half of the previous fiscal year. The impact of its efforts started to show in the first half of this fiscal year. Therefore, it can be said that the company has established a mechanism and flow for further growth.

The company is taking initiatives to further increase the employment success cases by improving the various function-based occupations, such as inside sales, customer success, matching specialists, business promotion staff, and assistants to increase labor productivity. It aims to achieve this goal by dividing the consultants' tasks so that they will not only be performed by just sales personnel such as recruitment advisors and career advisors.

Sales per person in the Employment Agency Division increased 16.9% from 13,544 thousand yen in the first half of FY 3/21 to 15,836 thousand yen in the first half of this fiscal year. The company will continue to focus on measures to improve sales.

The number of registrants is not the total number. The company has implemented marketing measures that divide the bulk into small

pieces, such as job types and age groups with a high employment success rate and job types and age groups with a large number of job offers.

Even though the total number has decreased slightly, the employment success rate in the target occupations has been successfully acquired. Although the company kept the marketing costs under control, the post-interview employment success rate for registrants rose 5.6 points year on year to 18.7%.

The number of registrants influx from Manegy to Agent in the first half also increased significantly year on year from 541 to 974. It is expected that the ratio of members from Manegy to the total number of registrants will continue to rise, and the company's unique measures that provide low costs for personnel acquisition in the market for professionals changing jobs, where personnel acquisition costs are rising, will be a great strength.

(2) Media Business

In the first half, sales of the Manegy business grew significantly, 257.8% year on year to 113,969 thousand yen, which is 100.9% of the forecast, meeting the budget target.

Regarding the sales composition of the Manegy business unit, the growth of the prospective client information provision model was remarkable due to the release of Manegy to B in August 2020, in addition to conventional web-based pure advertisements such as advertorials, banner advertisements, and e-mail magazines. The business share in sales has risen from 70.8% to 87.6%.

The company will revitalize Manegy to B, which generally covers well-known main services in the business management area, armed with user data in this area that the company cultivated in the human resources business specializing in the management sectors and certified professionals which other companies do not possess.

In August 2021, Manegy to B Videos were newly released to respond to the diversification of user information collection methods. Video content was gathered from BtoB companies in the business management area, and the prospective client information provision model was started in earnest through users' video views.

In addition to sending customers to webinars held by each sponsor, the company regularly holds its own online event, Lansta (lunchtime study). In this fiscal year, Lansta is scheduled to be held in spring (personnel affairs), summer (accounting), autumn (legal affairs), and winter (entire management department). Many viewing companies are clients using the services of the company's employment agency business, and a high ratio of users are middle enterprises, which is different from online events of other companies.

The total amount of distribution in BtoB-EC is huge at 352 trillion yen in the fiscal year 2019, and the EC payment-related market is expected to grow in the future considering the post-pandemic era.

The main subjects of this EC transaction/settlement business are the management sections, such as accounting (billing and remittance), general affairs (approvals and workflow), and legal affairs (electronic contract). While each company is introducing systems that match themselves and setting up a business system on the cloud through DX, a neutral platformer is needed.

Taking advantage of the neutrality of the media, the company aims to be a BtoB original trading platform with complete DX in collaboration with various tech companies in the business management area.

(3) Direct Recruiting Business

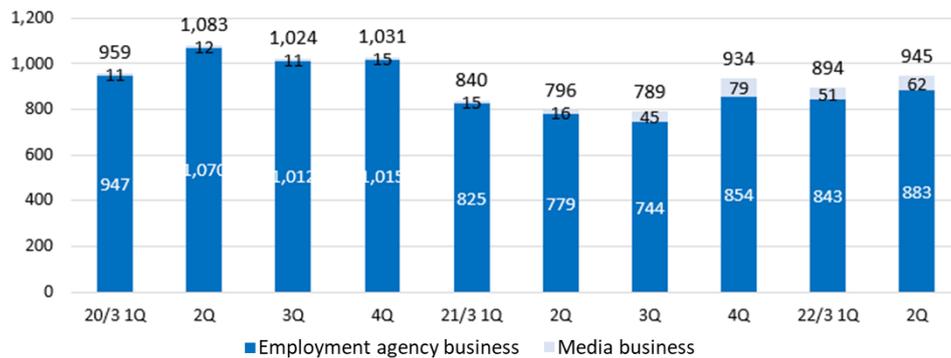
Since the beta version was released in May 2020, the number of job postings has steadily increased, exceeding 1,800 as of the end of September 2021. It grew rapidly by 97.8% from the same month of the previous fiscal year, achieving an overwhelming number of job postings as a recruiting media specializing in the management sector and certified professionals.

