

August 8, 2024

PERSOL HOLDINGS CO., LTD. (TSE 2181)**Consolidated Financial Results for the Three Months Ended June 30, 2024 (IFRS)**

PERSOL HOLDINGS CO., LTD. (the Company) today announced its consolidated financial results for the three months ended June 30, 2024.

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(In millions of yen, unless otherwise stated)

	Three months ended June 30,		Change %
	2023	2024	
Revenue	328,703	360,814	9.8
Operating profit	14,675	16,966	15.6
Profit before tax	14,617	17,232	17.9
Profit	9,734	13,341	37.0
Profit attributable to owners of parent	9,369	12,952	38.2
Comprehensive income	15,145	20,142	33.0
Basic earnings per share (yen)	4.14	5.72	-
Diluted earnings per share (yen)	4.11	5.69	-
EBITDA	21,782	24,815	-
Adjusted EBITDA	19,014	22,944	-
Adjusted profit	10,513	15,137	-
Adjusted EPS (yen)	4.62	6.63	-

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 income and expenses ± Other non-recurring profit/loss

Adjusted 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 income ± Non-recurring loss/profit

Adjusted EPS: Adjusted 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, 2024	As of June 30, 2024
Total assets	518,730	527,392
Total equity	208,317	215,561
Total equity attributable to owners of parent	192,349	199,394
Ratio of equity attributable to owners of parent	37.1%	37.8%

2. Dividends

(In yen)

	Fiscal year ended/ending March 31,	
	2024	2025 (Forecast)
Interim dividends	43.00	4.50
Year-end dividends	4.30	4.50
Annual dividends	-	9.00

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 dividends for the fiscal year ended March 31, 2024, 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 annual dividends per share for the fiscal year ended March 31, 2024, is not shown because a simple comparison is not suitable due to the stock split. The annual dividends per share on a pre-split basis is 86 yen per share.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(In millions of yen, unless otherwise stated)

	Forecast for the fiscal year ending March 31, 2025			
	First half	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
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 profit	17,900	-5.7	38,300 ~40,300	-1.4 ~3.8
Adjusted EPS (yen)	7.84	-	16.79 ~17.66	-

Note: No revision of financial forecast from the latest announcement.

Notes

- (1) Significant changes in the scope of consolidation during the period: 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)

(1) Number of shares issued and outstanding at the end of the period (including treasury stock)	Three months ended June 30, 2024	2,331,998,610	Fiscal year ended March 31, 2024	2,331,998,610
(2) Number of shares of treasury stock at the end of the period	Three months ended June 30, 2024	62,603,482	Fiscal year ended March 31, 2024	46,220,639
(3) Average number of shares outstanding during the period	Three months ended June 30, 2024	2,281,673,892	Three months ended June 30, 2023	2,275,285,645

Notes:

- ① The number of treasury stock at the end of the period includes 24,292,561 shares for the three months ended June 30, 2024 and 24,591,386 shares for the fiscal year ended March 31, 2024 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

Review of the attached quarterly consolidated financial statements by a certified public accounting or auditing firm: Yes (optional)

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.

1. Company Overview

(1) Trends in major management indicators

Term		FY2023 Q1	FY2024 Q1	FY2023
Accounting period		April 1, 2023 – June 30, 2023	April 1, 2024 – June 30, 2024	April 1, 2023 – March 31, 2024
Revenue	(million yen)	328,703	360,814	1,327,123
Profit before tax	(million yen)	14,617	17,232	48,926
Profit attributable to owners of parent	(million yen)	9,369	12,952	29,971
Comprehensive income attributable to owners of parent	(million yen)	14,753	19,720	39,252
Equity attributable to owners of parent	(million yen)	175,739	199,394	192,349
Total assets	(million yen)	495,142	527,392	518,730
Basic earnings per share	(yen)	4.14	5.72	13.22
Diluted earnings per share	(yen)	4.11	5.69	13.14
Ratio of equity attributable to owners of parent	(%)	35.5	37.8	37.1
Cash flows from operating activities	(million yen)	-4,564	15,757	77,753
Cash flows from investing activities	(million yen)	-3,977	-2,909	-19,000
Cash flows from financing activities	(million yen)	-5,040	-39,557	-53,803
Cash and cash equivalents at end of period	(million yen)	88,854	82,787	108,369

