

May 13, 2024

PERSOL HOLDINGS CO., LTD. (TSE 2181)**Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (IFRS)**

PERSOL HOLDINGS CO., LTD. (the Company) today announced its consolidated financial results for the fiscal year ended March 31, 2024 and consolidated financial forecasts for the fiscal year ending March 31, 2025.

(1) Consolidated Operating Highlights**1. Consolidated Financial Results**

(In millions of yen, unless otherwise stated)

	Fiscal year ended March 31,		Change %
	2023	2024	
Revenue	1,242,611	1,327,123	6.8
Operating profit	42,754	52,065	21.8
Profit before tax	41,249	48,926	18.6
Net Profit	24,777	31,974	29.0
Profit attributable to owners of parent	22,761	29,971	31.7
Comprehensive income	25,161	41,303	64.2
Basic earnings per share (yen)	9.94	13.22	
Diluted earnings per share (yen)	9.89	13.14	
Ratio of profit to equity attributable to the owners of the parent company	13.6	16.6	
Ratio of profit before income taxes to total assets	8.6	9.7	
Ratio of operating profit to revenue	3.4	3.9	
EBITDA	73,069	81,700	
Adjusted EBITDA	75,277	72,287	
Adjusted net profit	39,544	38,839	
Adjusted EPS (yen)	17.22	17.03	

Reference: (yen)

Share of profit of investments accounted for using equity method: FY2023/ minus 618 million FY2022/ minus 505 million

Impairment charges of investments accounted for using equity method: FY2023/ minus 2,142 million FY2022/ -

Note:

As of October 1, 2023, the Company conducted a 10-for-1 stock split of shares of common stock. As a result, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

EBITDA: Operating profit + Depreciation

Adjusted EBITDA: Operating profit + Depreciation (excluding rent and other equivalents from depreciation of right-of-use assets) ± Increase/decrease in accrued paid leave + Share-based payment expenses ± Other revenues and expenses ± Other non-recurring profit/loss

Adjusted net profit : Profit attributable to Owners of parent ± Adjustment Item ((Excluding the portion attributable to noncontrolling interests)) ± Tax reconciliation related to certain adjustment items

Adjustment Item : Increase/decrease in accrued paid leave + Share-based payment expenses ± other expenses and revenues ± Non-recurring loss/profit

Adjusted EPS : Adjusted net profit/(Average number of shares outstanding during the period - Average number of treasury shares during the period)

2. Consolidated Financial Position

(In millions of yen, unless otherwise stated)

	As of March 31, 2023	As of March 31, 2024
Total assets	488,728	518,730
Total equity	183,529	208,317
Total equity attributable to owners of parent	169,670	192,349
Ratio of equity attributable to owners of the parent	34.7%	37.1%
Equity attributable to the owners of the parent company per share	74.57	84.15

3. Consolidated Cash Flows

(In millions of yen, unless otherwise stated)

	As of March 31, 2023	As of March 31, 2024
Cash flows from operating activities	68,980	77,753
Cash flows from investing activities	-22,787	-19,000
Cash flows from financing activities	-41,779	-53,803
Cash and cash equivalents at end of period	101,233	108,369

(2) Dividend Status

(In yen, unless otherwise stated)

	Fiscal year ended March 31,		
	2023	2024	2025 (Forecast)
Interim dividends	21.0	43.00	4.50
Year-end dividends	40.0	4.30	4.50
Annual dividends	61.0	-	9.00
Total dividend amount (million yen)	14,024	19,870	-
Payout ratio (%)	61.6	66.3	-
Dividend on equity ratio (%)	8.4	11.0	-

Notes:

- ① No revision of dividend forecast from the latest announcement.
- ② As of October 1, 2023, the Company conducted a 10-for-1 stock split for its common stock.
- ③ The year-end dividend for the fiscal year ending March 31, 2024 (forecast) with a record date of March 31, 2024 is based on the number of shares after the stock split, considering the effect of the stock split.
- ④ The number of total dividend per share for the Fiscal year Ended March 31, 2023 is not shown because a simple comparison is not suitable due to the stock split. The dividend per share forecast on a pre-split basis is 86 yen per share.
- ⑤ As part of the financial policy in this mid-term management plan, we have set a target dividend payout ratio, one of the indicators of shareholder return, at around 50% of adjusted EPS (earnings per share). The expected dividend payout ratio to adjusted EPS for the fiscal year ending March 31, 2025 is expected to be in the range of 51.0% to 53.6%.

Reference:

Adjusted EPS-based Dividend Payout Ratio
Fiscal year ended March 31, 2023: 35.4%
Fiscal year ended March 31, 2024: 50.5%

(3) Consolidated Financial Forecast for the Fiscal Year Ending March 2025

(In millions of yen, unless otherwise stated)

	Forecast for the fiscal year ending March 31, 2025			
	Firs half year	Change %	Full year	Change %
Revenue	696,000	6.3	1,417,000 ~1,429,000	6.8 ~7.7
Operating profit	24,400	-7.5	52,000 ~55,000	-0.1 ~5.6
Profit before tax	24,000	-7.6	51,200 ~54,200	4.6 ~10.8

Net Profit	16,000	-9.0	34,300 ~36,300	7.3 ~13.5
Profit attributable to owners of parent	15,200	-9.4	32,500 ~34,500	8.4 ~15.1
Basic earnings per share (yen)	6.66	-	14.24 ~15.12	-
Adjusted EBITDA	35,100	0.2	73,000 ~76,000	1.0 ~5.1
Adjusted net profit	17,900	-5.7	38,300 ~40,300	-1.4 ~3.8
Adjusted EPS (yen)	7.84	-	16.79 ~17.66	-

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
 New: - (company name) Excluded: - (company name)

(2) Changes in accounting policies and accounting estimates

- ① Changes in accounting policies required by IFRS: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None

(3) Number of shares issued (common stock)

	Fiscal year ended March 31,	
	2023	2024
(1) Number of shares issued and outstanding at the end of the period (including treasury stock)	2,367,048,610	2,331,998,610
(2) Number of shares of treasury stock at the end of the period	91,773,090	46,220,639
(3) Average number of shares outstanding during the period	2,296,552,614	2,280,947,273

Notes:

- ① The number of treasury stock at the end of the period includes 24,591,386 shares for the fiscal year ended March 31, 2024 and 14,203,730 shares for the fiscal year ended March 31, 2023 held by the "Directors' Compensation BIP Trust Account" and the "Stock Grant ESOP Trust Account" that are included in the above description as treasury stocks.
 The quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.
- ② As of October 1, 2023, the Company executed a 10-for-1 stock split of shares of common stock. As a result, (1), (2) and (3) are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Disclaimer

This quarterly financial results Tanshin is not subject to quarterly review by certified public accountants or auditing firms.

Explanation on the appropriate use of earnings forecasts and other special notes

(Cautionary statement regarding forward-looking statements)

Forward-looking statements in this document, such as forecasts and projections based on plans, contain elements of uncertainty and are subject to change. Accordingly, they are not intended to be a promise by the Company that they will be achieved. Actual results may differ materially from our current expectations.

Note Regarding Reference Translation

This document has been translated from the Japanese language original for reference purposes only and may not be used or disclosed for any other purpose without the Company's prior written consent. In the event of any conflict or discrepancy between this translated document and the Japanese language original, the Japanese language original shall prevail in all respects. The Company makes no representations regarding the accuracy or completeness of this translation and assumes no responsibility for any losses or damages arising from the use of this translation.

(Application of IFRS Accounting Standards (IFRS))

Effective from the 1st quarter of the fiscal year ending March 31, 2024, the Group has adopted IFRS Accounting Standards (hereinafter referred to as "IFRS"). Financial figures for the previous consolidated fiscal year are also presented in accordance with IFRS.

For the changes between IFRS and Japanese GAAP in relation to financial figures, please refer to "(First-time Adoption)" on page 26.

1. Result of Operations

(1) Financial Position

This year, PERSOL GROUP (the Group) celebrated its 50th anniversary since our founding.

At present, the Group provides a wide range of human resources (HR) related services including temporary staffing and placement service in Japan. In addition, in the Asia-Pacific (APAC) region, the Group operates HR related services and facility management business.