The official version was released on October 24, 2021. The company will enhance the user management screen, company management screen, and affiliated agent management screen, utilize the matching results of the management sections and certified professionals cultivated in the agent business to refine the website's data algorithm, improve matching accuracy, and increase activity. The company aims for further growth to be a massive human resources data bank in the business management area, by marketing to the recruiters, job seekers, and other human resources introduction companies, including those in rural areas and small and medium-sized enterprises.

BRIDGE REPORT



Transition of quarterly sales by business segment(unit: million yen)



*Other sales are excluded

【2-3 Financial Position】

◎ Main Balance Sheet

	End of Mar. 2021	End of Sep. 2021	Increase/ decrease		End of Mar. 2021	End of Sep. 2021	Increase/ decrease
Current Assets	7,648	7,646	-2	Current Liabilities	565	744	+179
Cash and Deposits	6,380	7,412	+1,031	Noncurrent Liabilities	213	18	-194
Securities	1,000	7	-992	Total Liabilities	778	763	-15
Noncurrent Assets	2,509	2,246	-263	Net Assets	9,380	9,130	-250
Investment, Other Assets	2,250	1,986	-263	Retained Earnings	6,825	7,004	+178
Investment Securities	2,116	1,854	-262	Total Liabilities and Net Assets	10,158	9,893	-265
Total Assets	10,158	9,893	-265				

* Unit: million yen.

3. Fiscal Year ending March 2022 Earnings Forecasts

【3-1 Earnings Forecast】

	FY 3/21	Ratio to sales	FY 3/22 Est.	Ratio to sales	YoY	Progress rate
Sales	3,369	100.0%	3,928	100.0%	+16.6%	47.2%
Operating Income	1,239	36.8%	1,549	39.4%	+25.0%	50.1%
Ordinary Income	1,612	47.9%	1,486	37.8%	-7.8%	55.0%
Net Income	1,082	32.1%	988	25.2%	-8.7%	56.0%

* Unit: million yen.

	FY 3/21	Composition ratio	FY 3/22 Est.	Composition ratio	YoY	Progress rate
Sales	3,369	100.0%	3,928	100.0%	+16.6%	47.2%
Employment agency	3,204	95.1%	3,631	92.4%	+13.3%	47.5%
Media (Manegy)	156	4.6%	242	6.2%	+55.1%	47.1%
Other	8	0.3%	54	1.4%	+575.0%	25.9%

* Unit: million yen.

There is no change in earnings forecasts. Sales and operating income are expected to increase.

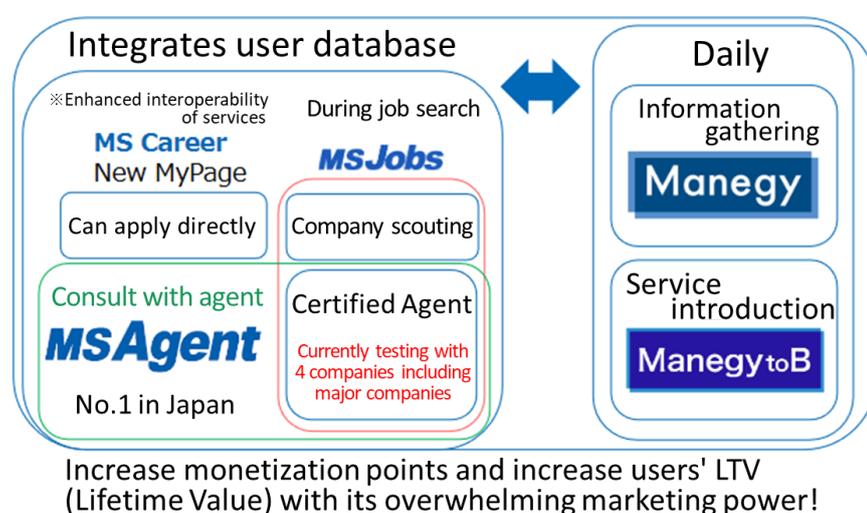
There is no change in earnings forecasts. Sales are estimated to increase 16.6% YoY to 3,928 million yen, and operating income is projected to rise 25.0% to 1,549 million yen.

The sales of the employment agency business, which has been on a recovery trend since the second half of the previous fiscal year, are expected to increase 13.3% YoY, while the sales of the media business, which has entered the full-scale monetization phase, are projected to increase considerably by 55.1% YoY, based on the assumption of existing services.

Operating income margin is estimated to rise 2.6 points to 39.4% through the promotion of even more highly efficient management.

The dividend is to be 15.00 yen per share, the same as the previous fiscal year. The estimated payout ratio is 37.9%.