Notes:

1. The indicators mentioned above are based on condensed quarterly consolidated financial statements and consolidated financial statements in compliance with IFRS accounting standards.
2. The Company has introduced an Executive Compensation Board Incentive Plan (BIP) Trust and an Employee Stock Ownership Plan (ESOP) Trust. The average number of shares during the period, which is the basis for basic earnings per share and diluted earnings per share, includes the Company's shares held in these trust accounts as treasury shares deducted from the calculation.
3. On October 1, 2023, the Company implemented a 10-for-1 stock split, however, basic earnings per share and diluted earnings per share have each been calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Business

In the three months ended June 30, 2024, there were no significant changes to the businesses operated by the PERSOL Group (the Company and its affiliate companies; "the Group"). In addition, there were no changes made at major affiliate companies.

2. Qualitative Information on Financial Results for the Three Months Ended June 30, 2024

(1) Overview of Operating Results for the Three Months Ended June 30, 2024

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 staffing business and facility management business, etc.

During the three months ended June 30, 2024, the PERSOL Group actively expanded its business with a focus on the Career, BPO and Technology Strategic Business Units (SBUs), which have been identified as pillars of profit growth according to the Group's Mid-term Management Plan 2026. Given robust corporate demand all SBUs posted increased revenue, with Group-wide revenue increasing 9.8% year on year to 360,814 million yen. On the profit front, the Career SBU drove Group-wide adjusted EBITDA to 22,944 million yen (up 20.7% year on year), with operating profit rising to 16,966 million yen (up 15.6% year on year). Profit before tax amounted 17,232 million yen (up 17.9% year on year) and profit attributable to owners of parent amounted to 12,952 million yen (up 38.2% year on year).

(Exchange Rate)

Average exchange rate during the period:

(AUD) FY2023 Q1: 91.9 yen, FY2024 Q1: 102.7 yen

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 three months ended June 30, 2024 was 151,111 million yen (up 4.4% year on year), adjusted EBITDA was 9,867 million yen (up 5.1% year on year), and operating profit was 8,339 million yen (down 0.6% year on year)

Revenue increased, primarily reflecting a 3.1% year-on-year increase in the number of temporary staff employed and 2.0% year-on-year increase in average billing rates, in addition to strong performance in the placement business. Adjusted EBITDA also increased due to the higher revenue, but operating profit recorded a slight decline.

b. BPO SBU

This segment primarily operates as a contracted business process outsourcing (BPO) business.

Revenue for the three months ended June 30, 2024 was 27,250 million yen (up 2.8% year on year), adjusted EBITDA was 959 million yen (down 42.1% year on year), and operating profit was 300 million yen (down 72.5% year on year)

While revenue increased thanks to steady organic growth offsetting the decline in COVID-19-related revenue, adjusted EBITDA and operating profit recorded declines, reflecting an expected decline in COVID-19-related business (the impact of reduced profit related to COVID-19 was approximately 861 million yen; gross profit related to COVID-19 in the three months ended June 30, 2023 was approximately 1,021 million yen, falling to around 160 million yen for the three months ended June 30, 2024).

c. Technology SBU

This segment operates manufacturing and development outsourcing business in IT & DX solutions, engineering areas and temporary staffing business specialized in engineers dispatching.

Revenue for the three months ended June 30, 2024 was 26,201 million yen (up 9.8% year on year), adjusted EBITDA was 1,159 million yen (up 52.7% year on year), and operating profit was 898 million yen (up 157.7% year on year).