During the consolidated fiscal year under review, Japanese economic conditions were moderate, with an increase in capital expenditure by companies and recovery of consumer spending reflecting wage hikes seen amid an improvement in the employment and income environment. A temporary halt was also seen, partly reflecting downward factors including high prices and a slowdown in overseas economies. The future remains uncertain, mainly reflecting the impacts of global monetary restraint and rising geopolitical risks.

Despite such circumstances, the ratio of job offers to job seekers (seasonally adjusted)* in Japan was 1.28 times in March 2024, showing that demand for human resources remained strong. Supply and demand began to show differences in certain industries, depending on the company size. In the APAC region, generally, the economy is on a recovery trend, and demand for human resources is strong., albeit at levels that differ among countries and regions.

In this business environment, during the consolidated fiscal year under review, the Group aggressively invested mainly in the Career SBU, BPO SBU, and Technology SBU, which were designated as the pillars of profit growth, having started at the beginning of the fiscal year in accordance with the policy under the Mid-term Plan 2026, of which the fiscal year under review was the first year.

Reflecting strong corporate demand, revenue increased in all SBUs excluding BPO SBU, where COVID-19 related operations were dropped as initially anticipated. Revenue of the overall Group was 1,327,123 million yen (up 6.8% year on year). On the profit front, adjusted EDITDA, which the Company began to use as a key profit indicator in the fiscal year under review, increased in all SBUs excluding BPO SBU. However, adjusted EBITDA of the overall Group decreased to 72,287 million yen (down 4.0% year on year) due to the drop of COVID-19- related operations in BPO SBU. Operating profit increased in all SBUs except BPO SBU, and the overall Group's operating profit increased to 52,065 million yen (up 21.8% year on year).

Profit before tax amounted 48,926 million yen (up 18.6% year on year), and profit attributable to owners of parent amounted to 29,971 million yen (up 31.7% year on year).

(Exchange Rate)

Average exchange rate during the period:

(USD) FY2022: 135.5 yen, FY2023: 144.6 yen

(AUD) FY2022: 92.7 yen, FY2023: 95.1 yen

*Active job openings-to-applicants ratio (seasonally adjusted): Announced by the Ministry of Health, Labour and Welfare

a. Staffing SBU

In this segment, the Group operates temporary staffing business, including mainly clerical and administrative staff dispatching and wide range of staffing service.

Revenue for the fiscal year ended March 31, 2024 was 575,798 million yen (up 5.7% year on year), adjusted EBITDA was 30,632 million yen (up 14.6% year on year), and operating profit was 27,187 million yen (up 22.5% year on year)

The increases in revenue and profits are attributed mainly to the number of active temporary staff and the average billing rate. Operating profit increased by 0.6 points due to control of advertising expenses and outsourcing costs, which was made in line with progress in sales.

b. BPO SBU

This segment is a new segment consisting mainly of the business process outsourcing (BPO) business, which belonged to Staffing SBU until the previous fiscal year.

Revenue for the fiscal year ended March 31, 2024 was 110,795 million yen (down 5.4% year on year), adjusted EBITDA was 8,907 million yen (down 50.0% year on year), and operating profit was 6,896 million yen (down 54.8% year on year)

Revenue, adjusted EBITDA, and operating profit all decreased because operations related to COVID-19 settled down as initially expected. (The negative impact associated with COVID-19 on profits was approx. 6.1 billion yen (gross profit from COVID-19 related operations: approx. 9.9 billion yen in the previous consolidated fiscal year, approx. 3.7 billion yen in the consolidated fiscal year under review).)

c. Technology SBU

This segment had been Professional Outsourcing SBU until the previous fiscal year. Some businesses were transferred to BPO SBU. In this segment, the Group operates manufacturing and development outsourcing business in IT & DX solutions ,engineering areas and temporary staffing business specialized in engineers dispatching.

Revenue for the fiscal year ended March 31, 2024 was 102,380 million yen (up 12.5% year on year), adjusted EBITDA was 6,930 million yen (up 9.3% year on year), and operating profit was 5,695 million yen (up 20.0% year on year).

Revenue increased because the engineering outsourcing business area saw growth in demand, mainly for development in the manufacturing industry and also steady growth was seen in the IT area. Adjusted EBITDA and operating income decreased until the third quarter due to an increase in the number of inactive engineers resulting from aggressive hiring. However, due to the lack of branding investments, which was seen in the last 4th quarter and the effect of increased billing rates, we saw an year on year increase in profits for the full year.

d. Career SBU

This segment mainly operates placement business, supporting corporate clients' mid-career hiring activities, and job recruitment media business.

Revenue for the fiscal year ended March 31, 2024 was 128,284 million yen (up 22.8% year on year), adjusted EBITDA was 25,001 million yen (up 24.1% year on year), and operating profit was 19,924 million yen (up 18.3% year on year).

Revenue increased significantly although some uncertainty in business confidence began to emerge in the placement business and job recruitment media business market. In addition, the special demand for hiring following the subsiding of COVID-19 began to show a sign of coming to an end. Adjusted EBITDA and operating profit increased despite increasing SG&A expenses due to marketing investments, strengthening recruiting, and raising base salary levels.

e. Asia Pacific SBU

In this segment, the Group operates temporary staffing business and placement business in Asia and staffing business and facility management business in Australia (those businesses are operated under PERSOLKELLY brand in Asia and under Programmed brand in Australia.)

Revenue for the fiscal year ended March 31, 2024 was 412,770 million yen (up 6.8% year on year), adjusted EBITDA was 9,832 million yen (up 28.4% year on year), and operating profit was 4,841 million yen (4,281 million yen of operating loss in the previous fiscal year).

Revenue increased due to progress in the recovery from the impact of the spread of COVID-19 infection, with steady growth in sales from the facility management business in particular.

An impairment loss of approximately 8.9 billion yen was recorded in the previous fiscal year.

In the current fiscal year, an impairment loss of approximately 2.2 billion yen.

2. Business Outlook and Management Policy

I. Changes in the Market Environment and Its Overall Picture

Reflecting the power shift of individuals, including the employment mobility and diversification of work styles and values about working, the time is coming when individuals envision their careers on their own, understand that not only work but also their life constitute a part of their career, and then seek "Workplace Well-being," or happiness felt by them through their own work. In addition, the evolution of management through collaborative creation by people and technologies is demanded at present due to rapid technological evolution, including the shift to remote work, automated operations and labor saving, and data-based analysis and optimization.

The Company aims to be a company creating Workplace Well-being, which expands the happiness of individuals and society by broadening the range of options available for each individual and the freedom of working through the provision of diverse work styles and learning opportunities under the Group Vision, "Work, and Smile." Further, to respond to these social changes and diversifying individual needs, the Company has set the direction of its management, in which it aims to evolve into a technology-driven HR service company, which achieves discontinuous growth with products and digitalization while attaching importance to the intervention value of people.

Taking advantage of various businesses and services related to working and diverse human capital, the Company will work to create value for the future, aiming to "create better work opportunities for one million people by 2030 by expanding possibilities of people."

II. Goal of Value Creation

The Company has set "creating better work opportunities for one million people by 2030 by expanding possibilities of people" as the goal of its value creation. The Company will provide diverse work styles and offer learning opportunities, aiming to create better work opportunities for at least 500,000 people under the Group Mid-term Management Plan 2026 (FY2023 to FY2025) and for at least one million people by 2030.

III. Materiality Initiatives

Under the Group Mid-term Management Plan 2026 toward 2030, the Company has identified the following eight issues of materiality, which are categorized into solving social issues through business activities and foundation for achieving sustainable growth. The Company will take initiatives to address each.

