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October 13, 2023

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)

FY2023 (June 1, 2023 to May 31, 2024)

Three Months Ended August 31, 2023

Listed company name: Pasona Group Inc.
 Listing stock exchange: The Prime Market of the Tokyo Stock Exchange
 Securities code number: 2168
 URL: <https://www.pasonagroup.co.jp>
 Representative: Yasuyuki Nambu, Group CEO and President
 For further information contact: Yuko Nakase, Senior Managing Executive Officer and CFO
 Tel. +81-3-6734-0200

Scheduled filing date of quarterly report: October 16, 2023
 Supplemental materials prepared for quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

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

1. CONSOLIDATED BUSINESS RESULTS

(1) Consolidated Financial Results

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

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
	%	%	%	%
Three months ended August 31, 2023	89,881 (2.4)	2,228 (33.1)	2,197 (39.2)	187 (85.5)
Three months ended August 31, 2022	92,066 0.2	3,330 (41.6)	3,610 (37.6)	1,293 (47.9)

(Note) Comprehensive income 3M FY2023: ¥ 1,233 million (44.4%) 3M FY2022: ¥2,220 million (37.1%)

	Net Profit per Share	Diluted Net Profit per Share
	Yen	Yen
Three months ended August 31, 2023	4.79	4.58
Three months ended August 31, 2022	33.03	32.99

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
August 31, 2023	258,068	68,225	20.5
May 31, 2023	275,504	71,624	19.6

(Reference) Equity As of August 31, 2023: ¥ 52,938 million As of May 31, 2023: ¥ 53,998 million

(Note) In total assets as of May 31, 2023 and August 31, 2023, temporary "Deposits received" from customers related to contracted projects is recorded in liabilities, and "Cash and deposits" worth it is recorded in assets. For details, please refer to "1. Information Concerning Quarterly Consolidated Business Results (2) Overview of Consolidated Financial Position".

2. DIVIDENDS PER SHARE

	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	35.00	35.00
FY2023	—	—	—	—	—
FY2023 (Forecast)	—	0.00	—	35.00	35.00

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

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2024

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	Net Profit per Share
		%		%		%	%	Yen
FY2023 First Half	185,500	0.8	6,000	(10.9)	5,800	(22.0)	1,800 (34.2)	45.95
FY2023 Full Fiscal Year	390,000	4.7	16,000	11.3	15,700	2.2	5,000 (18.0)	127.63

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

4. NOTES

- (1) Changes in important subsidiaries during the current period: None
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements: None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
 - 2) Changes of accounting principles other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
 - 1) The number of shares issued and outstanding as of the period-end (including treasury shares)
August 31, 2023: 41,690,300 shares May 31, 2023: 41,690,300 shares
 - 2) The number of treasury shares as of the period-end
August 31, 2023: 2,515,520 shares May 31, 2023: 2,515,520 shares
 - 3) Average number of shares for the period (Quarterly cumulative period)
Three months ended August 31, 2023: 39,174,780 shares
Three months ended August 31, 2022: 39,174,209 shares

(Note)

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

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

Cautionary statement and other explanatory notes

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

Method to obtain supplemental materials for quarterly financial results

Supplemental materials for the quarterly financial results have been posted on the Company’s website (<https://www.pasonagroup.co.jp/ir/>) since October 13, 2023.

Consolidated Financial Report

Three Months Ended August 31, 2023

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1. Qualitative Information Concerning Quarterly Consolidated Business Results

(1) Overview of Consolidated Business Results

i) Business Results for the First Quarter ended August 31, 2023

During the first quarter of the consolidated fiscal year under review, the Japanese economy experienced a moderate recovery due to a pickup in personal consumption and improved employment conditions. On the other hand, the economic outlook remained uncertain due to global monetary tightening and rising prices, etc. In addition, the shift of the COVID-19 infection to Class 5 has stimulated domestic human flow and increased inbound demand.