Revenue increased because the engineering outsourcing business saw growth in demand, mainly for development in the manufacturing industry and steady growth was seen in the IT area. Adjusted EBITDA and operating profit increased despite increased costs for the aggressive recruitment of new graduate engineers.

d. Career SBU

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

Revenue for the three months ended June 30, 2024 was 36,986 million yen (up 15.9% year on year), adjusted EBITDA was 9,464 million yen (up 42.4% year on year), and operating profit was 8,295 million yen (up 48.4% year on year).

Revenue increased on the back of robust recruitment demand despite the economic outlook remaining uncertain. Adjusted EBITDA and operating profit saw improvement, benefiting from cost optimizations in marketing and recruitment in addition to the effects from increased revenue.

e. Asia Pacific SBU

This segment operates temporary staffing business and placement business in Asia and staffing business and facility management business in Australia (those businesses are mainly operated under PERSOLKELLY brand in Asia and under Programmed brand in Australia.)

Revenue for the three months ended June 30, 2024 was 120,218 million yen (up 17.6% year on year), adjusted EBITDA was 3,329 million yen (up 28.3% year on year), and operating profit was 1,888 million yen (up 2.6% year on year).

Revenue increased with steady growth primarily in the facility management business as well as impact of foreign exchange rate. Adjusted EBITDA and operating profit also increased.

(2) Overview of Financial Position for the Three Months Ended June 30, 2024

(i) Assets, Liabilities and Equity

Total assets increased by 8,661 million yen compared to the end of the previous fiscal year. Current assets decreased by 7,147 million yen, and non-current assets rose by 15,809 million yen. The main factor behind the decrease in current assets was a 25,581 million yen decline in cash and cash equivalents, which more than offset the 6,423 million yen increase in other financial assets and a 6,102 million yen increase in trade and other receivables. Non-current assets climbed mainly due to a 12,280 million yen increase in right-of-use assets and an 1,849 million yen increase in intangible assets.

Liabilities increased by 1,417 million yen compared to the end of the previous fiscal year. Current liabilities increased by 1,304 million yen while non-current liabilities increased by 112 million yen. Current liabilities increased mainly due to a 9,769 million yen increase in trade and other payables, offsetting a 5,004 million yen drop in other current liabilities and 3,909 million yen fall in bonds and borrowings. Non-current liabilities mainly increased due to a 10,246 million yen jump in lease liabilities despite bonds and borrowing falling 9,983 million yen.

Equity increased by 7,243 million yen compared to the end of the previous fiscal year. This was mainly due to the payment of 9,828 million yen in payments of dividends of surplus and a 3,205 million yen increase in retained earnings partly due to the recording of 12,952 million yen in profit attributable to owners of parent, along with an increase in the other components of equity. Looking at the breakdown of these components, in particular the exchange differences on translation of foreign operations increased 6,738 million yen due to the fluctuation of the foreign exchange rate.

	As of March 31, 2024	As of June 30, 2024
Ratio of operating profit to revenue	3.9%	4.7%
Ratio of adjusted EBITDA to revenue	5.4%	6.4%
Current ratio	121.5%	118.1%
Fixed ratio	107.1%	111.3%
Fixed long-term precision	84.0%	87.9%
Equity attributable to owners of the parent ratio	37.1%	37.8%
Net Debt/Equity (times)	-0.39	-0.31
Net Debt/EBITDA (times)	-1.03	-2.73

(ii) Business and Financial Issues to Address

The three months ended June 30, 2024 saw no significant change in business and financial issues that the Group should address.

(iii) Cash Flows

Cash and cash equivalents (hereinafter "capital") as of June 30, 2024 was 82,787 million yen, down 25,581 million yen from the end of the previous fiscal year. Presented below are an overview of cash flows for the three months ended June 30, 2024, and main factors behind them.

(Cash flows from operating activities)

Capital generated by operating activities was 15,757 million yen (as compared to minus 4,564 million yen in the same period of the previous fiscal year). Major factors included decrease in accrued bonus of 8,791 million yen and income taxes paid of 6,398 million yen, offset by profit before tax of 17,232 million yen and depreciation and amortization of 7,849 million yen.