<Solving social issues through business activities>

- i. Creating work opportunities: Expanding the potential of one million workers by 2030 by creating better employment opportunities, using our strengths in matching people with organizations, attracting customers and designing operations
- ii. Providing diverse work styles: Proposing and providing flexible work styles and employment options, helping people realize work styles that cater to their individual needs
- iii. Providing learning opportunities: Broadening the range of options for workers by providing learning opportunities that will lead to employment, reskilling, and upskilling, thus maximizing career possibilities of individuals
- iv. Improving productivity at companies: Contributing to the streamlining of corporate activities and to solutions to the labor shortage by providing services which help improve productivity

<Foundation for achieving sustainable growth>

- v. Active roles for diverse personnel: Achieving the Group Vision by developing a corporate culture of, and building an environment for, taking advantage of diversity
- vi. Strengthening data governance: Clearly stating and further strengthening the Company's common approach and management and protection frameworks for utilization of personal data, thus improving the user environment and securing trust
- vii. Respect for human rights: Promoting initiatives that conform to international norms as a responsible company, thereby reducing human rights risks and earning the trust of all stakeholders including employees
- viii. Responding to climate change: Working to achieve carbon neutrality and helping realize a decarbonized society through environment-related (GX: Green Transformation) staffing services and other initiatives

IV. Actions for enabling management with an awareness of capital cost and share price

Under the PERSOL Group Mid-term Management Plan 2026, the Company divided the financial strategy into three components — major indicators for the financial strategy, cash allocation and shareholder return — and set targets for each so as to enhance its corporate value.

< Key Financial Strategy Indicators >

Growth Potential	Annual growth rate of adjusted EBITDA	Above 10%
Efficiency	ROIC	15% or higher
	ROE	20% or above
Soundness	Net Debt/Equity	Up to 1.0
	Net Debt/EBITDA	Up to 2.0

The Board of Directors has been monitoring the cost of capital and capital efficiency. We recognize the cost of capital of approx. 8% and the P/B ratio is consistently in excess of 1x. In the current consolidated fiscal year, ROIC was 15.1%, far exceeding the cost of capital of approximately 8%. We are working to reduce the cost of capital and to increase "ROIC - Cost of Capital"(ROIC spread) over the medium to long term. We have already introduced the improvement of capital efficiency into our executive compensation system.

<Cash Allocation>

The cash allocation is expected to be revised downward in line with the downward revision of the business forecast announced in February 2024 due to the recent rapid changes in the business environment, although pre-tax Adjusted EBITDA was set at 200 billion yen in mid-term management plan through the fiscal year ending March 2026.

<shareholders return>

We are to give emphasis to shareholders return. Current mid-term plan determines the approx.. 50% of payout ratio (adjusted EPS base) as a target through the period.

Financial Forecasts of the Fiscal Year Ending March 31, 2025

The uncertain international situation attributed to overseas geopolitical risks, ongoing price hikes, and other events need to be monitored closely. Meanwhile, although the human resources market continues to grow due to demand for human resources reflecting the labor shortages faced by companies, there are also glimpses of uncertainties, partly due to the wait-and-see stance reflecting wage hikes on the job seekers' side and partly because of the careful selection of human resources seen among some employers.

Reflecting this environment, financial forecasts for the fiscal year ending March 31, 2025 are as follows.

(In millions of yen, unless otherwise stated)

	Forecast for the fiscal year ending March 31, 2025			
	First half year	Change %	Full year	Change %
Revenue	696,000	6.3	1,417,000 ~1,429,000	6.8 ~7.7
Operating profit	24,400	-7.5	52,000 ~55,000	-0.1 ~5.6
Profit before tax	24,000	-7.6	51,200 ~54,200	4.6 ~10.8
Net Profit	16,000	-9.0	34,300 ~36,300	7.3 ~13.5
Profit attributable to owners of parent	15,200	-9.4	32,500 ~34,500	8.4 ~15.1
Basic earnings per share (yen)	6.66	-	14.24 ~15.12	-
Adjusted EBITDA	35,100	0.2	73,000 ~76,000	1.0 ~5.1
Adjusted net profit	17,900	-5.7	38,300 ~40,300	-1.4 ~3.8
Adjusted EPS (yen)	7.84	-	16.79 ~17.66	-

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(2) Financial Position

1. Consolidated Statement of financial position

Total assets at the end of the consolidated fiscal year under review was 518,730 million yen, an increase of 30,001 million yen from the end of the previous consolidated fiscal year. Current assets increased by 11,244 million yen, to 312,690 million yen. This mainly reflects

increases in cash and deposits of 7,136 million yen and in trade and other receivables of 6,155 million yen. Non-current assets increased by 18,757 million yen, to 206,040 million yen. This is mainly due to increases in right-of-use assets of 7,804 million yen and in other financial assets of 5,729 million yen.

The total amount of liabilities was 310,412 million yen at the end of the fiscal year under review, up 5,213 million yen from the end of the previous consolidated fiscal year. Current liabilities increased by 7,863 million yen, to 257,416 million yen. This chiefly reflects increases in other current liabilities of 14,091 million yen, trade and other payables of 1,582 million yen and in lease liabilities of 1,004 million yen, more than offsetting a decrease in Corporate bonds and borrowings of 7,030 million yen, and income tax payable of 1,701 million yen. Non-current liabilities decreased by 2,650 million yen, to 52,996 million yen. This is attributed mainly to a decrease in bonds and borrowings of 10,117 million yen, partially offset by an increase in lease liabilities of 7,021 million yen.

The total amount of assets was 208,317 million yen at the end of the fiscal year under review, up 24,788 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 11,053 million yen in retained earnings, which resulted primarily from the recording of 29,971 million yen in profit attributable to owners of parent and the payment of dividends of 18,927 million yen, and a decrease of 9,874 million yen in treasury shares that resulted from cancellation and disposal of treasury shares.

As financial indicators based on the financial position described above, the current ratio increased from 120.8% to 121.5%, and the equity attributable to owners of the parent ratio increased from 34.7% to 37.1%, respectively, compared to the end of the previous consolidated fiscal year.

	As of March 31, 2023	As of March 31, 2024
Return on asset (ROA)	4.8%	5.9%
Return on equity (ROE)	13.6%	16.6%
Ratio of operating profit to revenue	3.4%	3.9%
Ratio of adjusted EBITDA to revenue	6.1%	5.4%
Current ratio	120.8%	121.5%
Fixed ratio*	110.4%	107.1%
Fixed long-term precision	83.1%	84.0%
Equity attributable to owners of the parent ratio	34.7%	37.1%
ROIC	12.7%	15.1%
Debt (excluding lease)/equity ratio	0.30	0.18
Net cash/EBITDA ratio	0.68	0.91
Total assets (million yen)	488,728	518,730
Equity attributable to owners of the parent (million yen)	169,670	192,349
Cash and cash equivalents at end of period (million yen)	101,233	108,369
Invested capital (million yen)	233,632	238,642
EBITDA (million yen)	73,069	81,700
Adjusted EBITDA (million yen)	75,277	72,287

Note:

Return on assets (ROA) is calculated using the following formula.

$$\frac{\text{Profit attributable to owners of parent}}{(\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2} \times 100$$

2. Consolidated Cash Flows

Cash and cash equivalents (hereinafter "capital") as of March 31, 2024 was 108,369 million yen, up 7,136 million yen from the end of the previous consolidated fiscal year. Presented below are an overview of cash flows for the fiscal year ended March 31, 2024 and main factors behind them.

(Cash flow from operating activities)

Capital generated by operating activities increased by 8,773 million yen from the previous consolidated fiscal year, to 77,753 million yen. Major factors included income taxes paid of 21,523 million yen, offset by profit before income taxes of 48,926 million yen and depreciation and amortization of 29,634 million yen.

(Cash flow from investing activities)

Capital used as a result of investing activities decreased by 3,787 million yen from the previous consolidated fiscal year, to 19,000 million yen. This was mainly due to spending of 12,207 million yen on the purchase of intangible assets and 3,279 million yen spent on purchase of property, plant, and equipment.

