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January 13, 2023

## CONSOLIDATED FINANCIAL REPORT (Japanese GAAP) FY2022 (June 1, 2022 to May 31, 2023) First Half Ended November 30, 2022

Listed company name: Pasona Group Inc.  
 Listing stock exchange: The Prime Market of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <https://www.pasonagroup.co.jp>  
 Representative: Yasuyuki Nambu, Group CEO and President  
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Scheduled filing date of quarterly report: January 16, 2023  
 Supplemental materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(All amounts are in millions of yen rounded down unless otherwise stated)

### 1. CONSOLIDATED BUSINESS RESULTS

#### (1) Consolidated Financial Results

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Yen	%	Yen	%	Yen	%	Yen	%
First half ended November 30, 2022	183,973	0.8	6,733	(43.9)	7,431	(38.8)	2,734	(43.0)
First half ended November 30, 2021	182,486	10.7	11,996	11.0	12,149	11.9	4,800	12.2

(Note) Comprehensive income H1 FY2022: ¥4,289 million((45.8)%) H1 FY2021: ¥7,918 million(39.4%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
First half ended November 30, 2022	69.80	69.66
First half ended November 30, 2021	122.63	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
November 30, 2022	261,335	65,426	19.3
May 31, 2022	203,746	67,146	24.5

(Reference) Equity As of November 30, 2022: ¥50,527 million As of May 31, 2022: ¥49,986 million

(Note) In total assets as of May 31, 2022 and November 30, 2022, temporary “Deposits received” from customers related to contracted projects is recorded in liabilities, and “Cash and deposits” worth it is recorded in assets. For details, please refer to “1. Information Concerning Quarterly Consolidated Business Results (2) Overview of Consolidated Financial Position”.

### 2. DIVIDENDS PER SHARE

	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	35.00	35.00
FY2022	—	0.00	—	—	—
FY2022 (Forecast)	—	—	—	35.00	35.00

(Note) Revision to dividend forecast in the current quarter: None

### 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2023

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
Y2022 Full Fiscal Year	385,000	5.2	19,500	△11.7	20,200	△10.2	8,700	0.9	222.08

(Note) Revision to forecast of results in the current quarter: Yes

### 4. NOTES

- (1) Changes in important subsidiaries during the current period: None  
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:  
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
  - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
  - 2) Changes of accounting principles other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
  - 1) The number of shares issued and outstanding as of the period-end (including treasury shares)  
November 30, 2022: 41,690,300 shares    May 31, 2022: 41,690,300 shares
  - 2) The number of treasury shares as of the period-end  
November 30, 2022: 2,515,520 shares    May 31, 2022: 2,516,094 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
First half ended November 30, 2022: 39,174,493 shares  
First half ended November 30, 2021: 39,144,525 shares

(Note)

The Company has introduced “Board Benefit Trust (BBT)” and “Employment Stock Ownership Plan (J-ESOP)”. The Company’s shares in the BBT and J-ESOP, which are reported as treasury shares under Shareholders’ equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings per share.

The Quarterly Financial Report is not subject to a quarterly review conducted by CPA or audit firm.

#### Cautionary statement and other explanatory notes

The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts for a variety of reasons. Please refer to “Overview of Consolidated Forecasts” .

We are planning to hold a financial results meeting for analysts and institutional investors on January 18, 2023. Supplemental materials for the meeting will be posted on the Company’s website (<https://www.pasonagroup.co.jp/ir/>) in a timely manner.

# Consolidated Financial Report

First Half Ended November 30, 2022

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## 1. Qualitative Information Concerning Quarterly Consolidated Business Results

### (1) Overview of Consolidated Business Results

#### i) Business Results for the First Half ended November 30, 2022

During the first half of the current fiscal year, the Japanese economy continued to recover as restrictions on economic activities due to the COVID-19 infection were eased, although there were downside risks to the economy, such as global monetary tightening and rising prices.

Under these circumstances, the demand for BPO services and outsourcing remained strong in the Company. In addition, the regional development business expanded from the previous year as tourists began to return due to the easing of restrictions on activities.