Amid this environment, the Group's key strategies for the fiscal year under review are "1) Evolving into X-Tech BPO" in the BPO domain, where demand is growing; "2) Expanding support for diverse work styles and career development" in the labor market, where work styles are diversifying; and "3) Expanding earnings from local development projects centered on Awaji Island" in the tourism domain, where post-COVID-19 revitalization is underway. We are working to solve various social issues through our business activities.

During the three months ended August 31, 2023, while BPO services grew from the same period of the previous year on the back of solid demand growth, expert services and outsourcing sales declined from the same period of the previous year due to a decrease in demand mainly related to measures against the COVID-19 infection that occurred in the same period of the previous year.

As a result, consolidated net sales for the first quarter of the current fiscal year totaled ¥89,881 million (down 2.4% year-on-year), with gross profit of ¥21,226 million (down 4.7% year-on-year). SG&A expenses were ¥18,997 million (up 0.3% year-on-year), the same level as the previous year, due mainly to an increase in personnel expenses in line with business growth in BPO services, despite the absence of double rent associated with the office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the same period last year. Operating profit was ¥2,228 million (down 33.1% year-on-year), and ordinary profit was ¥2,197 million (down 39.2% year-on-year). Profit attributable to owners of the parent amounted to ¥187 million (down 85.5% year-on-year). Although the decrease appears large due to the fact that there was a gain on change in equity resulting from the listing of a subsidiary accounted for via the equity method in the same period of the previous fiscal year, the current year's plan is generally in line with the plan.

3M FY2023 Consolidated Financial Report

(June 1, 2023 – August 31, 2023)

	3M FY2022	3M FY2023	(Millions of yen) YoY
Net sales	92,066	89,881	(2.4)%
Operating profit	3,330	2,228	(33.1)%
Ordinary profit	3,610	2,197	(39.2)%
Profit attributable to owners of parent	1,293	187	(85.5)%

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

HR Solutions

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

Net sales ¥75,122 million Operating profit ¥3,100 million

[Expert Services] Net sales: ¥34,551 million

In this segment, the Group provides expert services (temporary staffing) for a wide range of job types and generations, from office work to highly specialized skilled personnel, engineers, sales and marketing personnel, and from young people to senior citizens.

During the first quarter of the current fiscal year, demand for temporary staffing services remained firm amid the continuing moderate economic recovery, but net sales declined 8.7% year-on-year to ¥34,551 million as work related to the nationwide response in Japan to the COVID-19 infection, which had expanded in the previous fiscal year, was largely completed. During the period under review, the Company focused on expanding orders for high-level clerical positions, which require specialized knowledge and experience among clerical positions, and focused on reskilling temporary staff.

[BPO Services] Net sales: ¥35,840 million

In this segment, the Group provides BPO services by contracting reception, sales administration, order receipt and placement, human resources, labor, and payroll, as well as general affairs that consolidate and streamline complicated clerical work for customers and accounting and finance services that handle expense reimbursement according to busy schedules. Bewith, Inc., a consolidated subsidiary, provides contact center and BPO services utilizing self-developed digital technology.

Although there was a decrease in the number of projects that had been in special demand until the previous year, such as work related to COVID-19 infections, new demand was captured by both private companies and the public sector, resulting in sales growth over the same period last year. In the private sector, demand expanded for BPO services to help employees focus on core tasks and improve productivity in areas such as accounting and reception, contact center operations to respond to consumer inquiries, and X-TECH BPO, as well as demand from the public sector for recurrent education and employment support services.

As a result, net sales amounted to ¥35,840 million (up 6.0% year-on-year).

[HR Consulting, Education/Training, Others] Net sales: ¥2,183 million

In this segment, we provide consulting and management support by professional human resources such as freelancers and former executives of listed companies, as well as education and training services commissioned by companies and the public sector, and HR tech implementation support services such as talent management. The company also provides education and training services commissioned by companies and the public sector, as well as HR tech implementation support services such as talent management.

In the advisory consulting business, the need for sales support personnel directly related to management strategies increased. In the recruiting business, recruitment consulting services continued to expand in response to corporate labor shortages, and the service menu was expanded. In the education and training business, demand for customer service operations training and other training increased as the flow of people became more active post-COVID-19.