(Cash flow from financing activities)

Capital used as a result of financing activities increased by 12,023 million yen from the previous consolidated fiscal year, to 53,803 million yen. Proceeds from short-term borrowings totaled 166,839 million yen, while repayment of short-term borrowings totaled 174,713 million yen, cash dividends paid totaled 18,921 million yen, and repayment of lease obligations totaled 16,876 million yen.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(In millions of yen)		
	Date of Transition (April 1, 2022)	As of March 31, 2023	As of March 31, 2024
Assets			
Current assets			
Cash and cash equivalents	95,933	101,233	108,369
Trade and other receivables	158,857	162,853	169,008
Contract assets	19,077	23,533	24,426
Other financial assets	94	78	113
Other current assets	8,032	13,748	10,771
Total current assets	281,995	301,445	312,690
Non-current assets			
Trade and other receivables	320	309	320
Contract assets	4,230	3,937	5,020
Property, plant and equipment	9,989	9,229	9,575
Right-of-use assets	28,399	28,168	35,973
Goodwill	63,941	58,465	59,019
Intangible assets	35,762	35,250	39,655
Investments accounted for using equity method	2,771	4,729	2,287
Other financial assets	22,175	23,464	29,193
Deferred tax assets	18,460	23,410	24,561
Other non-current assets	204	317	433
Total non-current assets	186,255	187,283	206,040
Total assets	468,251	488,728	518,730

(Consolidated Balance Sheet)

(In millions of yen)

	Date of Transition (April 1, 2022)	As of March 31, 2023	As of March 31, 2023
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	87,103	93,688	95,270
Bonds and borrowings	14,968	21,174	14,144
Lease liabilities	13,630	14,005	15,010
Other financial liabilities	836	989	1,141
Income taxes payable	10,745	10,535	8,834
Provisions	787	1,588	1,019
Contract liabilities	4,951	6,596	6,931
Other current liabilities	92,854	100,972	115,063
Total current liabilities	225,877	249,552	257,416
Non-current liabilities			
Bonds and borrowings	40,000	30,117	20,000
Lease liabilities	12,622	12,813	19,835
Other financial liabilities	737	809	976
Provisions	4,492	4,660	5,084
Deferred tax liabilities	3,919	4,394	4,343
Other non-current liabilities	3,126	2,850	2,756
Total non-current liabilities	64,899	55,647	52,996
Total liabilities	290,777	305,199	310,412
Equity			
Share capital	17,479	17,479	17,479
Capital surplus	12,110	12,272	4,751
Retained earnings	141,880	154,926	165,979
Treasury shares	-10,351	-19,459	-9,584
Other components of equity	4,290	4,452	13,724
Total equity attributable to owners of parent	165,409	169,670	192,349
Non-controlling interests	12,064	13,859	15,968
Total equity	177,474	183,529	208,317
Total liabilities and equity	468,251	488,728	518,730

(2) Consolidated Income Statements and Comprehensive Income Statement

(Consolidated Income Statement)

(In millions of yen)

	Fiscal year ended March 31,	
	2023	2024
Revenue	1,242,611	1,327,123
Cost of sales	-960,751	-1,025,962
Gross profit	281,859	301,161
Selling, general and administrative expenses	-225,479	-247,395
Other income	262	1,578
Other expenses	-13,888	-3,278
Operating profit	42,754	52,065
Finance income	570	918
Finance costs	-1,569	-1,296
Share of profit (loss) of investments accounted for using equity method	-505	-618
Impairment charges of investments accounted for using equity method	—	-2,142
Profit before tax	41,249	48,926
Income tax expense	-16,471	-16,952
Profit	24,777	31,974
Profit attributable to		
Owners of parent	22,761	29,971
Non-controlling interests	2,015	2,002
Profit	24,777	31,974
Earnings per share		
Basic earnings per share	9.94	13.22
Diluted earnings per share	9.89	13.14

(Consolidated Comprehensive Income Statement)

(In millions of yen)

	Fiscal year ended March 31,	
	2023	2024
Profit	24,777	31,974
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	174	1,725
Remeasurements of defined benefit plans	31	-115
Total of items that will not be reclassified to profit or loss	205	1,609
Items that may be reclassified to profit or loss		
Cash flow hedges	3	—
Exchange differences on translation of foreign operations	-26	7,401
Share of other comprehensive income of investments accounted for using equity method	201	318
Total of items that may be reclassified to profit or loss	179	7,719
Other comprehensive income, net of tax	384	9,328
Comprehensive income	25,161	41,303
Comprehensive income attributable to		
Owners of parent	23,116	39,252
Non-controlling interests	2,044	2,050
Comprehensive income	25,161	41,303

(3) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 31, 2023

(In millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Cash flow hedges
Balance at beginning of period	17,479	12,110	141,880	-10,351	—	-3
Profit	—	—	22,761	—	—	—
Other comprehensive income	—	—	—	—	150	3
Comprehensive income	—	—	22,761	—	150	3
Purchase of treasury shares	—	—	—	-9,999	—	—
Disposal of treasury shares	—	-828	—	891	—	—
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	-9,909	—	—	—
Share-based payment transactions	—	1,081	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	-91	—	—	—	—
Loss of control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	193	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	161	-9,715	-9,108	—	—
Balance at end of period	17,479	12,272	154,926	-19,459	150	—

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at beginning of period	4,309	-16	4,290	165,409	12,064	177,474
Profit	—	—	—	22,761	2,015	24,777
Other comprehensive income	170	31	355	355	29	384
Comprehensive income	170	31	355	23,116	2,044	25,161
Purchase of treasury shares	—	—	—	-9,999	—	-9,999
Disposal of treasury shares	—	—	—	63	—	63
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	-9,909	-248	-10,158
Share-based payment transactions	—	—	—	1,081	—	1,081
Increase (decrease) by business combination	—	—	—	—	-10	-10
Changes in ownership interest in subsidiaries	—	—	—	-91	0	-90
Loss of control of subsidiaries	—	—	—	—	8	8
Transfer from other components of equity to retained earnings	-193	—	-193	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	-193	—	-193	-18,855	-250	-19,106
Balance at end of period	4,287	14	4,452	169,670	13,859	183,529

For the Fiscal Year Ended March 31, 2024

(In millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Cash flow hedges
Balance at beginning of period	17,479	12,272	154,926	-19,459	150	—
Profit	—	—	29,971	—	—	—
Other comprehensive income	—	—	—	—	7,671	—
Comprehensive income	—	—	29,971	—	7,671	—
Purchase of treasury shares	—	—	—	-0	—	—
Disposal of treasury shares	—	-1,915	—	2,346	—	—
Cancellation of treasury shares	—	-7,528	—	7,528	—	—
Dividends	—	—	-18,927	—	—	—
Share-based payment transactions	—	2,031	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	-107	—	—	—	—
Loss of control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	9	—	—	—
Other	—	-0	—	—	—	—
Total transactions with owners	—	-7,520	-18,918	9,874	—	—
Balance at end of period	17,479	4,751	165,979	-9,584	7,821	—

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at beginning of period	4,287	14	4,452	169,670	13,859	183,529
Profit	—	—	—	29,971	2,002	31,974
Other comprehensive income	1,724	-115	9,280	9,280	47	9,328
Comprehensive income	1,724	-115	9,280	39,252	2,050	41,303
Purchase of treasury shares	—	—	—	-0	—	-0
Disposal of treasury shares	—	—	—	430	—	430
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	-18,927	-242	-19,169
Share-based payment transactions	—	—	—	2,031	—	2,031
Increase (decrease) by business combination	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	-107	311	204
Loss of control of subsidiaries	—	—	—	—	-10	-10
Transfer from other components of equity to retained earnings	-9	—	-9	—	—	—
Other	—	—	—	-0	—	-0
Total transactions with owners	-9	—	-9	-16,573	58	-16,514
Balance at end of period	6,002	-100	13,724	192,349	15,968	208,317

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	41,249	48,926
Depreciation and amortization	30,315	29,634
Impairment losses	12,975	2,501
Impairment charges of investments accounted for using equity method	—	2,142
Decrease (increase) in trade and other receivables	-3,164	322
Increase (decrease) in trade and other payables	6,251	-2,058
Decrease (increase) in contract assets	-4,584	218
Decrease (increase) in prepaid expenses	100	-101
Increase (decrease) in accrued consumption taxes	1,397	5,847
Increase (Decrease) in accrued bonus	1,799	328
Increase (Decrease) in accrued paid vacation	4,311	3,457
Other	3,954	8,375
Subtotal	94,606	99,594
Interest and dividends received	353	594
Interest paid	-716	-911
Income taxes refund (paid)	-25,262	-21,523
Net cash provided by (used in) operating activities	68,980	77,753
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,257	-3,279
Purchase of intangible assets	-9,440	-12,207
Purchase of shares of subsidiaries and associates	-1,301	—
Purchase of investments	-2,867	-792
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-3,321	-646
Payments for acquisition of businesses	-2,486	—
Other	-113	-2,073
Net cash provided by (used in) investing activities	-22,787	-19,000
Cash flows from financing activities		
Proceeds from short-term borrowings	104,269	166,839
Repayments of short-term borrowings	-94,173	-174,713
Repayments of long-term borrowings	-15,515	-190
Repayments of lease liabilities	-16,124	-16,876
Redemption of bonds	—	-10,000
Purchase of treasury shares	-10,000	-0
Dividends paid	-9,907	-18,921
Other	-328	60
Net cash provided by (used in) financing activities	-41,779	-53,803
Effect of exchange rate changes on cash and cash equivalents	886	2,186
Net increase (decrease) in cash and cash equivalents	5,299	7,136
Cash and cash equivalents at beginning of period	95,933	101,233
Cash and cash equivalents	101,233	108,369

(5) Notes to the Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable.