The company is currently linking site development and databases through the integration of the databases of "MS Agent" and "MS Jobs," which have been operated separately, and plans to release new functions one after another during this fiscal year.



(From the reference material of the company)

4. Growth Strategy

Based on the company's own business advantages, it will pursue the following growth strategies.

【4-1 Business advantage in the area of business management】

The company's business advantages in the area of business management are as follows.

- * Specializing in "administrative departments" that manage managerial resources such as people, goods, money, and information
- * A client base composed of blue-chip companies that can afford to use expensive employment agency services. The number of client companies is approximately 23,500. Of these, about 2,700 companies are listed ones, accounting for about 70% of all listed companies. The company has approximately 2,500 clients, including accounting firms and law firms.
- * By specializing in tax accountants and other professionals, the company can also reach out to their clients, that is, small and medium-sized companies.
- * The average monthly PV for "Manegy" is over 2 million per year, and the average monthly UU is over 400,000 per year. Contact with users is rapidly expanding, not only when changing jobs, but also in their daily lives.

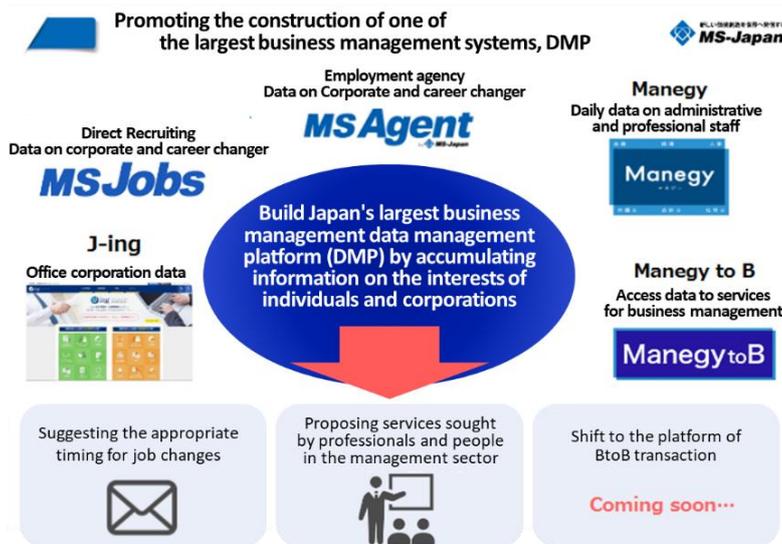
Based on these advantages, the company is expanding its business by targeting an estimated 500,000 to 1,000,000 people on a career ladder and professional fields.

[4-2 Concepts and measures]

(1) Promoting the construction of Japan's largest business management DMP

In addition to the employment agency business, the company plans to accelerate and develop various businesses by utilizing the data on the interest of people in the professional and administrative fields accumulated through Manegy and other websites.

DMP stands for "Data Management Platform," which is a platform for managing various information data stored on the Internet. The company builds the one and only DMP that specializes in the administrative and professional sectors and provides a variety of services.



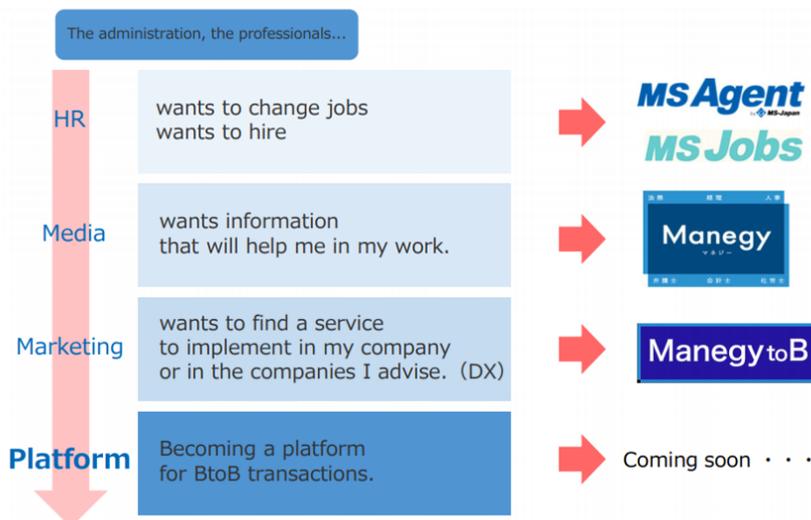
(From the reference material of the company)

(2) Expanding the business portfolio with a focus on the business management domain: Evolution into a "BtoB transaction platform provider"

The company, which started out by matching the career change needs of administrative and professional personnel with the hiring needs of companies, has since expanded its business portfolio with a focus on the business management field, releasing "Manegy," media that provide useful information for work, and "Manegy to B," which enables a comparative study of various services used daily by administrative departments.

