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January 14, 2025

Consolidated Financial Results for the Six Months Ended November 30, 2024 (Under Japanese GAAP)

Company name: Pasona Group Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2168 URL: <https://www.pasonagroup.co.jp>
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 Scheduled date to file semi-annual securities report: January 14, 2025
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (For analysts & institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended November 30, 2024 (June 1, 2024 to November 30, 2024)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
November 30, 2024	153,934	(14.2)	44	(98.9)	189	(95.3)	(3,762)	—
November 30, 2023	179,316	(2.5)	3,980	(40.9)	3,987	(46.3)	145	(94.7)

Note: Comprehensive income For the six months ended November 30, 2024: ¥(3,863) million [—%]
 For the six months ended November 30, 2023: ¥1,726 million [(59.8)%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended				
November 30, 2024	(96.01)	—		
November 30, 2023	3.72	3.28		

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
November 30, 2024	285,915	147,420	49.4
May 31, 2024	301,090	154,677	49.3

Reference: Equity As of November 30, 2024: ¥141,368 million
 As of May 31, 2024: ¥148,504 million

Note 1: Total assets for the fiscal years ended November 30, 2024 and May 31, 2024 include temporary “Deposits received” from customers for contracted projects and the corresponding “Cash and deposits” in assets and liabilities. For details, please refer to “1. Overview of Business Results, (2) Overview of Financial Position for the Period under Review.”

2: The “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022) has been applied from the beginning of the first quarter of the current fiscal year, and the figures for the fiscal year ended May 31, 2024 have been retroactively adjusted.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	—	0.00	—	75.00	75.00
Fiscal year ending May 31, 2025	—	0.00			
Fiscal year ending May 31, 2025 (Forecast)			—	75.00	75.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Results for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(Percentage figures are changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024 Full Fiscal Year	320,000	(10.3)	1,700	(75.0)	2,000	(72.0)	(4,300)	—	—

Note: Revisions to the forecast of results most recently announced: Yes

4. Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - ii) Changes in accounting policies due to other reasons: None
 - iii) Changes in accounting estimates: None
 - iv) Restatement: None
- (4) Number of issued shares (common shares)
- i) Total number of issued shares at the end of the period (including treasury shares)
 - As of November 30, 2024: 41,690,300 shares
 - As of May 31, 2024: 41,690,300 shares
 - ii) Number of treasury shares at the end of the period
 - As of November 30, 2024: 2,492,969 shares
 - As of May 31, 2024: 2,505,360 shares
 - iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 - Six months ended November 30, 2024: 39,193,796 shares
 - Six months ended November 30, 2023: 39,175,458 shares

Note:

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

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation of appropriate use of earnings forecasts and other special notes

(Cautionary statement regarding forward-looking statements)

The forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts for a variety of reasons. Please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” for the assumptions used in the forecast of financial results.

(Method to obtain supplemental materials for financial results)

The Company plans to hold a financial result briefing for analysts and institutional investors on January 21, 2025. The presentation materials will be posted on the Company's website (<https://www.pasonagroup.co.jp/english/ir/>) immediately after the meeting.

**Consolidated Financial Results
for the Six Months Ended November 30, 2024**

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1. Overview of Business Results

(1) Overview of Operating Results for the Period under Review

i) Business Results for the First Half ended November 30, 2024

During the first half of the consolidated fiscal year under review (hereinafter referred to as the “current first half period”), the Japanese economy continued to pick up, although personal consumption remained at a standstill in some areas, and the economy recovered moderately under the good corporate earnings and employment environment. On the other hand, the economic outlook remained uncertain due to global monetary tightening and rising prices.

As for business results for the current first half period, the Outsourcing segment was excluded from the beginning of the current first half period due to the sale of shares in former consolidated subsidiary Benefit One Inc. at the end of the previous fiscal year, and the BPO Solutions segment experienced a peak-out of large outsourcing projects, resulting in a year-on-year decline in both net sales and profits. In the Regional Revitalization and Tourism Solutions segment, net sales increased year on year due to an increase in inbound and domestic group tourists, and the operating loss narrowed due to a decrease in cost and amortization expenses, but the operating profit was lower than initially expected due to the impact of weather conditions caused by typhoons, etc.