Segment Information

(1) Overview of reportable segments

The reportable segments are constituent parts of the Group for each of which separate financial information is available. The Board regularly reviews operations in each reportable segment to evaluate performance and determine the distribution of management resources.

The Group changed its management structure on April 1, 2023. Aiming to enhance its ability to formulate and pursue strategies, clarify responsibilities, make agile management decisions in response to rapidly changing business environments, and achieve further growth. To this end, the Group has five reportable segments: Staffing, BPO, Technology, Career and Asia Pacific.

The segment information for the fiscal year ended March 31, 2023 is prepared based on the new reportable segments.

(2) Information of reportable segments

Profit in reportable segments is adjusted EBITDA (operating profit + depreciation (excluding rent and other equivalents from depreciation of right-of-use assets) \pm increase/decrease in accrued paid leave + share-based payment expenses \pm other revenues and expenses \pm non-recurring profit/loss).

Intersegment revenues are based on prevailing market prices.

For the Fiscal Year Ended March 31, 2023

(In Millions of yen)

	Reportable Segment						Other *1	Total	Adjustments*2	Consolidated
	Staffing	BPO	Technology	Career	Asia Pacific	Total				
Revenue										
Revenue from external customers	538,525	109,754	84,083	102,210	386,408	1,220,982	21,622	1,242,604	6	1,242,611
Intersegment revenue	6,214	7,331	6,904	2,256	2	22,709	10,591	33,301	-33,301	—
Total	544,740	117,085	90,987	104,467	386,410	1,243,692	32,213	1,275,906	-33,295	1,242,611
Segment profit (loss)	26,727	17,827	6,343	20,142	7,659	78,700	-1,460	77,239	-1,962	75,277
Depreciation (excluding rent and other equivalents from depreciation of right-of-use assets)										14,056
Increase/decrease in accrued paid leave										4,452
Share-based payment expenses										1,080
Other income										262
Other expenses										13,888
Other non-recurring profit/loss										692
Operating profit										42,754
Share of profit (loss) of investments accounted for using equity method										-505
Impairment charges of investments accounted for using equity method										—
Finance income										570
Finance costs										1,569
Profit before tax										41,249
Segment assets	165,792	55,515	53,889	63,395	143,555	482,146	22,243	504,390	-15,661	488,728
Other										
Depreciation and amortization	4,188	2,539	1,538	2,925	5,988	17,179	2,554	19,734	10,581	30,315
Impairment loss	—	243	—	131	8,929	9,304	3,768	13,072	△96	12,975
Investments accounted for using the equity method	456	—	—	255	684	1,396	65	1,462	3,267	4,729
Capital expenditure	2,039	1,346	380	4,742	1,023	9,531	3,408	12,940	364	13,304

For the Fiscal Year Ended March 31, 2024

(In Millions of yen)

	Reportable Segment						Other *1	Total	Adjustments*2	Consolidated
	Staffing	BPO	Technology	Career	Asia Pacific	Total				
Revenue										
Revenue from external customers	570,221	103,959	92,014	126,148	412,770	1,305,114	22,002	1,327,116	6	1,327,123
Intersegment revenue	5,577	6,836	10,365	2,136	—	24,915	12,649	37,565	-37,565	—
Total	575,798	110,795	102,380	128,284	412,770	1,330,029	34,651	1,364,681	-37,558	1,327,123
Segment profit (loss)	30,632	8,907	6,930	25,001	9,832	81,304	-1,666	79,638	-7,350	72,287
Depreciation (excluding rent and other equivalents from depreciation of right-of-use assets)										12,554
Increase/decrease in accrued paid leave										3,758
Share-based payment expenses										2,209
Other income										1,578
Other expenses										3,278
Other non-recurring profit/loss										—
Operating profit										52,065
Share of profit (loss) of investments accounted for using equity method										-618
Impairment charges of investments accounted for using equity method										-2,142
Finance income										918
Finance costs										-1,296
Profit before tax										48,926
Segment assets	190,098	61,530	65,567	74,164	151,995	543,356	23,313	566,669	-47,939	518,730
Other										
Depreciation and amortization	3,873	2,238	1,517	3,412	6,113	17,155	2,223	19,378	10,255	29,634
Impairment loss	—	—	—	279	2,279	2,559	—	2,559	-58	2,501
Investments accounted for using the equity method	537	—	—	353	488	1,379	58	1,437	849	2,287
Capital expenditure	3,108	1,113	330	5,839	1,532	11,924	3,328	15,252	986	16,239

(Notes)

- ① Other is a business segment that includes operations that are not included in reportable segments, including operations related to the entire Group, education and training, operations related to persons with disabilities, operations related to facility management, the provision of digital solution services for hiring talents and managing human resources, and the creation of new businesses through incubation programs.
- ② Right-of-use assets are not included in Capital expenditures.
- ③ Adjustments are as follows:
(Segment profit (loss))

(In millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Elimination of inter-segment transactions	-22,379	-56,933
Corporate revenue*1	33,763	64,813
Corporate expenses*2	-13,346	-15,231
Total	-1,962	-7,350

*1 Corporate revenue is mostly business management fees and dividend income from Group companies.

*2 Corporate expenses are mostly expenses related to Group management at the Company

(Segment assets)

(In millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Elimination of inter-segment transactions	-143,352	-201,142
Corporate assets*	127,691	153,203
Total	-15,661	-47,939

*Corporate assets consist mainly of the Company's cash and deposits, investment securities, loans receivable, and assets related to administrative operations.

(Consolidated Income Statement)

(1) Other expenses

Major items of other expenses are as follows

Fiscal year ended March 31, 2023

<Impairment loss>

In calculating impairment losses, the Group groups its assets based on the smallest unit of an asset group that is identified as generating independent cash inflows.

The breakdown of impairment losses by asset type is as follows.

(In millions of yen)	
Item	Fiscal year ended March 31, 2023
Tangible fixed assets	75
Right-of-use assets	40
Goodwill	9,665
Intangible assets	
Software	3,012
Other	181
Other non-current assets	-
Total	12,975

The impairment loss on goodwill was mainly due to the fact that the Property Services business of Programmed Maintenance Services Limited ("Programmed"), a consolidated subsidiary of the Company in Australia, was no longer expected to generate the expected revenue. The book value was reduced to the recoverable amount, and an impairment loss of 8,929 million yen was recorded. The recoverable amount was measured by value in use, which is calculated by discounting future cash flows to present value using a pre-tax weighted average cost of capital of 14.31%.

The impairment loss on intangible assets was mainly due to a 2,156 million yen impairment loss on the fixed assets of Miidas Corporation, a consolidated subsidiary of the Company, because the book value of the assets was reduced to the recoverable amount due to the fact that the expected earnings were no longer expected. The recoverable amount was measured by value in use, but the recoverable amount was deemed to be zero based on the future cash flows were expected within the economic remaining life of the software.

<Extraordinary loss>

649 million yen in extraordinary loss due to the revision to a new working hour management standard at a consolidated subsidiary of the Company.

Fiscal year ended March 31, 2024

<Impairment loss>

In calculating impairment losses, the Group groups its assets based on the smallest unit of an asset group that is identified as generating independent cash inflows.

The breakdown of impairment losses by asset type is as follows.

(In millions of yen)	
Item	Fiscal year ended March 31, 2024
Goodwill	2,279
Intangible assets	
Software	221
Total	2,501

An impairment loss of 2,025 million yen was recognized for the entire amount of goodwill, mainly due to the fact that Helpster Pte. Ltd. and its subsidiaries are no longer expected to generate the anticipated earnings. The recoverable amount was measured by value in use, which is calculated by discounting future cash flows to present value using a pre-tax weighted average cost of capital of 14.80%.