As a result, consolidated net sales for the first half of the current fiscal year were ¥183,973 million (up 0.8% year-on-year), the same level as the previous year, due to growth of BPO services, Outsourcing services and Regional Revitalization Solutions business, despite the absence of the large spot orders for temporary staffing and BPO services that had accumulated significantly in the same period of the previous year. Due to the change in segment composition, the gross profit margin for the entire consolidated group was 24.4%, the same as the same period last year, and gross profit amounted to ¥44,856 million (up 0.8% year-on-year). As SG&A expenses increased due to expenses related to business expansion and large-scale promotions in the outsourcing business, as well as double rent associated with the relocation of the Tokyo office in the first quarter of the fiscal year, operating income amounted to ¥6,733 million (down 43.9% year-on-year). Ordinary income was ¥7,431 million (down 38.8% year-on-year), and net income attributable to owners of the parent was ¥2,734 million (down 43.0% year-on-year).

### H1 FY2022 Consolidated Financial Report

(June 1, 2022 – November 30, 2022)

	H1 FY2021	H1 FY2022	(Millions of yen) YoY
Net sales	182,486	183,973	0.8%
Operating income	11,996	6,733	(43.9)%
Ordinary income	12,149	7,431	(38.8)%
Profit attributable to owners of parent	4,800	2,734	(43.0)%

(2) Business Segment Information (before elimination of intersegment transactions)

**HR Solutions**

**Expert Services (Temporary staffing), BPO Services (Contracting and outsourcing), etc.**

**Net sales ¥152,717 million    Operating income ¥7,711 million**

[Expert Services]    Net sales: ¥75,213 million

The Expert Services segment provides expert services (temporary staffing) for a wide range of job types, from new graduates to senior citizens, in the areas of office work, clerical work, engineers requiring highly specialized skills, and sales and marketing positions.

Demand for temporary staffing services continued to recover during the period under review, with an increase in the number of orders received from a wide range of industries, including the financial, IT and service sectors. However, this was not enough to make up for the special demand in the first quarter of the previous fiscal year related to the Tokyo 2020 Olympic and Paralympic Games and measures to combat the COVID-19 infection and as a result, net sales decreased 4.4% from the same period of the previous fiscal year to ¥75,213 million.

On January 5, 2023, the Company made KANDEN JOINUS CO., LTD. a subsidiary of the Kansai Electric Power Group. In the future, we will continue to expand our services in the Kansai area, where various new demands are expected in preparation for the Expo 2025 Osaka, Kansai, Japan.

[BPO Services]    Net sales: ¥68,325 million

In this segment, the Group provides BPO services by accepting contracts for general affairs, accounting and finance, reception, sales administration and order placement, and human resources and labor and payroll services, while consolidated subsidiary Bewith, Inc. provides contact center and BPO services using its own digital technology.

Although a large-scale project contracted in the same period of the previous year was terminated, net sales in the first half of the current fiscal year were higher than in the same period of the previous year as a result of the accumulation of new projects. In the transition to a "with Corona" social environment, new business associated with job placement assistance and human resource development has been acquired from the public sector, while demand from the private sector continues to be related to organizational restructuring and DX promotion.

As a result, net sales amounted to ¥68,325 million (up 1.0% year-on-year).

[HR Consulting, Education/Training, Others]    Net sales: ¥4,256 million

This segment provides management support by freelance professionals and former executives of listed companies, as well as education and training services commissioned by companies and the public sector, and HR tech implementation support services such as talent management.

In the advisory consulting business, where professional personnel are active, needs for personnel in specialized areas such as management support and risk management continued, and recruitment consulting also expanded. In the education and training business, training needs increased in such areas as hospitality training at companies and development of global leaders. Temp-to-perm placements also recovered from the previous year as companies expanded their appetite for hiring.

As a result, net sales amounted to ¥4,256 million (up 10.9% year-on-year).

[Global Sourcing]    Net sales ¥4,921 million    Operating income Profit ¥350 million

This segment provides a full line of human resource-related services overseas, including placement and recruiting, temporary staffing and outsourcing, payroll processing, and education and training.