As a result, net sales amounted to ¥2,183 million (up 8.0% year-on-year).

[Global Sourcing] Net sales ¥2,545 million Operating profit ¥49 million

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 U.S., both temporary staffing and placement and recruiting grew due to the growing sense of a labor shortage in the labor market, resulting in year-on-year revenue growth. In the Asian region, sales increased in Taiwan, where demand for human resources remained strong, especially in the semiconductor industry, as well as in Vietnam, Thailand, and Indonesia. On the other hand, profits decreased due to a prior increase in SG&A expenses, such as in recruitment and training, in line with the expansion of business activities. In the current fiscal year, we will continue to focus on expanding BPO services and cross-border transactions of IT human resources, particularly in the ASEAN region, which continues to experience economic growth.

As a result, net sales amounted to ¥2,545 million (up 6.3% year-on-year), and operating profit amounted to ¥49 million (down 54.2% year-on-year), partly due to the foreign exchange effects of the weaker yen.

Net sales for the segment consisting of the above businesses amounted to ¥75,122 million (down 1.2% year-on-year). In terms of profit, the gross profit margin also declined due to an increase in social insurance premiums, mainly in Expert Services, as well as due to a contraction in the dispatch of medical specialists as COVID-19 infections subsided. In addition, the acquisition of KANDEN JOINUS CO., LTD. (currently Pasona Joinus Inc.) as a subsidiary in January 2023 and the increase in SG&A expenses from the same period of the previous year, mainly due to an increase in personnel expenses in line with business growth in BPO services, resulted in operating profit of ¥3,100 million (down 11.6% year-on-year).

Career Solutions (Placement / Outplacement)

Net sales ¥3,341 million Operating profit ¥1,025 million

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

In the Placement / Recruiting business, business expanded mainly in the high-career field—a strategic focus. The increasing number of companies working to ensure diversity and promote diversity has increased the need to hire female managers, and we have expanded our business in this field by leveraging our Group's track record and corporate brand.

In the outplacement business, demand continued to decline as companies remained as calm as in the previous fiscal year in reviewing their business structure. On the other hand, the demand for "Safe Placement Total Service," which supports employees' autonomous career development, steadily increased as more and more companies are offering career counseling and reskilling to their employees due to the growing awareness of human capital management.

However, the expansion of the Placement / Recruiting business failed to offset the decline in the Outplacement business, resulting in net sales of ¥3,341 million (down 2.7% year-on-year), while operating profit increased 11.5% year-on-year to ¥1,025 million as a result of efforts to curb SG&A expenses by also transferring personnel to businesses in high demand

Outsourcing Net sales ¥9,571 million Operating profit ¥1,934 million

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

In the employee benefits business, stock membership fee revenues, which account for the majority of sales, increased year-on-year, while sales of non-membership fee revenues declined. The year-on-year decline in revenue was mainly due to a decrease in transactions specific to the former JTB Benefit Inc. In terms of expenses, the posting of subsidies for members' use of services increased year-on-year, and personnel and system-related

expenses increased in preparation for medium- to long-term growth. However, these expenses were generally within expectations, due in part to the duplicate cost reduction effect from the integration of services of the former JTB Benefit Inc.

In the healthcare business, sales declined due to a reduction in transactions in the new COVID-19 vaccination support business, which had been anticipated from the beginning. In the health checkup and health guidance business, the contribution to profit during the quarter was small due to the seasonal nature of the business, with revenues being biased toward the second half of the year.

As a result, net sales amounted to ¥9,571 million (down 9.6% year-on-year) and operating profit was ¥1,934 million (down 33.2% year-on-year).

Life Solutions **Net sales ¥1,923 million** **Operating profit ¥(5) million**

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

With the convergence of COVID-19 infections, demand for sterilization and disinfection services provided at hospitals and lodging facilities in the Life Support business, including housekeeping services, declined sharply. On the other hand, housekeeping services for families raising children, which are commissioned by local governments, expanded, and new projects from new municipalities were acquired.