(Cash flows from investing activities)

Capital used for investing activities was 2,909 million yen (as compared to 3,977 million yen in the same period of the previous fiscal year). This was mainly due to spending of 3,547 million yen on the purchase of intangible assets.

(Cash flows from financing activities)

Capital used for financing activities was 39,557 million yen (as compared to 5,040 million yen used in the same period of the previous fiscal year). This was mainly due to repayments of short-term borrowings of 28,806 million yen, repayments of long-term borrowings of 10,000 million yen, dividends paid of 9,771 million yen, repayments of lease liabilities of 4,540 million yen, while proceeds from short-term borrowings amounted to 23,773 million yen.

(3) Management Policies and Management Strategies

In May 2023, the Company formulated a three-year Mid-term Management Plan to commence in the fiscal year ended March 31, 2024, and disclosed the plan as the Group's new management policy and management strategy.

(4) Research and Development

Not applicable.

(5) Business Risks and Factors That Have a Significant Impact on Operating Results

In the three months ended June 30, 2024, no new business risks arose, and there were no major changes to business risks or factors impacting operating results that were listed in the Securities Report submitted for the previous fiscal year.

(6) Analysis of Capital Resources and Liquidity of Funds

In the three months ended June 30, 2024, there were no major changes in the sources of capital or liquidity of funds.

(7) Important Contracts, Etc. Related to Management

During the first quarter under review, no additional important contracts, etc. related to management were determined or concluded.

3. Information on the Reporting Company

(1) Stock Information

1) Total number of shares, etc.

a. Total number of shares

Type	Number of authorized shares (shares)
Common shares	7,200,000,000
Total	7,200,000,000

b. Number of shares outstanding

Type	Number of shares issued as of the end of the first quarter of the fiscal period under review (shares) (June 30, 2024)	Number of shares issued as of the filing date (shares) (August 8, 2024)	Stock exchange where the Company is listed	Details
Common shares	2,331,998,610	2,331,998,610	Tokyo Stock Exchange Prime Market	Number of shares per unit 100 shares
Total	2,331,998,610	2,331,998,610	—	—

2) Information on the share acquisition rights, etc.

a. Description of share option plan

Not applicable.

b. Other share acquisition plans, etc.

Not applicable.

3) Exercise of moving strike convertible bonds, etc.

Not applicable.

4) Changes in number of shares issued and capital, etc.

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (Shares)	Change in capital (million yen)	Balance of capital (million yen)	Change in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
April 1, 2024 to June 30, 2024	—	2,331,998,610	—	17,479	—	15,979

5) Major shareholders

As the quarterly period under review is the first quarter, there are no items to be listed.

6) Information on voting rights

Regarding "information on voting rights" as of the last day of the first quarter under review, as the information listed in the shareholder register cannot be confirmed, no information can be listed. As a result, information reflecting the shareholder register as of the most recent record date (March 31, 2024) is listed.

a. Number of shares outstanding

As of June 30, 2024

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	—	—	—
Shares with restricted voting right (treasury shares, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury shares, etc.)	Common shares 21,629,200	—	—
Shares with full voting right (others)	Common shares 2,310,093,300	23,100,933	—
Shares less than one unit	Common shares 276,110	—	—
Total number of issued shares	2,331,998,610	—	—
Total number of voting rights	—	23,100,933	—

Note:

The column for Shares with full voting right (others) includes the 12,572,000 treasury shares (125,720 voting rights) held by the Executive Compensation Board Incentive Plan (BIP) Trust Account and 12,019,200 treasury shares (120,192 voting rights) held by the Employee Stock Ownership Plan (ESOP) Trust Account.

b. Treasury shares, etc.

As of June 30, 2024

Name of shareholder	Address of shareholder	Number of shares held in own names (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Percentage of shareholding (%)
Persol Holdings Co., Ltd.	2-1-1, Yoyogi, Shibuya-ku, Tokyo	21,629,200	—	21,629,200	0.93
Total	—	21,629,200	—	21,629,200	0.93

Note:

Treasury shares held by the Executive Compensation BIP Trust Account and ESOP Trust Account are not included in the number of treasury shares listed above.