In the North America region, economic activity remained strong and sales in all businesses, including placement and recruiting and BPO, exceeded those of the same period of the previous fiscal year. In

particular, performance in the placement and recruiting business grew due to higher unit prices for placement commissions and steady signings of executive-level positions. In the Asian region, demand for human resources increased in Taiwan, particularly in the semiconductor manufacturing industry, and both sales and profits increased from the previous year for both temporary staffing and placement services, while sales also recovered in India and Thailand. In the current fiscal year, we are also focusing on cross-border transactions that take advantage of the business characteristics of each of our group companies, and we are promoting business collaboration so that IT development operations in Vietnam can be horizontally deployed in other countries.

As a result, net sales amounted to ¥4,921 million (up 21.2% year-on-year) and operating income amounted to ¥350 million (up 108.6% year-on-year), partly due to the foreign exchange effects of the weaker yen.

Net sales for the segment consisting of the above businesses amounted to ¥152,717 million (down 1.0% year-on-year). In terms of profit, operating income was ¥7,711 million (down 18.1% year-on-year) as a result of lower gross profit margins mainly in expert services due to an increase in paid leave taken by active staff and higher social insurance premiums, and an increase in SG&A expenses, including personnel expenses.

### **Career Solutions (Placement / Outplacement)**

**Net sales ¥6,909 million    Operating income ¥1,993 million**

This segment provides the Placement / Recruiting business, which supports companies' mid-career recruiting activities and matches job seekers with job seekers, and the Outplacement business, which supports job transfers based on companies' human resource strategies.

In the Placement / Recruiting business, while companies' willingness to recruit remained strong, we focused on high-career and specialized job areas such as executive positions, which are relatively less susceptible to economic trends, and as a result, internal operational efficiency improved and unit contract price increased. In addition, with the disclosure of human capital information, the need to hire female managers, our specialty, is further increasing, driving the expansion of our business.

In the outplacement business, while companies have settled down from large-scale business restructuring, demand for "Safe Placement Total Service," which supports employees' career development, is steadily increasing due to the implementation of the Revised Law Concerning Stabilization of Employment of Elderly Persons and the growing interest in human capital management.

As a result of these developments, the Placement / Recruiting business recovered steadily, but this was not enough to offset the decline in the Outplacement business, resulting in net sales of ¥6,909 million (down 7.8% year-on-year) and operating income of ¥1,993 million (down 16.4% year-on-year).

### **Outsourcing**

**Net sales ¥20,234 million    Operating income ¥4,825 million**

In this segment, our consolidated subsidiary Benefit One Inc. provides mainly outsourced employee benefit services to corporations, government agencies, and municipalities.

In the employee benefit business, external growth through M&A, in addition to internal growth, boosted results. Although usage was lower than expected due to the impact of the seventh wave of the COVID-19 infection, it has generally continued to recover compared to the previous fiscal year, and subsidy spending has increased accordingly.

The COVID-19 Vaccination Assistance business is on a downward trend, while it remained strong as orders were received ahead of schedule.

Although upfront costs from major promotional investments were also recorded, both were within the expected range, resulting in net sales of ¥20,234 million (up 7.9% year-on-year) and operating income of ¥4,825 million (down 29.9% year-on-year).

**Life Solutions****Net sales ¥3,998 million Operating income ¥173 million**

This segment includes the childcare business, which operates licensed and certified childcare centers, in-house childcare facilities, and childcare for school-age children; the nursing care business, which provides daycare services and home-visit nursing care; and the life support business, which provides housekeeping services.

In the nursing care business, care dispatches to residential care facilities expanded due to the impact of the prolonged COVID-19 infection. Meanwhile, in the life support business, including housekeeping services, demand for sterilization and disinfection services from hospitals and lodging facilities continued to grow, as well as child-rearing family support services commissioned by several municipalities. In the childcare business, the number of children using in-house childcare facilities declined from the same period of the previous fiscal year due to a decrease in the number of employees attending work, but the number of children using the facilities grew due to the opening of school-age children's clubs, etc.

As a result, net sales amounted to ¥3,998 million (up 15.0% year-on-year) and operating income was ¥173 million (up 51.1% year-on-year).