As we approach the 50th anniversary of our founding, we plan to exhibit our pavilion “PASONA NATUREVERSE” at the Expo 2025 Osaka, Kansai, Japan as part of our efforts to enhance corporate value, including branding for the creation of new businesses in the wellbeing industry and other areas. We plan to present to the world a wellbeing society that achieves physical, mental, and social health, and a truly affluent society in which everyone can play an active and vibrant role with an enriched mind. The pavilion is scheduled to be relocated to Awaji Island, Hyogo Prefecture, after the closing of the Expo. However, the Company recorded an extraordinary loss of ¥2,571 million as Expo exhibit-related expenses in the current first half period under review for temporary expenses incurred for items that are not expected to be relocated or used after the closing of the Expo.

As a result, consolidated net sales for the current first half period totaled ¥153,934 million (down 14.2% year-on-year), with gross profit of ¥33,894 million (down 20.2% year-on-year). SG&A expenses decreased to ¥33,850 million (down 12.1% year-on-year) due to exclusion of the Outsourcing segment, but SG&A expense ratio rose due to increased upfront investments in growth areas, etc. and operating profit was ¥44 million (down 98.9% year-on-year). Ordinary profit was 189 million (down 95.3% year-on-year), and net loss attributable to owners of parent was ¥3,762 million for the current first half period (net profit attributable to owners of parent of ¥145 million for the same period of previous fiscal year).

Consolidated Financial Report (June 1, 2024 – November 30, 2024)

	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY
	Millions of yen	Millions of yen	%
Net sales	179,316	153,934	(14.2)
Operating profit (loss)	3,980	44	(98.9)
Ordinary profit (loss)	3,987	189	(95.3)
Profit (loss) attributable to owners of parent	145	(3,762)	—

***Excluding the Outsourcing segment from the previous first half period results**

	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY
	Millions of yen	Millions of yen	%
Net sales	160,837	153,934	(4.3)
Operating profit (loss)	440	44	(90.0)

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

* The Group's reportable segments were "Expert Services," "BPO Services," "HR Consulting, Education & Training, Others," "Global Sourcing" "Career Solutions," "Outsourcing," "Life Solutions," and "Regional Revitalization Solutions" in the previous consolidated fiscal year, but effective from the beginning of the current first half period of the consolidated fiscal year under review, they have been renamed "BPO Solutions," "Expert Solutions," "Career Solutions," "Global Solutions," "Life Solutions," and "Regional Revitalization and Tourism Solutions." Figures for the first half period of the previous fiscal year are compared based on the reclassified figures after the change.

HR Solutions Net sales ¥142,894 million Operating profit ¥7,871 million

[BPO Solutions (Contracting, Outsourcing)] Net sales ¥67,709 million

In this segment, the Group provides BPO services by accepting contracts from our clients for such tasks as general affairs that consolidate and streamline complicated clerical work, accounting and finance that handle expense reimbursement according to the demand for business, reception, sales administration and order placement, personnel and labor affairs, payroll, education, and training, and more. In addition, we are developing various BPO solution businesses for corporate management issues, including an advisory consulting business that provides consulting and management support by professional personnel such as freelancers and former executives of listed companies.

During the current first half period, net sales decreased from the same period of the previous fiscal year due to the impact of the peak-out of large contract projects and delays in acquiring new orders failed to offset the negative impact of large contract projects. On the other hand, in the strategic "X-TECH BPO" area, DX support utilizing group synergies such as the introduction of cloud computing, and in the public sector, contracts for administrative agency services, such as reskilling, employment support, and childcare support, expanded.

In addition, private companies are increasing their recruitment support projects due to the chronic shortage of human resources, as well as education and training projects to develop female managers. We are also expanding our support for corporate diversity management.

As a result, net sales amounted to ¥67,709 million (down 8.9% year-on-year).

[Expert Solutions (Temporary staffing)] Net sales ¥68,176 million

In this segment, the Group provides temporary staffing services for a wide range of job types and ages, from office work to highly skilled professionals, engineers, sales and marketing professionals, and young adults to senior citizens.

Amid a continuing labor shortage against the backdrop of economic recovery, orders for temporary staffing services increased in the financial sector, manufacturers, and trading companies, and the overall number of orders also exceeded that of the same period of the previous year. In addition, the acquisition of new registrants increased year on year due to various events and measures to increase engagement. However, this was not enough to make up for the decline in work related to the COVID-19 infections handled nationwide, and although the decline was smaller, revenues were down from the same period of the previous year. In the current fiscal year, we are strengthening sales activities mainly in the Kansai region, which will host the Osaka-Kansai Expo in 2025, and recovery is planned for the second half of the fiscal year and beyond.

