

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 9, 2024

## Consolidated Financial Results for the Six Months Ended December 31, 2023 (Under IFRS)

Company name: Open Up Group Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2154  
 URL: <https://www.openupgroup.co.jp/>  
 Representative: Yutaka Nishida, Chairman and Representative Director, CEO  
 Inquiries: Hiroshi Sato, Director, CFO  
 Telephone: +81-3-6672-4181  
 Scheduled date to file quarterly securities report: February 13, 2024  
 Scheduled date to commence dividend payments: March 1, 2024  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended												
December 31, 2023	85,053	13.5	7,356	10.8	7,911	8.3	7,868	8.2	5,380	1.7	5,351	1.6
December 31, 2022	74,952	-	6,639	-	7,305	-	7,270	-	5,290	24.0	5,264	25.2

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Six months ended				
December 31, 2023	5,535	3.5	61.80	61.64
December 31, 2022	5,348	34.0	59.75	59.52

Note: 1. Business profit is the Company's own profit indicator which is "gross profit" minus "selling, general and administrative expenses" and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under "Other income" and "Other expenses."

2. On November 27, 2023, we entered into an agreement to transfer all of the shares of BeNEXT Partners Inc. to UT Group Co., Ltd., a listed company on the Tokyo Stock Exchange.

As a result, the business of BeNEXT Partners Inc. has been classified as discontinued operations from the second quarter of the 20th consolidated fiscal year.

Accordingly, revenue, business profit, operating profit, and profit before tax for the second quarter of the previous fiscal year are presented on the amount of continuing operations excluding discontinued operations.

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
December 31, 2023	104,373	68,081	67,963	65.1
June 30, 2023	101,491	65,016	64,956	64.0

## 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 June 30, 2023	-	17.00	-	33.00	50.00
Fiscal year ending June 30, 2024	-	20.00			
Fiscal year ending June 30, 2024 (Forecast)			-	35.00	55.00

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

## 3. Forecast of consolidated business results for the fiscal year ending June 2024 (July 1, 2023 through June 30, 2024)

(% change from the previous corresponding period)

	Revenue		Business profit		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%	Yen
Full year	172,000	14.1	13,500	18.0	13,900	14.3	13,900	11.1	11,200	17.5	129.40

Note: 1. Revisions to the forecast of business results most recently announced: Yes

For details on the revisions to the consolidated financial performance forecasts, please refer to the "Notice Concerning Revisions to Financial Performance Forecasts" announced today (February 9, 2024).

The percentage change from the previous fiscal year is the percentage change in continuing operations, excluding discontinued operations.

2. Business profit is the Company's own profit indicator which is "gross profit" minus "selling, general and administrative expenses" and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under "Other income" and "Other expenses."

\* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	91,597,398 shares
As of June 30, 2023	91,575,411 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2023	4,968,287 shares
As of June 30, 2023	5,024,481 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2023	86,583,935 shares
Six months ended December 31, 2022	88,114,660 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results June differ significantly from the forecasts due to various factors.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Summary of Operating Results .....	2
(2) Summary of Financial Position .....	3
(3) Summary of Cash Flows .....	3
(4) Summary of Information on Future Forecasts, including the Forecast of Consolidated Results .....	4
2. Condensed Quarterly Consolidated Financial Statements and Notes on Important Matters .....	5
(1) Condensed Quarterly Consolidated Statement of Financial Position .....	5
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income .....	7
(3) Condensed Quarterly Statement of Changes in Equity .....	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows .....	13
(5) Notes on Condensed Quarterly Consolidated Financial Statements .....	14
(Notes on the Premise of a Going Concern) .....	14
(Segment Information) .....	14
(Assets Held for Sale and Discontinued Operations) .....	16

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Summary of Operating Results

In November 2023, the Company decided to transfer shares of BeNEXT Partners Inc., its consolidated subsidiary, and classified businesses and operations conducted by the company as discontinued operations for the preparation of the condensed quarterly consolidated statements. Therefore, revenue, gross profit, operating profit and profit before tax reflect the continuing operations excluding the discontinued operations. In addition, the quarterly results for the same period of the previous year have been restated in the same way to enable year-on-year percent change to be calculated. Details are provided in (5) Notes on the Condensed Quarterly Consolidated Financial Statements (Discontinued Operations)

Revenue for the first six months of the consolidated fiscal year under review increased 13.5% year on year, to 85,053 million yen. This increase in revenue is largely attributable to growth in the number of employees in the Machinery, Electronics and IT Software, Construction, and Manufacturing Segments combined with consistently high utilization rates. On the profit front, profit improved overall in the absence of one-off costs such as PPA amortization of intangible assets in the previous fiscal year in addition to improvement in hourly rates and higher utilization rates, all of which offset higher recruiting expenses. As a result, business profit was 7,356 million yen (up 10.8% year on year), operating profit was 7,911 million yen (up 8.3% year on year), and profit attributable to owners of parent was 5,351 million yen (up 1.6% year on year).