**Regional Revitalization Solutions Net sales ¥3,423 million Operating income ¥(1,117) million**

In this segment, the Company is engaged in regional development projects to create new industries and employment in rural areas in cooperation and collaboration with local residents, local companies, and local governments. During the period, restrictions on activities due to the COVID-19 infection eased and the flow of people to tourist destinations continued to recover. On Awaji Island, Hyogo Prefecture, the number of visitors to the park increased since the beginning of the fiscal year, mainly due to the "Dragon Quest Island: Daimaou Zoma and the Island of Beginnings" attraction at the "Nijigen-no-mori" Animation Park in Awaji Island Park, Hyogo Prefecture, and the "Kimetsu no Yaiba" anime. In addition, "Zen Bo Seinei" which opened last April, has attracted attention as a new tourist attraction where visitors can experience Zen, yoga, and other activities on a 100-meter-long wooden deck in the midst of the great outdoors.

As a result, net sales amounted to ¥3,423 million (up 67.0% year-on-year). Operating income was ¥(1,117) million (¥(1,250) million in the same period of the previous year), an improvement from the loss in the same period of the previous year, despite upfront expenses from the opening of new facilities.

**Eliminations****Net sales ¥(3,310) million Operating income ¥(6,852) million yen**

It includes intergroup transaction elimination and costs to maximize group synergies, incubation costs for new businesses, and administrative costs as a holding company.

During the six months ended November 30, 2022, the Company incurred expenses related to the relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo in the first quarter and double rent for the relocation period, as well as increased expenses related to the relocation of a portion of the head office functions to Awaji Island, Hyogo Prefecture, which is being undertaken in stages.

As a result, net sales of ¥(3,310) million (¥(3,461) million in the same period of the previous year) and operating income of ¥(6,852) million (¥(5,552) million in the previous year) were recorded for elimination of intergroup transactions.

**Segment Information** (Figures include intersegment sales)**Consolidated Net Sales by Segment**

(Millions of yen)

	H1 FY2021	H1 FY2022	YoY
<b>HR Solutions</b>	180,421	179,861	(0.3)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	154,183	152,717	(1.0)%
Expert Services (Temporary staffing)	78,664	75,213	(4.4)%
BPO Services (Contracting)	67,620	68,325	1.0%
HR Consulting, Education & Training, Others	3,837	4,256	10.9%
Global Sourcing (Overseas)	4,061	4,921	21.2%
Career Solutions (Placement / Recruiting, Outplacement)	7,492	6,909	(7.8)%
Outsourcing	18,745	20,234	7.9%
<b>Life Solutions</b>	3,475	3,998	15.0%
<b>Regional Revitalization Solutions</b>	2,050	3,423	67.0%
Eliminations and Corporate	(3,461)	(3,310)	—
Total	182,486	183,973	0.8%

**Consolidated Operating Income by Segment**

(Millions of yen)

	H1 FY2021	H1 FY2022	YoY
<b>HR Solutions</b>	18,684	14,530	(22.2)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	9,412	7,711	(18.1)%
Expert Services (Temporary staffing)			
BPO Services (Contracting)	9,244	7,361	(20.4)%
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	167	350	108.6%
Career Solutions (Placement/Recruiting, Outplacement)	2,384	1,993	(16.4)%
Outsourcing	6,887	4,825	(29.9)%
<b>Life Solutions</b>	114	173	51.1%
<b>Regional Revitalization Solutions</b>	(1,250)	(1,117)	—
Eliminations and Corporate	(5,552)	(6,852)	—
Total	11,996	6,733	(43.9)%



## **(2) Overview of Consolidated Financial Position**

### **i) Status of Assets, Liabilities and Net Assets**

As of November 30, 2022, the amount of ¥78,220 million (¥10,123 million at the end of the previous fiscal year) of temporary “Deposits received” from customers by the Group related to contracted projects was recorded in liabilities, and “Cash and deposits” worth it was recorded in assets, whose use is restricted.

#### **Assets**

Total assets as of November 30, 2022 stood at ¥261,335 million, an increase of ¥57,589 million or 28.3%, compared with May 31, 2022. That was mainly attributable to an increase of ¥46,866 million in cash and deposits affected by the above "deposits" impact, while notes and accounts receivable, trade and contract assets increased by ¥8,246 million due to an increase in contract projects, and property, plant and equipment such as regional development projects increased by ¥2,757 million.