In the childcare business, the number of children received increased from the same period of the previous year due to the opening of new licensed nursery schools and school-age clubs. On the cost front, there was an increase in personnel and operating expenses associated with the opening of new childcare facilities.

As a result, net sales amounted to ¥1,923 million (down 2.0% year-on-year) and operating profit amounted to ¥(5) million (¥55 million in the same period of the previous year).

Regional Revitalization Solutions **Net sales ¥1,526 million** **Operating profit ¥(648) 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.

Following the reclassification of COVID-19 to Class 5, restrictions on domestic activities were eased, which led to a recovery in the flow of people to tourist destinations. On Awaji Island, Hyogo Prefecture, "Zenbo Seinei," which offers healthy meals and activities such as Zen and yoga on a 100-meter-long wooden deck, and "Haru-Sansan," a restaurant in a field that serves locally produced and locally consumed food using regional ingredients, have attracted an increasing number of tourists as facilities where they can enjoy the attractions of nature to the fullest. In addition, at the "Nijigen-no-mori" Animation Park in Awaji Island Park, Hyogo Prefecture, the number of inbound tourists increased at the "NARUTO & BORUTO Shinobinosato" and "Godzilla Interception Operation Awaji - National Awaji-Island Institute of Godzilla Disaster" attractions, which were particularly popular, especially among Westerners. In order to attract inbound visitors, which are expected to increase in the future, we will work to attract inbound visitors by conducting promotions at accommodations and transportation facilities in the Kansai region, along with marketing activities by country.

Net sales were ¥1,526 million (down 0.2% year-on-year) due to the record-breaking heat wave this summer and poor weather conditions caused by typhoons, etc. Operating profit was ¥(648) million (¥(667) million in the same period of the previous fiscal year) as a result of controlling SG&A expenses, such as in TV commercials. In this segment, some subsidiaries changed their fiscal year-end in the previous fiscal year.

Eliminations **Net sales ¥(1,604) million** **Operating profit ¥(3,177) 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 three months ended August 31, 2023, personnel expenses and IT-related expenses to promote DX increased, but there was no double rent associated with the office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the same period of the previous year, and this resulted in net sales after eliminating intergroup transactions of ¥(1,604) million (¥(1,515) million in the same period of the previous fiscal year) and operating income of ¥(3,177) million (¥(3,381) million in the same period of the previous fiscal year).

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

	(Millions of yen)		
	3M FY2022	3M FY2023	YoY
<i>HR Solutions</i>	90,089	88,035	(2.3)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	76,071	75,122	(1.2)%
Expert Services (Temporary staffing)	37,837	34,551	(8.7)%
BPO Services (Contracting)	33,817	35,840	+6.0%
HR Consulting, Education & Training, Others	2,021	2,183	+8.0%
Global Sourcing (Overseas)	2,395	2,545	+6.3%
Career Solutions (Placement / Recruiting, Outplacement)	3,434	3,341	(2.7)%
Outsourcing	10,583	9,571	(9.6)%
<i>Life Solutions</i>	1,963	1,923	(2.0)%
<i>Regional Revitalization Solutions</i>	1,529	1,526	(0.2)%
Eliminations and Corporate	(1,515)	(1,604)	—
Total	92,066	89,881	(2.4)%

Consolidated Operating Profit by Segment

	(Millions of yen)		
	3M FY2022	3M FY2023	YoY
<i>HR Solutions</i>	7,323	6,060	(17.2)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	3,506	3,100	(11.6)%
Expert Services (Temporary staffing)			
BPO Services (Contracting)	3,398	3,050	(10.2)%
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	108	49	(54.2)%
Career Solutions (Placement/Recruiting, Outplacement)	919	1,025	+11.5%
Outsourcing	2,897	1,934	(33.2)%
<i>Life Solutions</i>	55	(5)	—
<i>Regional Revitalization Solutions</i>	(667)	(648)	—
Eliminations and Corporate	(3,381)	(3,177)	—
Total	3,330	2,228	(33.1)%

(2) Overview of Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

As of August 31, 2023, the amount of ¥65,297 million (¥74,869 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 August 31, 2023 stood at ¥258,068 million, a decrease of ¥17,436 million or 6.3%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥21,364 million in cash and deposits due to the above decrease in "deposits received" and payment of dividends and income taxes, while notes receivable, accounts receivable and contract assets increased by ¥1,426 million due to an increase in contract projects, and property, plant and equipment increased by ¥1,476 million due to the Regional Revitalizations Solutions projects, etc.