As a result, net sales amounted to ¥68,176 million (down 2.4% year-on-year).

[Career Solutions (Placement/Recruiting, Outplacement)]

Net sales ¥7,008 million Operating profit ¥2,403 million

In this segment, The Group provides the Placement / Recruiting business, which supports companies' mid-career recruiting activities and matches job applicants with new jobs, and the Outplacement business, which supports job transfers based on companies' human resource strategies.

In the Placement / Recruiting business, the average unit price of placement commissions increased due to continued stable demand in the high-career field, a strategic focus of the Group, and an increase in the percentage of all contracts signed. In the first quarter, the number of contracts signed decreased from the same period of the previous year due to an increase in the number of job-transfer applicants who were consoled with their resignation, but in the second quarter of the current consolidated fiscal year, the number of contracts signed increased due to the start-up of new members and measures taken through in-house training, etc. In recent years, the need for mid-career recruitment of female managers has remained high, and we continue to consider expansion of service content and reinforcement of the sales structure by leveraging the Group's track record and corporate brand.

In the outplacement business, the number of applicants for early and voluntary retirements by companies in 2023 (January-December) was the smallest in the past decade, but it is reported to approximately 10,000 in 2024 (January-December), and our sales were higher than both the same period last year and our initial forecast. In addition, the number of companies using the Safe Placement Total Service, which supports employees' autonomous career development, has been expanding due to growing awareness of human capital management, and inquiries for counseling and reskilling services have been steady.

As a result, net sales amounted to ¥7,008 million (up 2.9% year-on-year) and operating profit was ¥2,403 million (up 13.0% year-on-year), and both net sales and operating profit grew at a faster pace than projected at the beginning of the period.

Net sales for the segment consisting of the above businesses amounted to ¥142,894 million (down 5.4% year-on-year). In terms of profit, the BPO Solutions and Expert Solutions segments made progress in improving gross profit margins and reducing SG&A expenses in the second quarter, but this was not enough to offset the impact of the revenue decline. As a result, operating profit for the entire HR Solution segment amounted to ¥7,871million (down 2.9% year-on-year), although the Carrier Solution segment recorded an increase in operating profit.

Global Solutions (Overseas Human Resource Services)

Net sales ¥5,463 million Operating profit ¥131million

In this segment, the Group provides a full line of human resource-related services overseas, including placement and recruiting, temporary staffing and outsourcing, payroll processing, and education and training. In the Asian region, demand for human resources from the semiconductor, information and telecommunications components, and other manufacturing industries was strong in Taiwan, while the recruitment and placement business were also on a recovery track in India. In the North America region, while temporary staffing services saw a decline in revenue, the Company is reviewing its business portfolio and BPO services for accounting processing and payroll calculation and HR consulting services such as HR system design expanded. On the other hand, in terms of expenses, SG&A expenses increased due to the hiring of personnel to strengthen the workforce and improved compensation at many locations, including the U.S. and Taiwan, with the aim of increasing earnings. Demand for HR consulting services is growing up in the Asian region, and we are strengthening our human resources to be able to respond to this demand promptly.

As a result, net sales amounted to ¥5,463 million (up 4.4% year-on-year), and operating profit amounted to ¥131 million (down 2.5% year-on-year), due in part to the foreign exchange effects of the weaker yen.

Life Solutions (Childcare support, Nursing care, etc.)

Net sales ¥4,160 million Operating profit ¥74 million

This segment includes childcare support services, such as the operation of licensed and certified childcare centers, in-house childcare facilities, and childcare facilities for children, as well as childcare education; nursing care services, which provide daycare services and home-visit nursing care; and life support services, such as housekeeping services.

In the childcare support business, revenues increased due to a year-on-year increase in the number of childcare facilities operated, an increase in subsidies for the operation of childcare facilities, and a recovery in the number of children in the care of childcare facilities. In terms of expenses, personnel costs increased due to the increase in the number of facilities, and expenses related to system investments and quality control enhancements were incurred. On the other hand, operating profit improved due to measures to optimize purchasing costs, to go paperless through the introduction of a new system, and to reduce postage costs.