#### **Liabilities**

Total liabilities as of November 30, 2022 stood at ¥195,908 million, an increase of ¥59,309 million or 43.4%, compared with May 31, 2022. While deposits received increased by ¥67,639 million due to the above-mentioned projects, accounts payable decreased by ¥3,223 million due to progress in payments, and short-term loans payable and long-term loans payable decreased ¥335 million and ¥3,662 million, respectively, due to repayment of loans payable.

#### **Net Assets**

Net assets as of November 30, 2022 stood at ¥65,426 million, a decrease of ¥1,720 million or 2.6%, compared with May 31, 2022. This was mainly attributable to an increase of ¥1,337 million in retained earnings due to dividend payments of ¥1,396 million, and a decrease of ¥2,260 million in non-controlling interests mainly due to dividends paid by a subsidiary, while capital surplus decreased by ¥697 million due to the acquisition of treasury stock by Benefit One Inc., a consolidated subsidiary of the Company, and net income attributable to owners of the parent amounted to ¥2,734 million.

As a result, equity ratio as of November 30, 2022 was 19.3% (24.5% at the end of the previous fiscal year). Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥183,115 million (¥193,622 million at the end of the previous fiscal year), and equity ratio 27.6% (25.8% at the end of the previous fiscal year).

### **ii) Status of Cash Flows**

Cash and cash equivalents (hereafter “net cash”) as of November 30, 2022 decreased by ¥21,223 million, compared with May 31, 2022, to ¥35,354 million. Net cash does not include "cash and deposits" commensurate with temporary "deposits" from customers related to contracted projects.

#### **(Cash Flows from Operating Activities)**

Net cash used in operating activities totaled ¥6,401 million (¥9,106 million decrease in the same period of the previous consolidated fiscal year).

The increase in net cash was mainly due to income before income taxes and minority interests of ¥8,223 million (¥12,128 million in the same period of the previous fiscal year), etc.

The decrease in net cash was mainly due to an increase of ¥8,081 million (¥14,002 million increase in the same period of previous fiscal year) in notes and accounts receivable-trade and contract assets, a decrease of ¥2,146 million (an increase of ¥791 million in the same period of the previous fiscal year) in account payable, and income taxes paid of ¥6,164 million (¥4,216 million in the same period of the

previous fiscal year), etc.

**(Cash Flows from Investing Activities)**

Net cash used in investing activities totaled ¥4,515 million (¥6,849 million decrease in the same period of the previous fiscal year).

The increase in net cash was mainly due to proceeds from collection of lease and guarantee deposits of ¥1,548 million (¥134 million in the same period of the previous fiscal year), etc.

The decrease in net cash was mainly due to payments for purchase of property, plant and equipment of ¥4,308 million (¥3,831 million in the same period of the previous fiscal year) associated with the opening of commercial facilities in the Regional Revitalization business and the construction of new facilities for business use, etc. in the corporate segment, and ¥2,105 million (¥2,419 million in the same period of the previous fiscal year) for the purchase of intangible assets related to system investments, etc.

**(Cash Flows from Financing Activities)**

Net cash used in financing activities totaled ¥10,642 million (¥3,385 million decrease in the same period of the previous fiscal year).

The increase in net cash was mainly due to proceeds from long-term loans payable of ¥1,000 million (¥2,787 million in the same period of the previous fiscal year) to secure funds for long-term working capital, etc.

The decrease in net cash was mainly due to repayment of long-term loans payable of ¥5,016 million (¥4,648 million in the same period of the previous year), cash dividends paid of ¥4,559 million (¥3,582 million in the same period of the previous year) and purchase of treasury stock of subsidiaries of ¥1,506 million (¥0 million in the same period of previous year), etc.

### (3) Overview of Consolidated Forecasts

As for results for the first half of the fiscal year ending May 31, 2023, although corporate demand for human resources remained strong, the Expert Services segment was unable to make up for the temporary special demand that occurred in the previous fiscal year. In the Regional Revitalization Solutions segment, although performance has increased from the same period of the previous year, they fell short of initial expectations due to the impact of the re-expansion of the COVID-19 infection.