<Impairment charges of investments accounted for using equity method>

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

As a result of the impairment test following an indication that the investment in GLINTS PTE. LTD. was impaired, an impairment loss of 2,142 million yen was recognized, since the initially expected profitability was no longer expected.

(Earnings per Share)

Basic earnings per share and diluted earnings per share are as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent (million yen)	22,761	29,971
Adjustment to profit for the period (million yen)	—	—
Profit used to calculate diluted earnings per share (million yen)	22,761	29,971
Weighted average number of common shares (thousand shares)	2,289,514	2,267,568
Increase in number of common shares		
Share-based compensation (thousand shares)	11,407	13,898
Weighted average number of common shares after dilution (thousand shares)	2,300,921	2,281,466
Basic earnings per share (yen)	9.94	13.22
Diluted earnings per share (yen)	9.89	13.14

Note:

As of October 1, 2023, the Company conducted a 10-for-1 stock split of shares of common stock. As a result, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Subsequent Events)

Not applicable.

(First-time Adoption)

The Group is disclosing quarterly consolidated financial statements complying with IFRS from the first quarter of this fiscal year under review. The most recent consolidated financial statements prepared under Japanese GAAP are those for the fiscal year ended March 31, 2023. The date of transition to IFRS is April 1, 2022.

(1) Exemptions set out in IFRS 1

In principle, an entity that applies IFRS for the first time (hereinafter "First-time Adopter") is requested to retrospectively apply IFRS. However, IFRS 1 - First-time Adoption of International Financial Reporting Standards (hereinafter "IFRS 1") sets out standards to which exemptions have to be applied mandatorily and standards to which exemptions are applied optionally. The effects of the applied exemptions are adjusted by retained earnings or other components of equity on the date of transition to IFRS. When the Group moved from Japanese GAAP to IFRS, it applied the following exemptions:

- Business combination

The First-time Adopter is allowed to choose not to retrospectively apply IFRS 3 Business Combinations (hereinafter "IFRS 3") to business combinations before the date of transition to IFRS. The Group has applied the exemption and has chosen not to retrospectively apply IFRS 3 to business combinations before the date of transition. As a result, goodwill that resulted from business combinations before the date of transition is based on the book value on the date of transition under Japanese GAAP.

The Group conducted an impairment test related to goodwill on the date of transition regardless of the existence of signs of impairment.

- Exchange differences on translation of foreign operations

IFRS 1 allows entities to choose to deem cumulative translation differences for foreign operations as of the date of transition to IFRS to be zero. The Group has chosen to deem cumulative translation differences for foreign operations to be zero as of the date of transition.

- Share-based payment transactions

The Group has chosen not to apply IFRS 2 of Share-based payment transactions to stock compensation that was vested before the date of transition.

- Lease

IFRS 1 permits a first-time adopter to assess whether a contract contains a lease based on the facts and circumstances that exist at the date of transition to IFRSs. Applying this exemption, the Group has assessed whether the contract contains a lease on the basis of the facts and circumstances existing at that date.

- Decommissioning liabilities included in the cost of property, plant and equipment

Regarding decommissioning liabilities included in the cost of property, plant and equipment, IFRS 1 permits an entity to select either to retrospectively

apply IFRSs requirements for the period back to the time when the liability first arose or to measure the liability as at the date of transition to IFRSs. The Group has chosen to measure the decommissioning liabilities included in the cost of property, plant and equipment as at the date of transition to IFRSs.

- Designation of previously recognized financial instruments

Regarding the classification under IFRS 9 Financial Instruments (hereafter, "IFRS 9"), IFRS 1 permits an entity to make a judgment on the basis of the facts and circumstances that exist at the date of transition to IFRSs, instead of facts and circumstances at the time of initial recognition. IFRS 1 also permits an entity to designate an equity instrument as a financial asset to be measured at fair value through other comprehensive income, on the basis of the facts and circumstances that exist at the date of transition to IFRSs.

Regarding the classification under IFRS 9, the Group has made judgments on the basis of the facts and circumstances that existed at the date of transition to IFRSs and designated some of its equity instruments as financial assets to be measured at fair value through other comprehensive income.

(2) Mandatory exceptions under IFRS 1

IFRS 1 prohibits retrospective application of IFRSs in relation to estimates, derecognition of financial assets and financial liabilities, hedge accounting, non-controlling interests, classification and measurement of financial products, etc. The Group applies IFRSs on these topics prospectively from the date of transition to IFRSs.

(3) Reconciliations

Reconciliations that are required to be disclosed in the first-time adoption of IFRS are as follows.

The "Impact of change of the fiscal year end" among the reconciliations shows the impact of unifying the reporting period of subsidiaries and affiliates whose fiscal year end differed from the Company's. Among the other reconciliations, items which do not have an impact on retained earnings and comprehensive income are presented in "Reclassification" and those that do have an impact on retained earnings and comprehensive income are presented in "Recognition and measurement differences."

Reconciliations of equity as of transition date (April 1, 2022)

(In millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Impact of change in accounting period	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under Japanese IFRSs
Million of Yen	Million of Yen	Million of Yen	Million of Yen	Million of Yen	Million of Yen		
Assets							Assets
Current assets							Current assets
Cash and deposits	107,545	△11,524	△88	—	95,933	1	Cash and cash equivalents
Notes and accounts receivable - trade	150,173	7,390	1,294	—	158,857	3,4	Trade and other receivables
Contract assets	18,658	4,649	△4,230	—	19,077		Contract assets
Work in process	333	—	△333	—	—	2	
	—	—	94	—	94	1,3	Other financial assets
Other	10,740	20	△1,519	△1,208	8,032	2	Other current assets
Allowance for doubtful accounts	△554	1	552	—	—	4	
Total current assets	286,897	537	△4,230	△1,208	281,995		Total current assets
Non-current assets							Non-current assets
	—	—	308	12	320	4,6	Trade and other receivables
	—	—	4,230	—	4,230		Contract assets
Property, plant and equipment	13,414	254	△4,820	1,140	9,989		Property, plant and equipment
	—	—	4,820	23,579	28,399	17	Right-of-use assets
Intangible assets	95,129	3,112	△34,300	—	63,941	15	Goodwill
	—	—	34,300	1,462	35,762	14	Intangible assets
	—	—	2,771	—	2,771	5	Investments accounted for using equity method
Investment securities	8,664	126	7,432	5,951	22,175	5,6,16	Other financial assets
Deferred tax assets	10,324	10	—	8,125	18,460	12	Deferred tax assets
Other	12,208	199	△12,193	△9	204	6	Other non-current assets
Allowance for doubtful accounts	△1,527	△153	1,681	—	—	4	
Total non-current assets	138,213	3,549	4,230	40,261	186,255		Total non-current assets
Total assets	425,110	4,087	—	39,052	468,251		Total assets
Liabilities							Liabilities and equity
Current liabilities							Liabilities
Current liabilities							Current liabilities
Short-term borrowings	162	824	13,998	△16	14,968	7	Bonds and borrowings
Current portion of long-term borrowings	11,304	2,694	△13,998	—	—	7	
	—	—	1,608	12,021	13,630	9,17	Lease liabilities
Accounts payable - trade	630	△45	86,587	△68	87,103	9	Trade and other payables
Accounts payable - other	81,813	6,649	△88,462	—	—	8	
	—	—	815	21	836	8,9	Other financial liabilities
Income taxes payable	11,211	△465	—	—	10,745		Income taxes payable
Other provisions	714	73	—	—	787		Provisions
	—	—	4,951	—	4,951		Contract liabilities
Accrued consumption taxes	17,432	-0	△17,431	—	—	9	
Provision for bonuses	17,847	△497	△17,350	—	—	9	
Provision for bonuses for directors (and other officers)	71	△45	△25	—	—	9	
Other	26,706	928	29,307	35,911	92,854	8,9,18	Other current liabilities
Total current liabilities	167,893	10,115	—	47,868	225,877		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	10,000	—	30,000	—	40,000		Bonds and borrowings
Long-term borrowings	30,000	—	△30,000	—	—		
Lease liabilities	1,997	△16	—	10,642	12,622	17	Lease liabilities
	—	—	9	727	737	8,11	Other financial liabilities
Asset retirement obligation	4,430	60	1	—	4,492	10	Provisions
Deferred tax liabilities	3,039	1,111	—	△231	3,919	12	Deferred tax liabilities
Retirement benefit liability	414	24	△439	—	—	11	
Provision for share awards	810	1	△811	—	—	11	
Provision for share awards for directors (and other officers)	835	0	△836	—	—	11	
Other provisions	81	0	△81	—	—	11	
Other	1,239	43	2,157	△313	3,126	11,18	Other non-current liabilities
Total non-current liabilities	52,850	1,225	—	10,824	64,899		Total non-current liabilities
Total liabilities	220,743	11,340	—	58,693	290,777		Total liabilities
Net assets							Equity
Share capital	17,479	—	—	—	17,479		Share capital
Capital surplus	19,168	△5,974	0	△1,083	12,110		Capital surplus
Retained earnings	158,282	△918	—	△15,483	141,880	19	Retained earnings
Treasury shares	△10,351	—	—	—	△10,351		Treasury shares
Total accumulated other comprehensive income	△1,530	7,609	—	△1,788	4,290	13,16	Other components of equity
	183,048	716	0	△18,356	165,409		Total equity attributable to owners of parent
Share acquisition rights	0	—	0	—	—		
Non-controlling interests	21,317	△7,969	—	△1,283	12,064		Non-controlling interests
Total net assets	204,367	△7,252	—	△19,640	177,474		Total equity
Total liabilities and net assets	425,110	4,087	—	39,052	468,251		Total liabilities and equity