In the life support business, net sales of sterilization and disinfection services related to the COVID-19 infections and dispatch of nursing care personnel to infected patient care facilities decreased, and in the nursing care business, despite the impact of lower sales due to a decline in the number of nursing care facilities in operation, businesses commissioned by local governments, such as housekeeping services for families with children and nursing care training for nursing care providers and family caregivers, expanded steadily.

As a result, net sales increased to ¥4,160 million (up 9.6% year-on-year) and operating profit also increased to ¥74 million (up 214.3% year-on-year).

Regional Revitalization and Tourism Solutions

Net sales ¥3,494 million Operating profit ¥(915) million

In this segment, the Company is engaged in regional development projects to create new industries and employment in rural areas in cooperation and collaboration with local residents, local companies, and local governments.

“Nijigen no Mori” at Hyogo Prefectural Awaji Island Park Anime Park has seen an increase in inbound visitors. The “NARUTO & BORUTO SHINOBI-ZATO” attraction and the “Godzilla Interception Operation” attraction, both of which are popular even among overseas visitors, saw an increase in the number of visitors. In addition, a limited-time attraction, “Monster Hunter the Field in Nijigen no Mori,” started in July, 2024 and new large monster ‘Zinogre,’ the thunder wolf wyvern, was introduced in November, 2024 and a 10-meter-long ‘Giant Balloon of Zinogre’ appeared. The attraction has been so well received that the duration has been extended. The number of visitors to restaurants such as “Hello Kitty Smile” and “Aman's Table” also increased, as did the number of tourists from a wide range of backgrounds, including groups from travel agencies and female customers, while the Zen retreat facility “Zenbo Seinei” received numerous media coverage, and the number of visitors to each facility expanded.

As a result, despite the impact of poor weather conditions caused by typhoons and other factors, net sales were ¥3,494 million (up 6.7% year-on-year), and operating profit was ¥(915) million (¥(1,282) million in the same period of the previous fiscal year), partly due to lower depreciation expenses, narrowing the deficit.

Eliminations and Corporate Net sales ¥(2,077) million Operating profit ¥(7,117) million

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

During the current first half period, personnel expenses and IT-related expenses due to promoting DX mainly increased from the same period of the previous fiscal year, and some double rent was incurred due to the relocation of the office to Umeda, Osaka.

As a result, net sales after eliminating intergroup transactions were ¥(2,077) million (¥(2,707) million in the same period of the previous fiscal year) and operating profit was ¥(7,117) million (¥(6,543) million in the same period of the previous fiscal year).

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

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY
HR Solutions	150,989	142,894	(5.4)%
BPO Solutions (Contracting, Outsourcing)	74,302	67,709	(8.9)%
Expert Solutions (Temporary staffing)	69,877	68,176	(2.4)%
Career Solutions (Placement/Recruiting, Outplacement)	6,810	7,008	+2.9%
Global Solutions (Overseas Human Resource Services)	5,234	5,463	+4.4%
Outsourcing	18,727	—	—
Life Solutions (Childcare support, Nursing care, etc.)	3,797	4,160	+9.6%
Regional Revitalization and Tourism Solutions	3,274	3,494	+6.7%
Elimination and Corporate	(2,707)	(2,077)	—
Total	179,316	153,934	(14.2)%
Total (excluding Outsourcing)	160,837	153,934	(4.3)%

Consolidated Operating Profit (Loss) by Segment

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024	YoY
HR Solutions	8,107	7,871	(2.9)%
BPO Solutions (Contracting, Outsourcing)	5,981	5,468	(8.6)%
Expert Solutions (Temporary staffing)			
Career Solutions (Placement/Recruiting, Outplacement)	2,126	2,403	+13.0%
Global Solutions (Overseas Human Resource Services)	134	131	(2.5)%
Outsourcing	3,540	—	—
Life Solutions (Childcare support, Nursing care, etc.)	23	74	+214.3%
Regional Revitalization and Tourism Solutions	(1,282)	(915)	—
Elimination and Corporate	(6,543)	(7,117)	—
Total	3,980	44	(98.9)%
Total (excluding Outsourcing)	440	44	(90.0)%

* Since the Outsourcing segment was excluded from the beginning of the current first half period of the consolidated fiscal year due to the sale of shares of Benefit One Inc., which was a consolidated subsidiary at the end of the previous consolidated fiscal year, the total excluding Outsourcing is shown as reference information.