\*Business profit is the Company's own profit indicator which is "gross profit" minus "selling, general and administrative expenses" and which excludes the impact of extraordinary items (Employment adjustment subsidy, Impairment loss, etc.) recorded under "Other income" and "Other expenses."

The following is an overview of our results by segment. Sales revenue by segment is applied to sales revenue to external customers.

From the beginning of the second quarter of this fiscal year, segment income was adjusted from operating income to equity-method investment gains and losses in order to further strengthen management by management.

[Machinery, Electronics and IT Software Segment] (Temporary staffing, contracting and consigning business for the development, design, operation and maintenance sectors of the IT software, machinery and electronics domain)

During the first six months of the consolidated fiscal year under review, the number of employees grew steadily and the utilization rate was also stable, at around 93-94%, due to aggressive investment in recruitment from the previous consolidated fiscal year. Looking at profit, the gross profit margin remained unchanged chiefly due to an improvement in hourly rates through a shift towards mid-career professionals and gains were recorded in conjunction with NEPLUS K.K.'s sale of their product business. However, profitability declined slightly because of a one-off expense incurred due to the satisfaction of conditions for exercising share acquisition rights related to this segment and the absence of employment subsidies the Company received in the first six months of the previous fiscal year.

As a result, revenue and segment profit increased 13.0% and 9.3% year on year, to 44,027 million yen and 5,018 million yen, respectively, in the first six months under review.

[Construction Segment] (Temporary staffing business supplying construction managers and CAD operators to the construction industry)

During the first six months of the consolidated fiscal year under review, the number of employees increased thanks to measures to step up recruitment and retain employees initiated in the previous consolidated fiscal year. Contract hourly rates increased, reflecting human resources demand. Profit declined due to a slight temporary decline in the utilization rate and the absence of employment adjustment subsidies, despite a reduction in selling, general and administrative expenses, including recruitment costs.

As a result, revenue increased 8.9% year on year to 21,476 million yen and segment profit decreased 0.6% year on year, to 3,374 million yen, in the first six months under review.

[Manufacturing Segment] (Contracting, consigning and temporary staffing business for the manufacturing processes, etc. of clients)

During the first six months of the consolidated fiscal year under review, the number of orders increased as the result of the Company continuing to develop customers in its sales area across a broad spectrum despite weak demand for human resources in the manufacturing industry. However, since many of the projects were small, the number of staff ordered decreased and the number of staff at work did not grow. In terms of profit, the Company was unable to maintain previous high profitability levels because of the enhancement of its organizational structure for business expansion in the medium term, coupled with a slight decline in gross margins, although it succeeded in reducing recruitment costs.

As a result, revenue increased 0.4% year on year to 5,415 million yen and segment profit decreased 57.1% year on year, to 137 million yen, in the first six months under review.

[Overseas Segment] (Temporary staffing and contracting for engineering and manufacturing sectors and human resource services, such as paid job introduction, outside of Japan)

During the first six months of the consolidated fiscal year under review, inflation passed its peak in the UK, but economic conditions remained poor. Even so, as a result of activities to secure orders such as working steadily on the development of new customers, revenue rose slightly in pound sterling terms. In yen terms, it rose significantly, reflecting exchange rate fluctuations. Profit decreased because the temporary strong performance ended in the highly profitable job introduction business and costs and personnel expenses climbed due to inflation.

As a result, revenue increased 19.8% year on year to 18,789 million yen and segment profit decreased 32.4% year on year, to 439 million yen, in the first six months under review.

[Others]

As domains not included in the reportable segments, SAMURAI, Inc., provides an online programming learning service, whilst BeNEXT With Inc., a special subsidiary of the Group, employs persons with disabilities to provide various types of services within the Group.