(2) Officers

Not applicable.

4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(In millions of yen)	
	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	108,369	82,787
Trade and other receivables	169,008	175,111
Contract assets	24,426	27,138
Other financial assets	113	6,537
Other current assets	10,771	13,968
Total current assets	312,690	305,542
Non-current assets		
Trade and other receivables	320	—
Contract assets	5,020	5,599
Property, plant and equipment	9,575	9,881
Right-of-use assets	35,973	48,253
Goodwill	59,019	60,722
Intangible assets	39,655	41,504
Investments accounted for using equity method	2,287	1,863
Other financial assets	29,193	28,826
Deferred tax assets	24,561	24,656
Other non-current assets	433	540
Total non-current assets	206,040	221,849
Total assets	518,730	527,392

	As of	(In millions of yen) As of
	March 31, 2024	June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	95,270	105,040
Bonds and borrowings	14,144	10,234
Lease liabilities	15,010	16,844
Other financial liabilities	1,141	1,627
Income taxes payable	8,834	6,052
Provisions	1,019	1,118
Contract liabilities	6,931	7,744
Other current liabilities	115,063	110,059
Total current liabilities	257,416	258,721
Non-current liabilities		
Bonds and borrowings	20,000	10,016
Lease liabilities	19,835	30,082
Other financial liabilities	976	29
Provisions	5,084	5,371
Deferred tax liabilities	4,343	4,770
Other non-current liabilities	2,756	2,839
Total non-current liabilities	52,996	53,109
Total liabilities	310,412	311,830
Equity		
Share capital	17,479	17,479
Capital surplus	4,751	5,434
Retained earnings	165,979	169,184
Treasury shares	-9,584	-13,114
Other components of equity	13,724	20,410
Total equity attributable to owners of parent	192,349	199,394
Non-controlling interests	15,968	16,167
Total equity	208,317	215,561
Total liabilities and equity	518,730	527,392

(2) Condensed Consolidated Income Statement and Comprehensive Income Statement
(Condensed Consolidated Income Statement)

(In millions of yen)

		Three months ended June 30,	
		2023	2024
Revenue		328,703	360,814
Cost of sales		-253,599	-276,703
Gross profit		75,103	84,111
Selling, general and administrative expenses		-60,888	-66,880
Other income		517	59
Other expenses		-56	-323
Operating profit		14,675	16,966
Finance income		399	855
Finance costs		-486	-388
Share of profit (loss) of investments accounted for using equity method		30	-200
Profit before tax		14,617	17,232
Income tax expense		-4,883	-3,891
Profit		9,734	13,341
Profit attributable to			
Owners of parent		9,369	12,952
Non-controlling interests		365	389
Profit		9,734	13,341
Earnings per share			
Basic earnings per share (yen)		4.14	5.72
Diluted earnings per share (yen)		4.11	5.69

(Condensed Consolidated Comprehensive Income Statement)

	(In millions of yen)	
	Three months ended June 30,	
	2023	2024
Profit	9,734	13,341
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	549	41
Remeasurements of defined benefit plans	-76	-11
Total of items that will not be reclassified to profit or loss	473	29
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,672	6,709
Share of other comprehensive income of investments accounted for using equity method	264	62
Total of items that may be reclassified to profit or loss	4,937	6,771
Other comprehensive income, net of tax	5,410	6,801
Comprehensive income	15,145	20,142
Comprehensive income attributable to		
Owners of parent	14,753	19,720
Non-controlling interests	392	422
Comprehensive income	15,145	20,142

(3) Condensed Consolidated Statement of Changes in Equity

For the Three Months Ended June 30, 2023

(In millions of yen)