In the second half of the fiscal year, we expect the net sales to remain steady. We expect sales to be in line with our initial plan in the second half of the fiscal year due to the acquisition of KANDEN JOINUS CO., LTD., a company within the Kansai Electric Power Group, as of January 5, 2023, and this is expected to make a limited-but-positive contribution, along with continued recovery in tourism demand in regional development solutions and planned changes in the fiscal year-end for some subsidiaries. In addition, the recovery of tourism demand is expected to continue in the Local Solutions business, and the fiscal year-end of some subsidiaries is scheduled to be changed. Operating income for the second half is expected to be lower than the initial plan, taking into account that some businesses in outsourcing have been brought forward to the first half of the fiscal year amid the current situation.

As a result, we have revised our full-year consolidated earnings forecast for the fiscal year ending May 31, 2023, as announced on July 15, 2022. Net income attributable to shareholders of the parent company will remain unchanged, as the company is considering the recognition of deferred tax assets in accordance with accounting standards for tax effect accounting in light of performance in the second quarter of the current fiscal year.

#### ■ Revision of Consolidated Results Estimate for Fiscal Year Ending May 31, 2023

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net Income per Share
Previous forecast (A) announced on July 15, 2022	385,000	22,300	22,500	8,700	Yen 222 08
Modified forecast (B)	385,000	19,500	20,200	8,700	222 08
Change (B)-(A)	±0	(2,800)	(2,300)	±0	
Rate of change (%)	±0	(12.6)	(10.2)	±0	
Year ended May 31, 2022	366,096	22,083	22,496	8,621	220 19

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
<b>ASSETS</b>		
Current assets		
Cash and deposits	66,951	113,817
Notes and accounts receivable-trade, and contract assets	50,982	59,228
Inventories	3,560	3,462
Other	9,719	11,414
Allowance for doubtful accounts	(89)	(128)
<b>Total current assets</b>	<b>131,123</b>	<b>187,794</b>
Non-current assets		
Property, plant and equipment	27,336	30,093
Intangible assets		
Goodwill	6,833	6,495
Other	16,361	17,226
<b>Total intangible assets</b>	<b>23,195</b>	<b>23,721</b>
Investments and other assets		
Other	21,952	19,596
Allowance for doubtful accounts	(10)	(11)
<b>Total investments and other assets</b>	<b>21,941</b>	<b>19,585</b>
<b>Total non-current assets</b>	<b>72,473</b>	<b>73,400</b>
Deferred assets	149	140
<b>Total assets</b>	<b>203,746</b>	<b>261,335</b>

	As of May 31, 2022	As of November 30, 2022
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	8,735	5,512
Short-term loans payable	9,611	9,275
Accrued expenses	16,016	16,956
Income taxes payable	5,877	4,187
Deposits received	13,051	80,691
Provision for bonuses	4,741	4,667
Provision for directors' bonuses	19	14
Asset retirement obligations	43	-
Other	25,458	24,275
Total current liabilities	83,555	145,580
Non-current liabilities		
Bonds payable	3,810	3,517
Long-term loans payable	38,779	35,117
Provision for directors' stock benefit	598	600
Provision for employees' stock grant	571	566
Net defined benefit liability	2,300	2,308
Asset retirement obligations	2,280	2,546
Other	4,704	5,672
Total non-current liabilities	53,044	50,328
Total liabilities	136,599	195,908
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	17,786	17,089
Retained earnings	28,238	29,576
Treasury shares	(2,378)	(2,378)
Total shareholders' equity	48,646	49,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,131	720
Foreign currency translation adjustment	197	512
Remeasurements of defined benefit plans	10	5
Total accumulated other comprehensive income	1,339	1,239
Share acquisition rights	4	4
Non-controlling interests	17,155	14,894
Total net assets	67,146	65,426
Total liabilities and net assets	203,746	261,335

**(2) Quarterly Consolidated Statements of Income**

(Millions of yen)

