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April 14, 2023

## CONSOLIDATED FINANCIAL REPORT (Japanese GAAP) FY2022 (June 1, 2022 to May 31, 2023) Nine Months Ended February 28, 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  
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 Scheduled filing date of quarterly report: April 14, 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 Income		Ordinary Income		Profit attributable to owners of parent	
	Yen	%	Yen	%	Yen	%	Yen	%
Nine months ended February 28, 2023	277,280	2.4	10,664	(38.5)	11,445	(35.6)	3,948	(46.0)
Nine months ended February 28, 2022	270,875	10.7	17,348	19.5	17,760	21.5	7,314	31.0

(Note) Comprehensive income 9M FY2022: ¥6,596 million((44.0)%) 9M FY2021: ¥11,778 million(50.9%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
Nine months ended February 28, 2023	100.79		100.55	
Nine months ended February 28, 2022	186.85		—	

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
February 28, 2023	257,434	67,784	20.0
May 31, 2022	203,746	67,146	24.5

(Reference) Equity As of February 28, 2023: ¥51,553 million As of May 31, 2022: ¥49,986 million

(Note) In total assets as of May 31, 2022 and February 28, 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
FY2021	—	0.00	—	35.00	35.00
FY2022	—	0.00	—	—	—
FY2022 (Forecast)	—	—	—	35.00	35.00

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

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

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
		%		%		%		%	Yen
FY2022 Full Fiscal Year	385,000	5.2	19,500	(11.7)	20,200	(10.2)	8,700	0.9	222.08

(Note) Revision to forecast of results in the current quarter: 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)  
February 28, 2023: 41,690,300 shares    May 31, 2022: 41,690,300 shares
  - 2) The number of treasury shares as of the period-end  
February 28, 2023: 2,515,520 shares    May 31, 2022: 2,516,094 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
Nine months ended February 28, 2023: 39,174,588 shares  
Nine months ended February 28, 2022: 39,148,225 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 April 14, 2023.

# Consolidated Financial Report

Nine Months Ended February 28, 2023

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## 1. Qualitative Information Concerning Quarterly Consolidated Business Results

### (1) Overview of Consolidated Business Results

#### i) Business Results for the Nine Months ended February 28, 2023

During the nine months ended February 28, 2023, the Japanese economy continued its gradual recovery, although there were downside risks to the domestic economy due to global monetary tightening and rising prices.

Under these circumstances, in the Group, demand for BPO services and outsourcing grew, and demand for human resources remained strong, with the Career Solutions placement and recruiting services outperforming the same period of the previous year. In overseas (Global Sourcing), demand for human resources also recovered, and even excluding the push-up effect of foreign exchange rate effects, profit expanded from the same period of the previous year. In addition, as domestic tourism is recovering due to the end of the COVID-19 pandemic, the number of tourists is steadily increasing, partly due to the contribution of new facilities in the Regional Revitalizations Solutions, which together with the change in the fiscal year-end of some subsidiaries, resulted in a significant increase in sales.

As a result, consolidated net sales for the nine months ended February 28, 2023 were ¥277,280 million (up 2.4% year-on-year), and gross profit was ¥67,813 million (up 2.7% year-on-year). SG&A expenses increased from the same period last year to ¥57,148 million (up 17.4% year-on-year), but these were mainly due to outsourcing external growth costs and expenses related to large-scale promotions, as well as one-time expenses associated with the relocation of the Tokyo office in the first quarter. Operating income amounted to ¥10,664 million (down 38.5% year-on-year), and ordinary income was ¥11,445 million (down 35.6% year-on-year), while profit attributable to owners of the parent was ¥3,948 million (down 46.0% year-on-year).

### 9M FY2022 Consolidated Financial Report

(June 1, 2022 – February 28, 2023)

(Millions of yen)

	9M FY2021	9M FY2022	YoY
Net sales	270,875	277,280	+2.4%
Operating income	17,348	10,664	(38.5)%
Ordinary income	17,760	11,445	(35.6)%
Profit attributable to owners of parent	7,314	3,948	(46.0)%

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

**HR Solutions**

**Expert Services (Temporary staffing), BPO Services (Contracting), Others**

**Net sales: ¥229,463 million    Operating income: ¥11,409 million**

Expert Services    Net sales: ¥110,876 million

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

Demand for temporary staffing services continued to recover, with orders from a wide range of industries, mainly in the financial sector, IT, and manufacturers. However, while net sales in the current quarter exceeded those of the same period of the previous year, they did not make up for the special demand of the previous year, resulting in net sales of ¥110,876 million (down 2.8% year-on-year).