	Equity attributable to owners of parent				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period	17,479	12,272	154,926	-19,459	150	4,287
Profit	—	—	9,369	—	—	—
Other comprehensive income	—	—	—	—	4,910	549
Comprehensive income	—	—	9,369	—	4,910	549
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	14	—	59	—	—
Cancellation of treasury shares	—	-7,528	—	7,528	—	—
Dividends	—	—	-9,101	—	—	—
Share-based payment transactions	—	451	—	—	—	—
Changes in ownership interest in subsidiaries	—	-108	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	—	-0
Total transactions with owners	—	-7,171	-9,101	7,588	—	-0
Balance at end of period	17,479	5,100	155,194	-11,871	5,060	4,836

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total			
Balance at beginning of period	14	4,452	169,670	13,859	183,529
Profit	—	—	9,369	365	9,734
Other comprehensive income	-76	5,383	5,383	27	5,410
Comprehensive income	-76	5,383	14,753	392	15,145
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	73	—	73
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	-9,101	-242	-9,343
Share-based payment transactions	—	—	451	—	451
Changes in ownership interest in subsidiaries	—	—	-108	11	-97
Transfer from other components of equity to retained earnings	—	-0	—	—	—
Total transactions with owners	—	-0	-8,684	-231	-8,915
Balance at end of period	-61	9,835	175,739	14,020	189,759

For the Three Months Ended June 30, 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	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period	17,479	4,751	165,979	-9,584	7,821	6,002
Profit	—	—	12,952	—	—	—
Other comprehensive income	—	—	—	—	6,738	41
Comprehensive income	—	—	12,952	—	6,738	41
Purchase of treasury shares	—	—	—	-3,589	—	—
Disposal of treasury shares	—	—	—	59	—	—
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	-9,828	—	—	—
Share-based payment transactions	—	683	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	82	—	—	-82
Total transactions with owners	—	683	-9,746	-3,529	—	-82
Balance at end of period	17,479	5,434	169,184	-13,114	14,560	5,962

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total			
Balance at beginning of period	-100	13,724	192,349	15,968	208,317
Profit	—	—	12,952	389	13,341
Other comprehensive income	-11	6,768	6,768	33	6,801
Comprehensive income	-11	6,768	19,720	422	20,142
Purchase of treasury shares	—	—	-3,589	—	-3,589
Disposal of treasury shares	—	—	59	—	59
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	-9,828	-223	-10,052
Share-based payment transactions	—	—	683	—	683
Changes in ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	-82	—	—	—
Total transactions with owners	—	-82	-12,675	-223	-12,898
Balance at end of period	-112	20,410	199,394	16,167	215,561

(4) Condensed Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	14,617	17,232
Depreciation and amortization	7,107	7,849
Decrease (increase) in trade and other receivables	-6,348	836
Increase (decrease) in trade and other payables	1,695	5,993
Decrease (increase) in contract assets	1,839	-1,135
Decrease (increase) in prepaid expenses	-2,288	-1,430
Increase (decrease) in accrued consumption taxes	2,312	-1,348
Increase (decrease) in accrued bonus	-9,877	-8,791
Increase (decrease) in accrued paid vacation	1,387	1,719
Other	261	1,051
Subtotal	10,708	21,977
Interest and dividends received	331	412
Interest paid	-280	-234
Income taxes refund (paid)	-15,323	-6,398
Net cash provided by (used in) operating activities	-4,564	15,757
Cash flows from investing activities		
Purchase of property, plant and equipment	-900	-1,200
Purchase of intangible assets	-2,851	-3,547
Purchase of investments	-297	-66
Proceeds from sale and redemption of investments	27	731
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-1,010
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	1,259
Other	45	923
Net cash provided by (used in) investing activities	-3,977	-2,909
Cash flows from financing activities		
Proceeds from short-term borrowings	96,741	23,773
Repayments of short-term borrowings	-78,359	-28,806
Repayments of long-term borrowings	-178	-10,000
Repayments of lease liabilities	-4,094	-4,540
Redemption of bonds	-10,000	—
Purchase of treasury shares	—	-3,589
Dividends paid	-8,985	-9,771
Other	-165	-6,620
Net cash provided by (used in) financing activities	-5,040	-39,557
Effect of exchange rate changes on cash and cash equivalents	1,204	1,127
Net increase (decrease) in cash and cash equivalents	-12,378	-25,581
Cash and cash equivalents at beginning of period	101,233	108,369
Cash and cash equivalents at end of period	88,854	82,787