	H1 FY2021	H1 FY2022
Net sales	182,486	183,973
Cost of sales	137,973	139,116
Gross profit	44,512	44,856
Selling, general and administrative expenses	32,516	38,123
Operating income	11,996	6,733
Non-operating income		
Interest income	14	15
Share of profit of entities accounted for using equity method	-	33
Subsidy	215	560
Real estate rent	369	173
Other	179	361
Total non-operating income	778	1,143
Non-operating expenses		
Interest expenses	133	179
Share of loss of entities accounted for using equity method	26	-
Commitment fee	85	36
Rent expenses on real estates	313	132
Other	66	96
Total non-operating expenses	625	445
Ordinary income	12,149	7,431
Extraordinary income		
Gain on change in equity	-	211
Gain on sale of non-current assets	2	33
Gain on sales of investment securities	-	627
Gain on sale of subsidiaries and associates	24	-
Total extraordinary income	27	872
Extraordinary loss		
Loss on sale and retirement of non-current assets	26	81
Loss on valuation of investment securities	19	-
Other	2	-
Total extraordinary loss	48	81
Income before income taxes	12,128	8,223
Income taxes-current	4,905	3,855
Income taxes-deferred	24	(405)
Income taxes	4,929	3,450
Profit	7,198	4,773
Profit attributable to non-controlling interests	2,398	2,038
Profit attributable to owners of parent	4,800	2,734

**(3) Quarterly Consolidated Statements of Comprehensive Income**

(Millions of yen)

	H1 FY2021	H1 FY2022
Profit	7,198	4,773
Other comprehensive income		
Valuation difference on available-for-sale securities	710	(820)
Foreign currency translation adjustment	26	339
Remeasurements of defined benefit plans	(16)	(2)
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	720	(483)
Comprehensive income	7,918	4,289
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,169	2,634
Comprehensive income attributable to non-controlling interests	2,749	1,655

**(4) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	H1 FY2021	H1 FY2022
Cash flows from operating activities		
Income before income taxes	12,128	8,223
Depreciation and amortization	2,035	2,493
Amortization of goodwill	319	353
Increase (decrease) in allowance for doubtful accounts	18	37
Increase (decrease) in provision for bonuses	123	(87)
Increase (decrease) in provision for directors' bonuses	(10)	(7)
Increase (decrease) in net defined benefit liability	(26)	15
Decrease (increase) in net defined benefit asset	(96)	(66)
Interest and dividends income	(37)	(41)
Interest expenses	133	179
Subsidy income	(215)	(560)
Share of loss (profit) of entities accounted for using equity method	26	(33)
Loss (gain) on change in equity	-	(211)
Loss (gain) on sales and retirement of non-current assets	23	47
Loss (gain) on sales of investment securities	2	(627)
Loss (gain) on sales of shares of subsidiaries and associates	(24)	-
Decrease (increase) in notes and accounts receivable-trade and contracts asset	(14,002)	(8,081)
Increase (decrease) in operating debt	791	(2,146)
Increase (decrease) in accrued consumption taxes	(1,184)	(283)
Other	(5,025)	124
Subtotal	(5,022)	(672)
Interest and dividends income received	53	56
Interest expenses paid	(136)	(180)
Proceeds from subsidy	215	560
Income taxes paid	(4,216)	(6,164)
Net cash provided by (used in) operating activities	(9,106)	(6,401)
Cash flows from investment activities		
Purchase of property, plant and equipment	(3,831)	(4,308)
Proceeds from sales of property, plant and equipment	11	22
Purchase of intangible assets	(2,419)	(2,105)
Purchase of investment securities	(617)	-
Proceeds from sales of investment securities	95	702
Payments of loans receivable	(6)	(3)
Payments for lease and guarantee deposits	(131)	(351)
Proceeds from collection of lease and guarantee deposits	134	1,548
Other	(85)	(20)
Net cash provided by (used in) investment activities	(6,849)	(4,515)