(2) Overview of Financial Position for the Period under Review

i) Status of Assets, Liabilities and Net Assets

As of November 30, 2024, the amount of ¥49,322 million (¥54,975 million at the end of the previous fiscal year) of temporary “Deposits received” from customers by the Group related to contracted projects was recorded in liabilities, and “Cash and deposits” worth it was recorded in assets, whose use is restricted.

Assets

Total assets as of November 30, 2024 stood at ¥285,915 million, a decrease of ¥15,175 million or 5.0%, compared with May 31, 2024. This was mainly attributable to a decrease of ¥40,282 million in cash and deposits due to the above decrease in “Deposits received” and acquisition of fixed assets and repayment of borrowings, etc., while notes and accounts receivable-trade and contract assets increased by ¥4,080 million, marketable securities increased by ¥8,500 million due to fund management, tangible fixed assets increased by ¥8,871 million mainly due to regional development projects, and investment and other assets increased by ¥3,620 million due to investment and fund management in venture companies that are expected to generate synergies in the wellbeing area, etc.

Liabilities

Total liabilities as of November 30, 2024 stood at ¥138,495 million, a decrease of ¥7,917 million or 5.4%, compared with May 31, 2024. This was mainly attributable to a decrease of ¥4,138 million in deposits received due to the above-mentioned contracted projects, etc., and a decrease of ¥2,853 million in long-term borrowings due to the repayment of loans payable.

Net Assets

Net assets as of November 30, 2024 stood at ¥147,420 million, a decrease of ¥7,257 million or 4.7%, compared with May 31, 2024. This was mainly attributable to a decrease in retained earnings of ¥6,781 million due to an interim net loss attributable to owners of parent of ¥3,762 million and dividend payments of ¥3,018 million.

As a result, Equity ratio as of November 30, 2024 was 49.4% (49.3% at the end of the previous fiscal year).

Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥236,592 million (¥246,115 million at the end of the previous fiscal year), and Equity ratio 59.8% (60.3% at the end of the previous fiscal year).

ii) Status of Cash Flows

Cash and cash equivalents (hereafter “net cash”) as of November 30, 2024 decreased by ¥42,104 million, compared with May 31, 2024, to ¥94,942 million. Net cash does not include “cash and deposits” commensurate with temporary “deposits” from customers related to contracted projects.

(Cash Flows from Operating Activities)

Net cash used in operating activities totaled ¥1,845 million (¥3,870 million decrease in the same period of the previous consolidated fiscal year).

The increase in net cash was mainly due to depreciation and amortization of ¥1,317 million (¥2,584 million in the same period of the previous fiscal year), and increase of others due to deposits received of ¥3,355 million (a decrease of ¥999 million in the same period of the previous fiscal year), etc.

The decrease in net cash was mainly due to net loss before income taxes and minority interests of ¥2,355 million (net profit of ¥3,820 million for the same period), and an increase of ¥3,993 million (¥5,496 million increase in the same period of previous fiscal year) in notes and accounts receivable-trade and contract assets, etc.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥31,567 million (¥8,506 million decrease in the same period of the previous fiscal year).

The decrease in net cash was mainly due to payments for purchase of investment securities of ¥8,500 million (none in the same period of the previous fiscal year), property, plant and equipment of ¥10,483 million (¥5,511 million in the same period of the previous fiscal year) associated with the purchases of tangible assets in the Regional Revitalization business, payments for purchases of investment securities of ¥3,738 million (¥166 million in the same period of the previous fiscal year), and payments into time deposits of ¥7,482 million (an decrease of ¥7 million).

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥8,592 million (¥8,548 million decrease in the same period of the previous fiscal year).

The decrease in net cash was mainly due to repayment of long-term loans payable of ¥4,518 million (¥5,395 million in the same period of the previous year), cash dividends paid of ¥3,414 million (¥4,566 million in the same period of the previous year), etc.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

We have revised our full-year consolidated business forecast for the fiscal year ending May 31, 2025, from that published on July 12, 2024. For details, please refer to the “Notice on Recording of Extraordinary Losses and Revision of Full-Year Consolidated Business Forecasts for the Fiscal Year Ending May 31, 2025” released today (January 14, 2025).