(5) Notes to the Condensed Consolidated Financial Statements

(Significant matters that serve as the basis for the preparation of condensed consolidated financial statements)

The condensed consolidated financial statement is prepared in compliance with Article 5, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. prescribed by Tokyo Stock Exchange, Inc. (however, based on Article 5, Paragraph 5 of the Standards, some disclosures required by International Accounting Standard 34: Interim Financial Reporting are omitted).

(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 aims 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.

(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) ± increase/decrease in accrued paid leave + share-based payment expenses ± other income and expenses ± non-recurring profit/loss).

Intersegment revenues are based on prevailing market prices.

For the Three Months Ended June 30, 2023

(In millions of yen)

	Reportable Segment						Other *1	Total	Adjustm ents*2	Consolid ated
	Staffing	BPO	Technolog y	Career	Asia Pacific	Total				
Revenue										
Revenue from external customers	143,319	24,858	21,863	31,333	102,269	323,644	5,057	328,702	1	328,703
Intersegment revenue	1,474	1,661	1,997	569	—	5,702	2,978	8,681	-8,681	—
Total	144,793	26,520	23,861	31,902	102,269	329,347	8,036	337,383	-8,679	328,703
Segment profit (loss)	9,385	1,657	759	6,645	2,595	21,042	-502	20,540	-1,525	19,014
Depreciation (excluding rent and other equivalents from depreciation of right-of-use assets)										-2,962
Increase/decrease in accrued paid leave										-1,387
Share-based payment expenses										-449
Other income										517
Other expenses										-56
Operating profit										14,675
Share of profit (loss) of investments accounted for using equity method										30
Finance income										399
Finance costs										-486
Profit before tax										14,617

For the Three Months Ended June 30, 2024

(In millions of yen)

	Reportable Segment						Other *1	Total	Adjustm ents*2	Consolid ated
	Staffing	BPO	Technolog y	Career	Asia Pacific	Total				
Revenue										
Revenue from external customers	149,479	25,647	23,648	36,396	120,218	355,391	5,422	360,813	1	360,814
Intersegment revenue	1,631	1,602	2,552	589	0	6,376	3,485	9,862	-9,862	—
Total	151,111	27,250	26,201	36,986	120,218	361,768	8,908	370,676	-9,861	360,814
Segment profit (loss)	9,867	959	1,159	9,464	3,329	24,780	-699	24,080	-1,136	22,944
Depreciation (excluding rent and other equivalents from depreciation of right-of-use assets)										-3,227
Increase/decrease in accrued paid leave										-1,772
Share-based payment expenses										-712
Other income										59
Other expenses										-323
Operating profit										16,966
Share of profit (loss) of investments accounted for using equity method										-200
Finance income										855
Finance costs										-388
Profit before tax										17,232

Notes:

*1 Other is a business segment 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 Adjustments are as follows:
(Segment profit (loss))

(In millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Elimination of inter-segment transactions	-421	-19,859
Corporate revenue*1	2,394	22,535
Corporate expenses*2	-3,498	-3,812
Total	-1,525	-1,136

Notes:

*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.

(Earnings per Share)

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

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit attributable to owners of parent (million yen)	9,369	12,952
Adjustment to profit for the period (million yen)	—	—
Profit used to calculate diluted earnings per share (million yen)	9,369	12,952
Weighted average number of common shares (thousand shares)	2,264,191	2,262,901
Increase in number of common shares		
Share-based compensation (thousand shares)	15,902	12,264
Weighted average number of common shares after dilution (thousand shares)	2,280,094	2,275,166
Basic earnings per share (yen)	4.14	5.72
Diluted earnings per share (yen)	4.11	5.69

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.