KANDEN JOINUS CO., LTD. (which changed trade name to Pasona Joinus Inc. on April 1), which became a subsidiary of the Company on January 5, 2023, will contribute to the Company's earnings from the fourth quarter of the current fiscal year.

BPO Services    Net sales: ¥104,718 million

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

Demand for BPO services remained strong, and the impact of the previous year's special demand was offset by the accumulation of new projects and the expansion of service areas for existing transactions, resulting in higher net sales than in the same period of the previous year. In the transition to a "with-COVID-19" society following the previous period, new business associated with job placement assistance and human resources development has been acquired from the public sector, while demand from the private sector continues to be related to organizational restructuring and DX promotion such as support for system insourcing through low-code development.

As a result, net sales amounted to ¥104,718 million (up 2.1% year-on-year).

HR Consulting, Education & Training, Others    Net sales: ¥6,580 million

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

In the education and training business, training related to the promotion of women's activities increased from the previous year, and we also strengthened our business related to human capital management, which is a growing concern mainly among listed companies, by launching the "Human Capital Management Visualization Support Service" from October 2022. In the advisory consulting business, recruitment consulting services expanded on the strength of human resources corporate know-how.

As a result, net sales amounted to ¥6,580 million (up 5.2% year-on-year).

Global Sourcing    Net sales: ¥7,288 million    Operating income: ¥456 million

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

In the North America region, the unit price of placement and recruiting commissions rose and executive-level contracts expanded, while, in BPO, the outsourcing of payroll-related operations grew. In the Asian region, sales of placement and recruiting and temporary staffing services increased due to

continued demand for human resources mainly in the semiconductor manufacturing industry in Taiwan. In addition, performance is recovering in India, Thailand, and Malaysia. In the current period, we are focusing on cross-border transactions that take advantage of the business characteristics of each of our group companies, and we are promoting business collaboration to enable horizontal development in each country, such as in IT development work in Vietnam.

As a result, net sales amounted to ¥7,288 million (up 18.6% year-on-year), and operating income amounted to ¥456 million (up 77.4% 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 ¥229,463 million (up 0.2% year-on-year). In terms of profit, operating income was ¥11,409 million (down 18.9% year-on-year), mainly due to a decrease in gross profit margin in Expert Services as a result of an increase in paid leave taken by active staff and social insurance premiums, along with an increase in SG&A expenses including personnel expenses.

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

**Net sales: ¥10,305 million    Operating income: ¥2,969 million**

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

In the Placement/Recruiting business, companies remained highly motivated to hire in the high-career and specialized job fields that we focus on, and the unit price per contract rose in tandem with the increase in the number of contracts signed. In addition, the business is expanding due to continued strong demand for hiring female managers.

In the Outplacement business, demand continued to decline as companies settled down to review their business structure. Meanwhile, demand for our Safe Placement Total Service, which supports employee's future career development, is steadily increasing due to the implementation of Japan's revised *Act on Stabilization of Employment of Elderly Persons* and growing interest in human capital management.

As a result, the Placement/Recruiting business expanded, but this was not enough to offset the decline in the Outplacement business, resulting in net sales of ¥10,305 million (down 6.5% year-on-year) and operating income of ¥2,969 million (down 11.6% year-on-year).

### **Outsourcing**

**Net sales: ¥31,022 million    Operating income: ¥7,838 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, revenues increased due to external growth from M&As, as well as an increase in membership of part-time employees of the Public Employees' Mutual Aid Association during the period. In addition, the use of services by welfare members and related subsidy expenditure continued to be slightly below expectations, despite an increase compared to the previous year.

In the healthcare business, while the COVID-19 vaccination support project has been steady and exceeded the initial forecast, the health guidance project is making efforts to encourage those eligible for health guidance to receive it, as the impact of COVID-19 remains, and there are delays in the implementation progress.

In addition, during the nine months ended February 28, 2023, the Company invested in commercials and other promotional activities, and one-time expenses associated with the relocation of its head office were recorded in SG&A expenses.

As a result, net sales amounted to ¥31,022 million (up 14.6% year-on-year) and operating income amounted to ¥7,838 million (down 17.8% year-on-year).

## **Life Solutions**

**Net sales: ¥6,114 million    Operating income: ¥314 million**

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

In the nursing care business, the dispatch of care staff to residential treatment facilities for COVID-19 infections continued to increase. In the life support business, such as housekeeping services, there was growth in new customers from general households and in child-rearing family support services contracted by local governments.