Reconciliations of equity as of transition date (March 31, 2023)

(In millions of yen)

Presecution under Japanese GAAP	Japanese GAAP	Impact of change in accounting period	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets							Assets
Current assets							Current assets
Cash and deposits	99,757	1,553	-77	-	101,233	1	Cash and cash equivalents
Notes and accounts receivable - trade	160,980	-9	1,881	-	162,853	3,4	Trade and other receivables
Contract assets	25,951	1,519	-3,937	-	23,533		Contract assets
Work in process	384	-	-384	-	-	2	
Other	-	-	78	-	78	1,3	Other financial assets
Allowance for doubtful accounts	17,780	-351	-2,124	-1,556	13,748	2	Other current assets
	-572	-53	626	-	-	4	
Total current assets	304,281	2,658	-3,937	-1,556	301,445		Total current assets
Non-current assets							Non-current assets
	-	-	309	-	309	4,6	Trade and other receivables
	-	-	3,937	-	3,937		Contract assets
Property, plant and equipment	14,849	-319	-5,803	503	9,229		Property, plant and equipment
	-	-	5,803	22,364	28,168	17	Right-of-use assets
Intangible assets	86,320	-845	-33,632	6,623	58,465	15	Goodwill
	-	-	33,632	1,617	35,250	14	Intangible assets
	-	-	4,542	187	4,729	5	Investments accounted for using
Investment securities	12,058	-121	5,681	5,846	23,464	5,6,16	Other financial assets
Deferred tax assets	13,741	33	-	9,634	23,410	12	Deferred tax assets
Other	12,535	-10	-12,162	-44	317	6	Other non-current assets
Allowance for doubtful accounts	-1,627	-2	1,629	-	-	4	
Total non-current assets	137,877	-1,266	3,937	46,734	187,283		Total non-current assets
Total assets	442,159	1,392	-	45,177	488,728		Total assets
Liabilities							Liabilities and equity
Current liabilities							Liabilities
Short-term borrowings	11361	-247	10,060	-	21,174	7	Current liabilities
Current portion of bonds payable	10,000	-	-10,000	-	-	7	Bonds and borrowings
Current portion of long-term	60	0	-60	-	-	7	
	-	-	1,937	12,068	14,005	9,17	Lease liabilities
Accounts payable - trade	602	-15	93,101	0	93,688	8,9	Trade and other payables
Accounts payable - other	91,934	3233	-95,167	-	-	8	
	-	-	989	-	989	8	Other financial liabilities
Income taxes payable	11,418	-883	-	-	10,535		Income taxes payable
Other provisions	1535	52	-	-	1588		Provisions
	-	-	6,596	-	6,596		Contract liabilities
Accrued consumption taxes	18,967	-40	-18,927	-	-	9	
Provision for bonuses	19,868	-866	-19,001	-	-	9	
Provision for bonuses for directors	129	91	-221	-	-	9	
Other	29,541	1123	30,693	39,614	100,972	8,9,18	Other current liabilities
Total current liabilities	195,421	2,448	-	51,682	249,552		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	-	-	30,117	-	30,117		Bonds and borrowings
Long-term borrowings	30,116	0	-30,117	-	-		
Lease liabilities	3,421	-175	-	9,567	12,813	17	Lease liabilities
	-	-	15	793	809	8,11	Other financial liabilities
Asset retirement obligation	4,659	1	-	-	4,660	10	Provisions
Deferred tax liabilities	4,018	348	-	27	4,394	12	Deferred tax liabilities
Retirement benefit liability	311	22	-333	-	-	11	
Provision for share awards	1085	0	-1,086	-	-	11	
Provision for share awards for	1104	0	-1,104	-	-	11	
Other provisions	45	-	-45	-	-	11	
Other	1,242	24	2,553	-969	2,850	11,18	Other non-current liabilities
Total non-current liabilities	46,005	223	-	9,418	55,647		Total non-current liabilities
Total liabilities	241,426	2,671	-	61,100	305,199		Total liabilities
Net assets							Equity
Share capital	17,479	-	-	-	17,479		Share capital
Capital surplus	13,455	-17	0	-1,167	12,272		Capital surplus
Retained earnings	168,890	-2,481	-	-11,481	154,926	16,19	Retained earnings
Treasury shares	-19,459	-	-	0	-19,459		Treasury shares
Total accumulated other comprehensive income	5,150	1,141	-	-1,840	4,452	13,16	Other components of equity
	185,517	-1,357	0	-14,489	169,670		Total equity attributable to owners of parent
Share acquisition rights	0	-	-0	-	-		
Non-controlling interests	15,214	77	-	-1,433	13,859		Non-controlling interests
Total net assets	200,732	-1,279	-	-15,923	183,529		Total equity
Total liabilities and net assets	442,159	1,392	-	45,177	488,728		Total liabilities and equity

Notes on reconciliation of capital

(Reclassification)

(1) Cash and deposits

Time deposits whose deposit term is more than three months, which were included in cash and deposits under the Japanese GAAP, are presented by including them in "Other financial assets" under IFRS.

(2) Work in process

"Work in process," which was listed separately under the Japanese GAAP, is presented by including it in "Other current assets" under IFRS.

(3) Current assets (Other)

Other accounts receivable and advances paid, which were included in "Other" under "Current assets" under the Japanese GAAP, are presented by including them in "Trade and other receivables" under IFRS, and deposits paid, advance payments, and short-term loans receivable are presented by including them in "Other financial assets" under current assets under IFRS.

(4) Allowance for doubtful accounts

"Allowance for doubtful accounts," which was listed separately under "Current assets" under the Japanese GAAP, has been reclassified under IFRS so that it is presented as a net amount through direct deduction from "Trade and other receivables" under current assets. "Allowance for doubtful accounts" under "Investment and other assets" has also been reclassified to be presented as a net amount through direct deduction from "Trade and other receivables" under non-current assets.

(5) Investment securities

"Investments accounted for using equity method," which were included in "Investment securities" under the Japanese GAAP, are listed separately under IFRS while other securities are presented by including them in "Other financial assets" under non-current assets.

(6) Investments and other assets (others)

Long-term accounts receivable, which were included in "Other" under investments and other assets under the Japanese GAAP, are included in "Trade and other receivables" under non-current assets under IFRS while long-term loans receivable, etc. are presented by including them in "Other financial assets" under non-current assets and long-term prepaid expense, etc. is presented by including it in "Other non-current assets."

(7) Bonds and borrowings

"Current portion of bonds payable" and "Current portion of long-term borrowings," which were listed separately under the Japanese GAAP, are reclassified as "Bonds and borrowings" under current liabilities under IFRS.

(8) Accounts payable - other

Salaries payable, etc., which were included in "Accounts payable - other" under the Japanese GAAP, are presented by including them in "Trade and other payables" under IFRS while accounts payable – facilities are presented by including them in "Other financial liabilities" under current liabilities.