	H1 FY2021	H1 FY2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(61)	(18)
Proceeds from long-term loans payable	2,787	1,000
Repayment of long-term loans payable	(4,648)	(5,016)
Proceeds from issuance of bonds	2,500	-
Redemption of bonds	(293)	(293)
Proceeds from sales and leaseback	257	-
Repayments of finance lease obligations	(345)	(274)
Purchase of treasury shares of subsidiaries	(0)	(1,506)
Cash dividends paid	(1,193)	(1,392)
Dividends paid to non-controlling interests	(2,389)	(3,167)
other	(0)	25
Net cash provided (used in) by financing activities	(3,385)	(10,642)
Effect of exchange rate change on cash and cash equivalents	25	337
Net increase (decrease) in cash and cash equivalents	(19,316)	(21,223)
Cash and cash equivalents at the beginning of the period	52,298	56,578
Net increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1	-
Cash and cash equivalents at the end of the period	32,983	35,354

**(5) Notes to Going Concern Assumption**

None

**(6) Notes on Significant Changes in the Shareholders' Equity**

During the first half of the current consolidated fiscal year, capital surplus decreased by ¥697 million mainly due to the acquisition of treasury stock by the consolidated subsidiary Benefit One Inc.

As a result, capital surplus amounted to ¥17,089 million at the end of the first half of the current fiscal year.

**(7) Additional Information**

**Accounting estimates with the spread of COVID-19 infections**

There are no significant changes to the assumption including future spread and convergence time of COVID-19 infections, which is described in “Significant accounting estimates” of “Annual Securities Report FY2021 (June 1, 2021 to May 31, 2022).

## (8) Segment Information

i) First half ended November 30, 2021

Information regarding net sales, segment income (loss) by reporting segment and revenue decomposition

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	78,344	—	—	—	—	78,344	—	78,344
BPO Services	66,684	—	—	—	—	66,684	—	66,684
HR Consulting, Education & Training, Others	3,129	—	—	—	—	3,129	—	3,129
Global Sourcing	3,938	—	—	—	—	3,938	—	3,938
Career Solutions	—	7,469	—	—	—	7,469	—	7,469
Outsourcing	—	—	18,024	—	—	18,024	—	18,024
Life Solutions	—	—	—	3,206	—	3,206	—	3,206
Regional Revitalization Solutions	—	—	—	—	1,687	1,687	—	1,687
Revenue from contract with customers	152,097	7,469	18,024	3,206	1,687	182,486	—	182,486
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	152,097	7,469	18,024	3,206	1,687	182,486	—	182,486
Intersegment sales and transfers	2,085	22	720	269	363	3,461	(3,461)	—
Total	154,183	7,492	18,745	3,475	2,050	185,947	(3,461)	182,486
Operating income (loss)	9,412	2,384	6,887	114	(1,250)	17,548	(5,552)	11,996

Notes:

1. Adjustments of ¥(5,552) million with Operating income (loss) includes corporate expenses of ¥(5,611) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥58 million.
2. Operating income (loss) is adjusted with operating income under consolidated statements of income.

ii) First half ended November 30, 2022

Information regarding net sales, segment income (loss) by reporting segment and revenue decomposition

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales					—			
Expert Services	74,962	—	—	—	—	74,962	—	74,962
BPO Services	66,906	—	—	—	—	66,906	—	66,906
HR Consulting, Education & Training, Others	3,668	—	—	—	—	3,668	—	3,668
Global Sourcing	4,834	—	—	—	—	4,834	—	4,834
Career Solutions	—	6,890	—	—	—	6,890	—	6,890
Outsourcing	—	—	19,933	—	—	19,933	—	19,933
Life Solutions	—	—	—	3,756	—	3,756	—	3,756
Regional Revitalization Solutions	—	—	—	—	3,021	3,021	—	3,021
Revenue from contract with customers	150,371	6,890	19,933	3,756	3,021	183,973	—	183,973
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	150,371	6,890	19,933	3,756	3,021	183,973	—	183,973
Intersegment sales and transfers	2,345	19	301	242	402	3,310	(3,310)	—
Total	152,717	6,909	20,234	3,998	3,423	187,284	(3,310)	183,973
Operating income (loss)	7,711	1,993	4,825	173	(1,117)	13,586	(6,852)	6,733

Notes:

- Adjustments of ¥(6,852) million with Operating income (loss) includes corporate expenses of ¥(6,972) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥119 million.
- Operating income (loss) is adjusted with operating income under consolidated statements of income.

**(9) Important Subsequent Events**

None