In the childcare business, although the number of in-house daycare centers has been shrinking due to the spread of telecommuting, the number of facilities operated by school-age children's clubs increased, and the number of children accepted at licensed childcare facilities grew steadily.

As a result, net sales amounted to ¥6,114 million (up 16.2% year-on-year), and operating income amounted to ¥314 million (up 76.9% year-on-year).

## **Regional Revitalization Solutions**

**Net sales: ¥5,247 million    Operating income: ¥(2,119) 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.

On Awaji Island, Hyogo Prefecture, Japan, the easing of movement restrictions associated with the COVID-19 pandemic has restored the flow of people to tourist destinations. During the nine months ended February 28, 2023, new attractions and facilities were popular from the beginning of the period. Last October, we also held various events on the island, including a wellbeing-themed cooking competition, international forum, business contest, and field day, in an effort to attract a wide range of people from Japan and abroad to interact with each other for the sustainable development of the region.

During the nine months ended February 28, 2023, some subsidiaries changed their fiscal year-ends from March to May, which was reflected by adding two months' worth of business results, and net sales increased to ¥5,247 million (up 59.4% year-on-year). However operating loss increased due to the inclusion of the off-season winter season in January and February, resulting in an operating income of ¥(2,119) million (¥(1,702) million in the same period of the previous year).

## **Eliminations and Corporate    Net sales: ¥(4,872) million    Operating income: ¥(9,748) million**

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

During the nine months ended February 28, 2023, one-time expenses and double rent for the relocation period were incurred in connection with the office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the first quarter, as well as increased expenses related to the partial relocation of head office functions to Awaji Island, Hyogo Prefecture, Japan, and this is being carried out in stages.

As a result, net sales of ¥(4,872) million (¥(4,788) million in the same period of the previous year) and operating income of ¥(9,748) million (¥(8,094) million in the same period of the previous year) were recorded for the elimination of intergroup transactions.

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

(Millions of yen)

	9M FY2021	9M FY2022	YoY
<b><i>HR Solutions</i></b>	267,109	270,791	+1.4%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	229,022	229,463	+0.2%
Expert Services (Temporary staffing)	114,102	110,876	(2.8)%
BPO Services (Contracting)	102,518	104,718	+2.1%
HR Consulting, Education & Training, Others	6,256	6,580	+5.2%
Global Sourcing (Overseas)	6,145	7,288	+18.6%
Career Solutions (Placement / Recruiting, Outplacement)	11,021	10,305	(6.5)%
Outsourcing	27,065	31,022	+14.6%
<b><i>Life Solutions</i></b>	5,262	6,114	+16.2%
<b><i>Regional Revitalization Solutions</i></b>	3,291	5,247	+59.4%
Eliminations and Corporate	(4,788)	(4,872)	—
<b>Total</b>	<b>270,875</b>	<b>277,280</b>	<b>+2.4%</b>

**Consolidated Operating Income by Segment**

(Millions of yen)

	9M FY2021	9M FY2022	YoY
<b><i>HR Solutions</i></b>	26,967	22,218	(17.6)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	14,075	11,409	(18.9)%
Expert Services (Temporary staffing)	13,818	10,953	(20.7)%
BPO Services (Contracting)			
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	257	456	+77.4%
Career Solutions (Placement/Recruiting, Outplacement)	3,358	2,969	(11.6)%
Outsourcing	9,533	7,838	(17.8)%
<b><i>Life Solutions</i></b>	177	314	+76.9%
<b><i>Regional Revitalization Solutions</i></b>	(1,702)	(2,119)	—
Eliminations and Corporate	(8,094)	(9,748)	—
<b>Total</b>	<b>17,348</b>	<b>10,664</b>	<b>(38.5)%</b>



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

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

As of February 28, 2023, the amount of ¥65,085 million (¥10,123 million at the end of the previous fiscal year) of temporary "deposits received" from customers related to contracted projects was recorded in liabilities, and the corresponding "cash and deposits" were recorded in assets, for which use by the Group is restricted.

### **Assets**

Total assets as of February 28, 2023, stood at ¥257,434 million, an increase of ¥53,688 million or 26.4%, compared with May 31, 2022. That was mainly attributable to an increase of ¥34,750 million in cash and deposits affected by the above "deposits received" impact, while notes and accounts receivable-trade and contract assets increased by ¥10,280 million due to an increase in contracted projects, and while property, plants, and equipment such as regional development projects increased by ¥4,455 million.