Liabilities

Total liabilities as of August 31, 2023 stood at ¥189,842 million, a decrease of ¥14,038 million or 6.9%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥9,525 million in deposits received due to the above-mentioned commissioned projects, etc., a decrease of ¥2,575 million due to advanced payments, and a decrease of ¥1,823 million in income taxes payable due to tax payments.

Net Assets

Net assets as of August 31, 2023 stood at ¥68,225 million, a decrease of ¥3,398 million or 4.7%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥1,208 million in retained earnings due to dividend payments of ¥1,396 million, and a decrease of ¥2,337 million in non-controlling interests mainly due to dividends paid by a subsidiary, while net income attributable to owners of the parent company in the first quarter of the current fiscal year was ¥187 million.

As a result, equity ratio as of August 31, 2023 was 20.5% (19.6% at the end of the previous fiscal year).

Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥192,770 million (¥200,634 million at the end of the previous fiscal year), and equity ratio 27.5% (26.9% at the end of the previous fiscal year).

(3) Overview of Consolidated Forecasts

Since the first quarter results are generally in line with plans, we maintain the forecast announced on July 14, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
ASSETS		
Current assets		
Cash and deposits	123,067	101,703
Notes and accounts receivable-trade, and contract assets	52,625	54,051
Inventories	3,365	4,358
Other	15,337	15,007
Allowance for doubtful accounts	(121)	(100)
Total current assets	194,275	175,019
Non-current assets		
Property, plant and equipment	33,725	35,202
Intangible assets		
Goodwill	7,353	7,170
Other	19,228	19,582
Total intangible assets	26,582	26,753
Investments and other assets		
Other	20,798	20,974
Allowance for doubtful accounts	(7)	(8)
Total investments and other assets	20,791	20,966
Total non-current assets	81,099	82,922
Deferred assets	130	125
Total assets	275,504	258,068

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
LIABILITIES		
Current liabilities		
Accounts payable-trade	7,427	4,852
Short-term loans payable	10,296	9,974
Accrued expenses	17,009	17,721
Income taxes payable	3,061	1,238
Deposits received	78,690	69,164
Provision for bonuses	4,667	3,329
Provision for directors' bonuses	26	12
Asset retirement obligations	17	—
Other	23,586	25,042
Total current liabilities	144,783	131,337
Non-current liabilities		
Bonds payable	3,224	3,224
Long-term loans payable	43,505	42,449
Provision for directors' stock benefit	600	606
Provision for employees' stock grant	566	576
Net defined benefit liability	2,409	2,430
Asset retirement obligations	2,554	2,614
Other	6,236	6,602
Total non-current liabilities	59,096	58,504
Total liabilities	203,880	189,842
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	17,094	17,384
Retained earnings	32,941	31,732
Treasury shares	(2,378)	(2,696)
Total shareholders' equity	52,658	51,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	853	859
Foreign currency translation adjustment	348	553
Remeasurements of defined benefit plans	138	103
Total accumulated other comprehensive income	1,340	1,516
Share acquisition rights	2	2
Non-controlling interests	17,622	15,285
Total net assets	71,624	68,225
Total liabilities and net assets	275,504	258,068