Revision of Consolidated Business Forecast for the Fiscal Year Ending May 2025

(From June 1, 2024 to May 31, 2025)

(in millions of yen unless otherwise specified)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share (yen)
Previous forecast (A) Announced on July 12, 2024	330,000	5,000	5,000	1,300	33.18
Revised forecast (B)	320,000	1,700	2,000	(4,300)	—
Change (B-A)	(10,000)	(3,300)	(3,000)	(5,600)	
Change (%)	(3.0)	(66.0)	(60.0)	—	
Reference: Actual results for the previous fiscal year	356,733	6,794	7,152	95,891	2,447.56
Reference: Actual results for the previous fiscal year *Excluding Outsourcing segment	318,301	(821)			

(4) Number of Employees

The number of employees has changed due to the exclusion of the Outsourcing segment from the beginning of the current first half period, following the sale of shares of Benefit One, Inc., which was a consolidated subsidiary at the end of the previous fiscal year.

As of November 30, 2024

Name of segment	Number of employees (persons)
BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary staffing)	6,457 (13,087)
Career Solutions (Placement/Recruiting, Outplacement)	360 (110)
Global Solutions (Overseas Human Resource Services)	599 (58)
Life Solutions (Childcare support, Nursing care, etc.)	559 (458)
Regional Revitalization and Tourism Solutions	112 (187)
Companywide	666 (333)
Total	8,753 (14,233)

- Note 1 The number of employees is the total number of full-time employees of all consolidated companies, and the average number of temporary employees for the year is shown in parentheses.
- 2 The number of employees decreased by 1,248 from the end of the previous fiscal year. This is mainly because Benefit One Inc. and its subsidiaries, etc., which were responsible for Outsourcing in the previous consolidated fiscal year, were excluded from the scope of consolidation.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	192,281	151,999
Notes and accounts receivable - trade, and contract assets	43,455	47,535
Securities	-	8,500
Inventories	1,781	2,211
Other	6,182	4,672
Allowance for doubtful accounts	(63)	(65)
Total current assets	243,637	214,854
Non-current assets		
Property, plant and equipment	35,467	44,339
Intangible assets		
Goodwill	842	984
Other	4,168	5,151
Total intangible assets	5,011	6,136
Investments and other assets		
Other	16,873	20,493
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	16,862	20,483
Total non-current assets	57,341	70,958
Deferred assets	111	101
Total assets	301,090	285,915

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	3,423	1,118
Short-term borrowings	9,263	7,425
Accrued expenses	16,756	18,373
Income taxes payable	1,138	1,193
Deposits received	56,374	52,235
Provision for bonuses	4,205	4,241
Provision for bonuses for directors (and other officers)	13	7
Asset retirement obligations	98	12
Other	12,614	14,766
Total current liabilities	103,889	99,376
Non-current liabilities		
Bonds payable	2,630	2,365
Long-term borrowings	29,427	26,574
Provision for share awards for directors (and other officers)	418	418
Allowance for stock benefit for employee	281	277
Retirement benefit liability	2,407	2,392
Asset retirement obligations	2,326	2,394
Other	5,030	4,696
Total non-current liabilities	42,523	39,118
Total liabilities	146,412	138,495
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	17,495	17,500
Retained earnings	127,465	120,683
Treasury shares	(2,685)	(2,672)
Total shareholders' equity	147,276	140,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121	108
Foreign currency translation adjustment	604	497
Remeasurements of defined benefit plans	501	251
Total accumulated other comprehensive income	1,228	857
Share acquisition rights	2	2
Non-controlling interests	6,171	6,049
Total net assets	154,677	147,420
Total liabilities and net assets	301,090	285,915

(2) Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	179,316	153,934
Cost of sales	136,830	120,040
Gross profit	42,485	33,894
Selling, general and administrative expenses	38,505	33,850
Operating profit	3,980	44
Non-operating income		
Interest income	20	35
Share of profit of entities accounted for using equity method	45	42
Sponsorship money income	83	86
Subsidy income	53	54
Other	207	246
Total non-operating income	411	465
Non-operating expenses		
Interest expenses	218	175
Commitment fees	46	15
Other	139	129
Total non-operating expenses	403	319
Ordinary profit	3,987	189
Extraordinary income		
Gain on change in equity	3	4
Gain on sale of non-current assets	0	56
Gain on sale of investment securities	0	-
Total extraordinary income	3	61
Extraordinary losses		
Loss on sale and retirement of non-current assets	170	34
Expo exhibit-related expenses	-	2,571
Total extraordinary losses	170	2,605
Profit (loss) before income taxes	3,820	(2,355)
Income taxes - current	2,449	1,006
Income taxes - deferred	(380)	124
Total income taxes	2,068	1,130
Profit (loss)	1,752	(3,485)
Profit attributable to non-controlling interests	1,606	276
Profit (loss) attributable to owners of parent	145	(3,762)