### **Liabilities**

Total liabilities as of February 28, 2023, stood at ¥189,650 million, an increase of ¥53,050 million or 38.8%, compared with May 31, 2022. While deposits received increased by ¥54,619 million due to the above-mentioned contracted projects, etc., and long-term loans payable increased by ¥5,798 million due to fundraising, accounts payable-trade decreased by ¥3,179 million due to advanced payments and income taxes payable decreased by ¥4,819 million due to income taxes payments, etc.

### **Net Assets**

Net assets as of February 28, 2023, stood at ¥67,784 million, an increase of ¥637 million or 0.9%, compared with May 31, 2022. While profit attributable to owners of the parent was ¥3,948 million, retained earnings increased by ¥2,551 million due to dividend payments of ¥1,396 million, capital surplus decreased by ¥683 million mainly due to the acquisition of treasury shares by our consolidated subsidiary Benefit One Inc., and there was a decrease of ¥928 million in non-controlling interests, mainly due to dividends paid by a subsidiary.

As a result, the equity ratio as of February 28, 2023, was 20.0% (24.5% at the end of the previous fiscal year). Total assets after deducting "cash and deposits" with "deposits received" related to contracted projects stood at ¥192,348 million (¥193,622 million at the end of the previous fiscal year), while the equity ratio was 26.8% (25.8% at the end of the previous fiscal year).

## **(3) Overview of Consolidated Forecasts**

Although the risk of downward pressure on the domestic economy due to global monetary tightening and rising prices continues, we expect demand to increase as domestic companies move to eliminate human resource shortages and improve business productivity. In the fourth quarter, when many Japanese companies will be facing the end of the fiscal year and the start of a new fiscal year, we expect to see increased acquisition of new BPO demand, in addition to the usual demand for human resources, and therefore, we maintain our full-year consolidated earnings forecast for the fiscal year ending May 31, 2023, as announced on January 13, 2023.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of May 31, 2022	As of February 28, 2023
<b>ASSETS</b>		
Current assets		
Cash and deposits	66,951	101,701
Notes and accounts receivable-trade, and contract assets	50,982	61,262
Inventories	3,560	3,502
Other	9,719	14,193
Allowance for doubtful accounts	(89)	(119)
Total current assets	131,123	180,541
Non-current assets		
Property, plant and equipment	27,336	31,792
Intangible assets		
Goodwill	6,833	8,209
Other	16,361	17,825
Total intangible assets	23,195	26,035
Investments and other assets		
Other	21,952	18,941
Allowance for doubtful accounts	(10)	(11)
Total investments and other assets	21,941	18,930
Total non-current assets	72,473	76,757
Deferred assets	149	135
Total assets	203,746	257,434

(Millions of yen)

	As of May 31, 2022	As of February 28, 2022
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	8,735	5,556
Short-term loans payable	9,611	10,197
Accrued expenses	16,016	16,767
Income taxes payable	5,877	1,058
Deposits received	13,051	67,670
Provision for bonuses	4,741	2,802
Provision for directors' bonuses	19	16
Asset retirement obligations	43	16
Other	25,458	25,530
Total current liabilities	83,555	129,616
Non-current liabilities		
Bonds payable	3,810	3,517
Long-term loans payable	38,779	44,577
Provision for directors' stock benefit	598	600
Provision for employees' stock grant	571	566
Net defined benefit liability	2,300	2,437
Asset retirement obligations	2,280	2,538
Other	4,704	5,796
Total non-current liabilities	53,044	60,033
Total liabilities	136,599	189,650
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	17,786	17,103
Retained earnings	28,238	30,790
Treasury shares	(2,378)	(2,378)
Total shareholders' equity	48,646	50,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,131	731
Foreign currency translation adjustment	197	303
Remeasurements of defined benefit plans	10	3
Total accumulated other comprehensive income	1,339	1,038
Share acquisition rights	4	3
Non-controlling interests	17,155	16,226
Total net assets	67,146	67,784
Total liabilities and net assets	203,746	257,434

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

(Millions of yen)