(9) Current liabilities (Other)

Lease liabilities, which were included in "Other" under current liabilities under the Japanese GAAP, are listed separately as current liabilities under IFRS. Further, guarantee deposits received are included in "Trade and other payables" under current liabilities, refund liability is included in "Other financial liabilities" under current liabilities, and deposits received are included in "Other current liabilities."

"Accrued consumption taxes," "Provision for bonuses," and "Provision for bonuses for directors (and other officers)," which were listed separately under the Japanese GAAP, are presented by including them in "Other current liabilities" under IFRS.

(10) Asset retirement obligations

"Asset retirement obligations," which were listed separately as an item under non-current liabilities under the Japanese GAAP, are included in "Provisions" under non-current liabilities under IFRS.

(11) Non-current liabilities (Other)

Guarantee deposits received, which were included in "Other" under non-current liabilities under the Japanese GAAP, are included in "Other financial liabilities" under non-current liabilities under IFRS.

The provision for directors' retirement benefits, which was included in "Other provisions" under non-current liabilities under the Japanese GAAP, and "Retirement benefit liability," "Provision for share awards," and "Provision for share awards for directors (and other officers)," which were listed separately under the Japanese GAAP, are presented by including them in "Other non-current liabilities" under IFRS.

(Recognition and measurement differences)

(12) Deferred tax assets and deferred tax liabilities

Reflecting the application of IFRS, the collectability of all deferred tax assets has been reconsidered. Further, deferred tax assets and deferred tax liabilities have been recorded to reflect temporary differences that have arisen due to reconciliations associated with the transition from Japanese GAAP to IFRS.

(13) Transfer of cumulative translation differences related to foreign subsidiaries

At the time of the initial adoption, the Company selected the exemption provided in IFRS 1 and transferred all of the cumulative translation differences that existed at the date of transition to retained earnings.

(14) Intangible assets with an indefinite useful life

Among intangible assets that were amortized under the Japanese GAAP, the amortization of those classified as intangible assets with an indefinite useful life under IFRS has been cancelled retrospectively to the period back to the time of acquisition.

(15) Goodwill

Under the Japanese GAAP, goodwill was to be amortized evenly over the periods in which the effects of the goodwill were expected to be produced. Under IFRS, goodwill is not amortized.

(16) Financial assets measured at fair value through other comprehensive income

Impairment losses that were recognized in past fiscal years in relation to financial assets measured at fair value through other comprehensive income have been transferred from retained earnings to other components of equity. Further, while unlisted shares without market prices and money invested were evaluated with the cost method under the Japanese GAAP, they are measured based on fair value under IFRS.

(17) Lease

Under the Japanese GAAP, lessee's leases were classified into finance leases and operating leases, and the method for regular lease transactions was applied to the accounting for operating leases. Under IFRS, lessee's leases are not separated into finance leases and operating leases, so "right-of-use assets" and "lease liabilities" are recorded for all lease transactions, in principle.

(18) Accrued paid leave

Accrued paid leave, which was not recorded under the Japanese GAAP, is recorded and presented by including it in "Other current liabilities" and "Other non-current liabilities."

(19) Reconciliation of retained earnings

(In millions of yen)

	Transition date (April 1, 2022)	Fiscal year ended March 31, 2023
Deferred tax assets and deferred tax liabilities	9,828	11,133
Transfer of cumulative translation differences related to foreign subsidiaries	5,090	5,090
Intangible assets with an indefinite useful life	2,354	2,536
Goodwill	—	6,675
Financial assets measured at fair value through other comprehensive income	1,402	1,465
Leasing	47	-206
Accrued paid leave	-35,894	-39,614
Other	1,686	1,435
Total	-15,483	-11,481

Reconciliations of profits/losses and comprehensive income for the fiscal year ended March 31, 2023

(In millions of yen)

Presecration under Japanese GAAP	Japanese GAAP	Impact of the change of fiscal year end	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	1,223,967	18,643	—	—	1,242,611		Revenue
Cost of sales	941,323	17,371	-897	2,953	960,751	4	Cost of sales
Gross profit	282,643	1,272	897	-2,953	281,859		Gross profit
Selling, general and administrative expenses	229,581	2,668	-655	-6,115	225,479	2,3,4,6	Selling, general and administrative expenses
	—	—	262	—	262	1	Other income
	—	—	13,388	499	13,888	1	Other expenses
Operating profit	53,061	-1,396	-11,573	2,661	42,754		Operating profit
Non-operating income	2,261	-108	-2,152	—	—	1	
Non-operating expenses	1,630	205	-1,835	—	—	1	
Ordinary profit	53,693	-1,710	-51,982	—	—		
Extraordinary income	290	-26	-263	—	—	1	
Extraordinary loss	13,267	212	-13,479	—	—	1	
	—	—	598	-28	570	1	Finance income
	—	—	1,235	334	1,569	1,4	Finance costs
	—	—	-689	183	-505	1	Share of loss (profit) of entities accounted for using equity method
Profit before income taxes	40,716	-1,950	—	2,482	41,249		Profit before tax
Income taxes - current	20,121	278	-2,719	-1,208	16,471	5	Income tax expense
Income taxes - deferred	-2,241	-478	2,719	—	—	5	
Net Profit	22,835	-1,750	—	3,691	24,777		Net Profit
Other comprehensive income							Other comprehensive income
							Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	12	—	—	158	170	4	Financial assets measured at fair value through other comprehensive income
Retirement benefit adjustments	—	—	—	31	31	6	Remeasurements of defined benefit plans
							Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	—	—	—	3	3		Cash flow hedges
Foreign currency translation adjustment	6,857	-6,947	—	67	-22	7	Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	281	-79	—	—	201		Share of other comprehensive income of investments accounted for using equity method
Total other comprehensive income	7,151	-7,027	—	260	384		Other comprehensive income, net of tax
Comprehensive income	29,987	-8,776	—	3,951	25,161		Comprehensive income

Notes on reconciliations of profits/losses and comprehensive income

(1) Reconciliation of presented items

Of the items that were included in "non-operating income," "non-operating expenses," "Extraordinary income," and "Extraordinary losses" under the Japanese GAAP, finance-related items are recorded as "Finance income" or "Finance costs" under IFRS, and the other items are reclassified as "Other income," "Other expenses," or "Share of profit of investments accounted for using equity method" under IFRS.

(2) Reconciliation of recorded amount of goodwill

Goodwill is amortized under the Japanese GAAP but not amortized under IFRS. Accordingly, amortization of goodwill has been discontinued since the date of transition.

(3) Unused paid leave

Unused paid leave, which was not recorded under the Japanese GAAP, is recognized as personnel expenses under IFRS.

(4) Reconciliation of finance income and costs

Under the Japanese GAAP, (loss) gain on sale of investment securities or impairment losses was profit or loss. Under IFRS, concerning equity instruments designated to be measured at fair value through other comprehensive income, fluctuation of fair value is recognized as other comprehensive income and is transferred to retained earnings in the case of derecognition. Further, while lease payments related to operating leases were recorded in "Cost of sales" and "Selling, general and administrative expenses" under the Japanese GAAP, IFRS requires recognition of lease liabilities for all leases, in principle, and interest costs are recorded in "Finance costs."

(5) Income tax expense

Under the Japanese GAAP, "Income taxes - current" and "Income taxes - deferred" were presented separately. Under IFRS, they are collectively presented as "Income tax expense." In addition, reflecting the application of IFRS, collectability of all deferred tax assets has been reconsidered.

(6) Remeasurements of defined benefit plans

Under the Japanese GAAP, actuarial gains/losses on retirement benefit obligations and past service cost were recognized as other comprehensive income when such gains/losses or cost were generated and collectively recorded as expenses for the fiscal year when they were generated. Under IFRS, remeasurements of defined benefit plans are recognized as other comprehensive income and past service cost is recognized as profit or loss when it is generated.

(7) Exchange differences on translation of foreign operations

At the time of the initial adoption, the Company selected the exemption provided in IFRS 1 and transferred all of the cumulative translation differences that existed at the date of transition to retained earnings.

Reconciliation of cash flows

Under the Japanese GAAP, lease payments related to operating leases were classified as cash flows from operating activities. IFRS requires recognition of lease liabilities for all leases, in principle, and expenditure for the repayment of lease liabilities is classified as cash flows from financing activities.