(3) Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Profit (loss)	1,752	(3,485)
Other comprehensive income		
Valuation difference on available-for-sale securities	(222)	(16)
Foreign currency translation adjustment	264	(110)
Remeasurements of defined benefit plans, net of tax	(68)	(250)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(25)	(377)
Comprehensive income	1,726	(3,863)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	216	(4,133)
Comprehensive income attributable to non-controlling interests	1,510	269

(4) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	3,820	(2,355)
Depreciation	2,584	1,317
Amortization of goodwill	379	167
Increase (decrease) in allowance for doubtful accounts	(8)	0
Increase (decrease) in provision for bonuses	(210)	30
Increase (decrease) in provision for bonuses for directors (and other officers)	(20)	(6)
Increase (decrease) in retirement benefit liability	(9)	(14)
Decrease (increase) in retirement benefit asset	(173)	(455)
Interest and dividend income	(43)	(58)
Interest expenses	218	175
Subsidy income	(53)	(54)
Sponsorship income	(83)	(86)
Share of loss (profit) of entities accounted for using equity method	(45)	(42)
Loss (gain) on change in equity	(3)	(4)
Loss (gain) on sale and retirement of non-current assets	170	(22)
Loss (gain) on sale of investment securities	(0)	-
Decrease (increase) in accounts receivable - trade, and contract assets	(5,496)	(3,993)
Increase (decrease) in trade payables	(2,892)	(975)
Increase (decrease) in accrued consumption taxes	(167)	872
Other, net	(999)	3,355
Subtotal	(3,035)	(2,149)
Interest and dividends received	62	46
Interest paid	(222)	(177)
Subsidies received	53	54
Support money received	83	86
Income taxes refund (paid)	(811)	293
Net cash provided by (used in) operating activities	(3,870)	(1,845)
Cash flows from investing activities		
Decrease (increase) in time deposits	7	(7,482)
Purchase of securities	-	(8,500)
Purchase of property, plant and equipment	(5,511)	(10,483)
Proceeds from sale of property, plant and equipment	2	60
Purchase of intangible assets	(2,399)	(1,572)
Purchase of investment securities	(166)	(3,738)
Proceeds from sale of investment securities	0	-
Loan advances	(3)	(3)
Payments of leasehold and guarantee deposits	(630)	(61)
Proceeds from refund of leasehold and guarantee deposits	444	720
Payments for acquisition of businesses	(207)	(491)
Other, net	(42)	(14)
Net cash provided by (used in) investing activities	(8,506)	(31,567)

(Millions of yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,015	(195)
Repayments of long-term borrowings	(5,395)	(4,518)
Redemption of bonds	(293)	(293)
Repayments of finance lease liabilities	(226)	(183)
Purchase of treasury shares	(597)	(0)
Proceeds from sale of treasury shares	597	-
Purchase of treasury shares of subsidiaries	-	(0)
Dividends paid	(1,391)	(3,014)
Dividends paid to non-controlling interests	(3,175)	(400)
Other, net	(82)	12
Net cash provided by (used in) financing activities	(8,548)	(8,592)
Effect of exchange rate change on cash and cash equivalents	261	(100)
Net increase (decrease) in cash and cash equivalents	(20,664)	(42,106)
Cash and cash equivalents at beginning of period	47,919	137,047
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	59	2
Cash and cash equivalents at end of period	27,314	94,942

(5) Notes to Going Concern Assumption

None

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

None

(7) Changes in Accounting Policy

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from the beginning of the current first half period of the consolidated fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the current first half period of the consolidated fiscal year. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. The effect of this change in accounting policy on the semi-annual consolidated financial statements for the previous the previous fiscal year and the consolidated financial statements for the previous fiscal year was not material.