	9M FY2021	9M FY2022
Net sales	270,875	277,280
Cost of sales	204,837	209,466
Gross profit	66,038	67,813
Selling, general and administrative expenses	48,690	57,148
Operating income	17,348	10,664
Non-operating income		
Interest income	21	27
Share of profit of entities accounted for using equity method	2	74
Subsidy	447	738
Real estate rent	554	177
Other	257	360
Total non-operating income	1,283	1,378
Non-operating expenses		
Interest expenses	206	277
Commitment fee	96	49
Rent expenses on real estates	465	140
Other	101	130
Total non-operating expenses	870	596
Ordinary income	17,760	11,445
Extraordinary income		
Gain on change in equity	—	213
Gain on sale of non-current assets	3	33
Gain on sales of investment securities	—	731
Gain on sale of shares of subsidiaries and associates	24	17
Total extraordinary income	28	995
Extraordinary loss		
Loss on sale and retirement of non-current assets	32	113
Loss on sale of investment securities	2	—
Loss on valuation of investment securities	19	—
Loss on valuation of shares of subsidiaries and associates	0	—
Total extraordinary loss	54	113
Income before income taxes	17,734	12,327
Income taxes-current	6,086	4,735
Income taxes-deferred	955	322
Income taxes	7,042	5,058
Profit	10,691	7,268
Profit attributable to non-controlling interests	3,377	3,320
Profit attributable to owners of parent	7,314	3,948

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

(Millions of yen)

	9M FY2021	9M FY2022
Profit	10,691	7,268
Other comprehensive income		
Valuation difference on available-for-sale securities	1,023	(777)
Foreign currency translation adjustment	86	109
Remeasurements of defined benefit plans	(24)	(3)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	1,086	(671)
Comprehensive income	11,778	6,596
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,893	3,647
Comprehensive income attributable to non-controlling interests	3,885	2,949

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

None

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

During the nine months of the current consolidated fiscal year, capital surplus decreased by ¥683 million mainly due to the acquisition of treasury stock by the consolidated subsidiary Benefit One Inc. As a result, capital surplus amounted to ¥17,103 million at the end of the nine months of the current fiscal year.

**(6) Additional Information****Accounting estimates with the spread of COVID-19 infections**

There are no significant changes in assumptions related to the impact of COVID-19 infections, which is described in "Significant accounting estimates" of "Annual Securities Report FY2021 (June 1, 2021 to May 31, 2022).

## (7) Segment Information

i) Nin months ended February 28, 2022

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

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	113,671	—	—	—	—	113,671	—	113,671
BPO Services	101,111	—	—	—	—	101,111	—	101,111
HR Consulting, Education & Training, Others	5,318	—	—	—	—	5,318	—	5,318
Global Sourcing	5,909	—	—	—	—	5,909	—	5,909
Career Solutions	—	10,990	—	—	—	10,990	—	10,990
Outsourcing	—	—	26,211	—	—	26,211	—	26,211
Life Solutions	—	—	—	4,891	—	4,891	—	4,891
Regional Revitalization Solutions	—	—	—	—	2,770	2,770	—	2,770
Revenue from contract with customers	226,011	10,990	26,211	4,891	2,770	270,875	—	270,875
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	226,011	10,990	26,211	4,891	2,770	270,875	—	270,875
Intersegment sales and transfers	3,010	30	854	370	521	4,788	(4,788)	—
Total	229,022	11,021	27,065	5,262	3,291	275,664	(4,788)	270,875
Operating income (loss)	14,075	3,358	9,533	177	(1,702)	25,442	(8,094)	17,348

Notes:

- Adjustments of ¥(8,094) million with Operating income (loss) includes corporate expenses of ¥(8,201) 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 ¥106 million.
- Operating income (loss) is adjusted with operating income under consolidated statements of income.

ii) Nine months ended February 28, 2023

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

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	110,480	—	—	—	—	110,480	—	110,480
BPO Services	102,745	—	—	—	—	102,745	—	102,745
HR Consulting, Education & Training, Others	5,660	—	—	—	—	5,660	—	5,660
Global Sourcing	7,155	—	—	—	—	7,155	—	7,155
Career Solutions	—	10,279	—	—	—	10,279	—	10,279
Outsourcing	—	—	30,569	—	—	30,569	—	30,569
Life Solutions	—	—	—	5,738	—	5,738	—	5,738
Regional Revitalization Solutions	—	—	—	—	4,651	4,651	—	4,651
Revenue from contract with customers	226,041	10,279	30,569	5,738	4,651	277,280	—	277,280
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	226,041	10,279	30,569	5,738	4,651	277,280	—	277,280
Intersegment sales and transfers	3,422	26	453	375	595	4,872	(4,872)	—
Total	229,463	10,305	31,022	6,114	5,247	282,152	(4,872)	277,280
Operating income (loss)	11,409	2,969	7,838	314	(2,119)	20,412	(9,748)	10,664

Notes:

- Adjustments of ¥(9,748) million with Operating income (loss) includes corporate expenses of ¥(9,928) 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 ¥180 million.
- Operating income (loss) is adjusted with operating income under consolidated statements of income.

**(8) Important Subsequent Events**

None