In the future, the company plans to further strengthen its human resources database and build a "BtoB transaction platform" to develop new businesses, positioning this fiscal year as the first year to realize the platform concept.

Business development centered on the accounting management domain



(From the reference material of the company)

(3) Establishment of a CVC fund

On January 19, 2021, the company established a corporate venture capital fund, MS-HAYATE No.1 Investment Limited Partnership, jointly with Hayate Investment Co.

Utilizing the network, it has built up in its employment agency and media businesses in the business management and professional services fields, the company intends to invest in a wide range of companies that develop new technologies and services in the business management field, as well as companies that have technologies that can be applied in the future. By supporting growth through people (introduction of personnel), customers (media), and capital (this fund), the company believes that it will be able to achieve non-continuous growth through synergies.

[4-3 Ideal state]

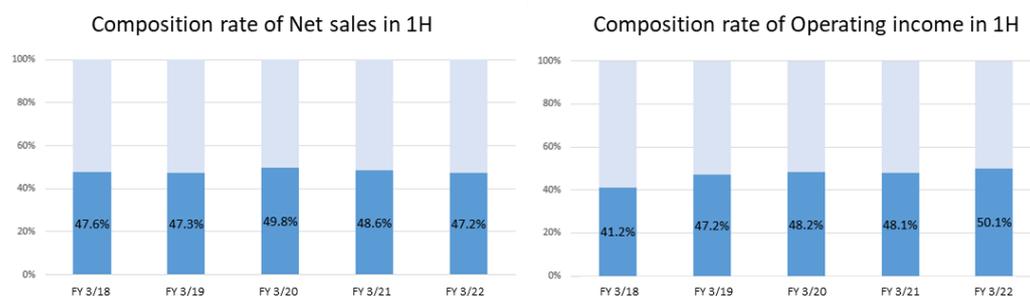
The goal is to build a "business management platform" that enables people involved in the business management domain to conduct all kinds of activities, including hiring, comparing, and introducing services, as well as executing commercial transactions, to name a few. In addition to setting the standard in Japan, the company is expanding into the world. The company's goal is "to create a world where corporate management around the world is more efficient and effective."



(From the reference material of the company)

5. Conclusions

The progress rate in the first half was 47.2% for sales and 50.1% for operating income. Sales are almost at the level of the average year, and operating income is in the 50% range, which is higher than that in the past few years. Thus, the company's performance is going well. In addition to the steady recovery of the employment agency business and the rapid expansion of Manegy sales, the official version of the direct recruiting website, MS Jobs, was released in October 2021. We would like to pay attention to new developments, such as the company implementing future new functions aiming to grow to be one of Japan's largest scout media platforms for the management sections and certified professionals (in fields such as law and accounting).



* Ratio of 1H results to full-year results; For FY 3/22, ratio to full-year forecast.

<Reference: Regarding Corporate Governance>

◎Organization Type and the Composition of Directors and Auditors

Organization type	Company with audit and supervisory committee
Directors	6 directors, including 3 outside ones
Auditors	-

◎Corporate Governance Report

Last updated on June 28, 2021.

<Basic policy>

Our company recognizes that the effective functioning of corporate governance is essential for the sustainable enhancement of corporate value in the employment agency industry, where the business environment is constantly changing, thus our company has positioned the strengthening and enhancement of its governance system as an important issue. Based on this recognition, we will strengthen our internal control system by establishing a division of duties and regulations, and review the system as necessary to improve our corporate value.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
[Supplemental Principle 1-2 (4) Exercise of rights at general meetings of shareholders]	Our company has not yet implemented the electronic exercise of voting rights, but will consider the timing of adoption in consideration of the requests from shareholders and other factors. As for the translation of the notice of convocation into English, we are not considering it at present in consideration of the ratio of overseas investors as of the end of March 2021, but we will consider it in the future as the need arises based on the ratio of our holdings.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
<Principle 1-4: Strategic shareholding>	As a general rule, we do not hold shares strategically. In cases where strategic shareholding is necessary, the Board of Directors will carefully examine whether the purpose of the shareholding is appropriate and whether the benefits and risks associated with the shareholding are commensurate with the cost of capital, etc. The Board of Directors will fully review the appropriateness of such shareholding, and the shareholding shall be limited to cases where it is judged to contribute to the enhancement of our corporate value over the medium to long term.
【 Principle 5-1 Policy on constructive dialogue with shareholders】	Our company has designated the Director and General Manager of the Corporate Administration Department as the person responsible for IR. We are working to ensure opportunities for constructive dialogue with our shareholders and investors by holding financial results briefings or video distribution twice a year.

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