(8) Segment Information

i) Six months ended November 30, 2023

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

(Millions of yen)

	Reporting segments						Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions		Global Solutions	Life Solutions	Regional Revitalization and Tourism Solutions	Outsourcing			
	BPO Solutions, Expert Solutions	Career Solutions							
Net sales									
BPO Solutions	72,954	—	—	—	—	—	72,954	—	72,954
Expert Solutions	69,578	—	—	—	—	—	69,578	—	69,578
Career Solutions	—	6,799	—	—	—	—	6,799	—	6,799
Global Solutions	—	—	5,157	—	—	—	5,157	—	5,157
Life Solutions	—	—	—	3,491	—	—	3,491	—	3,491
Regional Revitalization and Tourism Solutions	—	—	—	—	2,856	—	2,856	—	2,856
Outsourcing	—	—	—	—	—	18,479	18,479	—	18,479
Revenue from contract with customers	142,532	6,799	5,157	3,491	2,856	18,479	179,316	—	179,316
Other revenue	—	—	—	—	—	—	—	—	—
Sales to outside customers	142,532	6,799	5,157	3,491	2,856	18,479	179,316	—	179,316
Intersegment sales and transfers	1,647	10	76	305	418	248	2,707	(2,707)	—
Total	144,179	6,810	5,234	3,797	3,274	18,727	182,023	(2,707)	179,316
Operating profit (loss)	5,981	2,126	134	23	(1,282)	3,540	10,523	(6,543)	3,980

Notes:

- Adjustments of ¥(6,543) million with Operating profit (loss) includes corporate expenses of ¥(6,554) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥10 million.
- Operating profit (loss) is adjusted with operating profit under semi-annual consolidated statements of income.

ii) Six months ended November 30, 2024

1. Information regarding net sales, segment profit (loss) by reporting segment and revenue decomposition

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions		Global Solutions	Life Solutions	Regional Revitalization and Tourism Solutions			
	BPO Solutions, Expert Solutions	Career Solutions						
Net sales								
BPO Solutions	66,659	—	—	—	—	66,659	—	66,659
Expert Solutions	67,950	—	—	—	—	67,950	—	67,950
Career Solutions	—	6,994	—	—	—	6,994	—	6,994
Global Solutions	—	—	5,366	—	—	5,366	—	5,366
Life Solutions	—	—	—	3,894	—	3,894	—	3,894
Regional Revitalization and Tourism Solutions	—	—	—	—	3,069	3,069	—	3,069
Revenue from contract with customers	134,609	6,994	5,366	3,894	3,069	153,934	—	153,934
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	134,609	6,994	5,366	3,894	3,069	153,934	—	153,934
Intersegment sales and transfers	1,276	13	96	266	424	2,077	(2,077)	—
Total	135,886	7,008	5,463	4,160	3,494	156,012	(2,077)	153,934
Operating profit (loss)	5,468	2,403	131	74	(915)	7,161	(7,117)	44

Notes:

- Adjustments of ¥(7,117) million with Operating profit (loss) includes corporate expenses of ¥(7,174) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥57 million.
- Operating profit (loss) is adjusted with operating loss under semi-annual consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

The Group's reporting segments, which in the previous consolidated fiscal year were “Expert Services, BPO Services and Others,” “Career Solutions,” “Outsourcing,” “Life Solutions,” and “Regional Revitalization Solutions,” have been partially reclassified effective from the first half of the current consolidated fiscal year. The segment was renamed “BPO Solutions, Expert Solutions,” “Career Solutions,” “Global Solutions,” “Life Solutions,” and “Regional Revitalization and Tourism Solutions.”

Benefit One Inc. and its subsidiaries, etc., which were responsible for the “Outsourcing” segment in the previous consolidated fiscal year, were excluded from the scope of consolidation, and the “Outsourcing” segment was excluded from the first half of the current consolidated fiscal year.

The segment information for the first half of the previous fiscal year is presented based on the classification after the change.

(9) Important Subsequent Events

(Repurchase of own shares)

The Company resolved to repurchase its own shares based on the provisions of Article 459 , Paragraph 1 of the Companies Act., at a meeting of the Board of Directors held on January 14, 2025.

1. Purpose of the Share Repurchase

To further improve capital efficiency and promote an expeditious financial strategy according to changes in the business environment.

2. Details of the Repurchase

(1) Class of shares to be repurchased	Common stock
(2) Total number of shares to be repurchased	2,000,000 shares (maximum) (4.97% of total shares outstanding, excluding treasury stock)
(3) Total amount to be paid for repurchase	JPY5,000,000,000 (maximum)
(4) Period of share repurchase	January 15, 2025 to January 14, 2026
(5) Method of repurchase	Market purchase on the Tokyo Stock Exchange (Discretionary trading by securities company)