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	3M FY2022	3M FY2023
Net sales	92,066	89,881
Cost of sales	69,793	68,655
Gross profit	22,273	21,226
Selling, general and administrative expenses	18,943	18,997
Operating profit	3,330	2,228
Non-operating income		
Interest income	8	9
Gain on change in equity	—	7
Subsidy	287	18
Other	281	90
Total non-operating income	577	125
Non-operating expenses		
Interest expenses	92	113
Share of loss of entities accounted for using equity method	31	—
Commitment fee	14	11
Other	159	33
Total non-operating expenses	297	157
Ordinary profit	3,610	2,197
Extraordinary income		
Gain on change in equity	211	3
Gain on sale of non-current assets	6	0
Gain on sale of investment securities	—	0
Total extraordinary income	217	3
Extraordinary loss		
Loss on sale and retirement of non-current assets	9	40
Total extraordinary loss	9	40
Profit before income taxes	3,819	2,159
Income taxes-current	1,162	1,073
Income taxes-deferred	360	58
Income taxes	1,522	1,131
Profit	2,296	1,027
Profit attributable to non-controlling interests	1,002	840
Profit attributable to owners of parent	1,293	187

(3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	3M FY2022	3M FY2023
Profit	2,296	1,027
Other comprehensive income		
Valuation difference on available-for-sale securities	(307)	11
Foreign currency translation adjustment	232	228
Remeasurements of defined benefit plans	(1)	(34)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(75)	205
Comprehensive income	2,220	1,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,355	364
Comprehensive income attributable to non-controlling interests	865	869

(4) Notes to Going Concern Assumption

None

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

None

(6) Segment Information

i) Three months ended August 31, 2022

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			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales					—			
Expert Services	37,722	—	—	—	—	37,722	—	37,722
BPO Services	33,181	—	—	—	—	33,181	—	33,181
HR Consulting, Education & Training, Others	1,761	—	—	—	—	1,761	—	1,761
Global Sourcing	2,355	—	—	—	—	2,355	—	2,355
Career Solutions	—	3,422	—	—	—	3,422	—	3,422
Outsourcing	—	—	10,431	—	—	10,431	—	10,431
Life Solutions	—	—	—	1,846	—	1,846	—	1,846
Regional Revitalization Solutions	—	—	—	—	1,344	1,344	—	1,344
Revenue from contract with customers	75,021	3,422	10,431	1,846	1,344	92,066	—	92,066
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	75,021	3,422	10,431	1,846	1,344	92,066	—	92,066
Intersegment sales and transfers	1,050	11	151	116	184	1,515	(1,515)	—
Total	76,071	3,434	10,583	1,963	1,529	93,581	(1,515)	92,066
Operating profit (loss)	3,506	919	2,897	55	(667)	6,711	(3,381)	3,330

Notes:

- Adjustments of ¥(3,381) million with Operating profit (loss) includes corporate expenses of ¥(3,430) 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 ¥49 million.
- Operating profit (loss) is adjusted with operating profit under consolidated statements of income.

ii) Three months ended August 31, 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			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	34,407	—	—	—	—	34,407	—	34,407
BPO Services	35,107	—	—	—	—	35,107	—	35,107
HR Consulting, Education & Training, Others	1,889	—	—	—	—	1,889	—	1,889
Global Sourcing	2,510	—	—	—	—	2,510	—	2,510
Career Solutions	—	3,336	—	—	—	3,336	—	3,336
Outsourcing	—	—	9,443	—	—	9,443	—	9,443
Life Solutions	—	—	—	1,768	—	1,768	—	1,768
Regional Revitalization Solutions	—	—	—	—	1,417	1,417	—	1,417
Revenue from contract with customers	73,915	3,336	9,443	1,768	1,417	89,881	—	89,881
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	73,915	3,336	9,443	1,768	1,417	89,881	—	89,881
Intersegment sales and transfers	1,206	4	128	155	108	1,604	(1,604)	—
Total	75,122	3,341	9,571	1,923	1,526	91,485	(1,604)	89,881
Operating profit (loss)	3,100	1,025	1,934	(5)	(648)	5,406	(3,177)	2,228

Notes:

1. Adjustments of ¥(3,177) million with Operating profit (loss) includes corporate expenses of ¥(3,182) 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 ¥4 million.
2. Operating profit (loss) is adjusted with operating profit under consolidated statements of income.

(7) Important Subsequent Events

None