During the first six months of the consolidated fiscal year under review, both sales and profit remained solid in the online programming learning service, aided by profitability-focused policy measures. In addition, various types of services provided within the Group appeared to be recovering to some extent due to the reduced impact of COVID-19.

As a result, in the first six months of the consolidated fiscal year under review, revenue, including internal transactions increased 34.1% year on year, to 1,253 million yen and segment profit increased 10.1% year on year, to 98 million yen.

## (2) Summary of Financial Position

(Assets)

Assets at the end of the first six months under review totaled 104,373 million yen, an increase of 2,881 million yen (2.8%) from the end of the previous fiscal year. This change mainly reflected an increase of 4,132 million yen in cash and cash equivalents coupled with an increase of 2,076 million yen resulting from the reclassification of items as assets held for sale, partly offset by decreases of 909 million yen in deferred tax assets, 814 million yen in other current assets, 558 million yen in right-of-use assets, 463 million yen in trade and other receivables and 274 million yen in other financial assets under non-current assets.

(Liabilities)

Liabilities at the end of the first six months under review totaled 36,291 million yen, an decrease of 183 million yen (0.5%) from the end of the previous fiscal year. This change chiefly reflected an increase of 1,906 million yen as a result of the reclassification of items as liabilities directly associated with assets held for sale, partly offset by decreases of 634 million yen in other financial liabilities under non-current liabilities, 522 million yen in income taxes payable, 520 million yen decrease in other liabilities and a decrease in other current liabilities of 372 million yen.

(Equity)

Equity at the end of the first six months under review totaled 68,081 million yen, an increase of 3,065 million yen (4.7%) from the end of the previous fiscal year. This change largely reflected the recording of profit attributable to owners of parent of 5,351 million yen, an increase of 2,713 million yen in retained earnings due to the dividends paid of 2864 million yen and the reversal of non-controlling interests' written put options of 127 million yen and an increase of 123 million yen in stock acquisitions rights, which is include in other capital components.

## (3) Summary of Cash Flows

At the end of the first six months under review, cash and cash equivalents ("Cash") increased 4,394 million yen from the end of the previous fiscal year, to 20,209 million yen, excluding 262 million yen in cash and cash equivalents included in assets held for sale. The primary factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 8,830 million yen (compared with net cash provided of 7,667 million yen in the same period of the previous year). This was primarily because inflows from operating activities such as an inflow of 7,868 million yen due to the recording of profit before income taxes and 1,012 million yen for depreciation and amortization, which are a non-cash expense, exceeded outflows such as income taxes paid of 1,114 million yen.

(Cash flow from investing activities)

Net cash provided by investing activities was 659 million yen (compared with net cash revenue of 18 million yen in the same period of the previous year). This primarily reflected proceeds from the sale of businesses of 750 million yen and proceeds from the sale of investment securities of 204 million yen, partly offset by the purchase of property, plant and equipment of 278 million yen.

(Cash flow from financing activities)

Net cash used in financing activities was 5,071 million yen (compared with net cash used of 6,993 million yen in the same period of the previous year). This is primarily attributable to dividends paid of 2,860 million yen and repayments of lease liabilities of 2,141 million yen.

(4) Summary of Information on Future Forecasts, including the Forecast of Consolidated Results

In consideration of the details of the Announcement Regarding Personnel Changes in Consolidated Subsidiaries (Stock Transfer) and Acquisition of Shares (Subsidiarization) published on November 27, 2023 (hereinafter the "Notice") as well as the recent trend in business performance, the Company has revised its consolidated results forecasts for the fiscal year ending June 30, 2024 released on August 10, 2023 in the Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (Under IFRS).

Based on the decision regarding the stock transfer described in the Notice, the manufacturing segment will be classified as discontinued operations starting from the fiscal year ending June 30, 2024. As a result, revenue, business profit and operating profit of the manufacturing business will be excluded from the consolidated results forecasts retroactively starting with the forecasts at the beginning of the period and profit (or loss) arising from the manufacturing business and the stock transfer described in the Notice will be presented as discontinued operations separately from relevant continuing operations in the consolidated statements of profit or loss. Meanwhile, following the decision to acquire stock as described in the Notice, the financial results of two companies engaging in the engineer dispatching business acquired from the UT Group will be incorporated into the consolidated financial results starting on April 1, 2024. This means that three months of the two companies' profits or losses will be included in the Consolidated Statements of Income. In addition, the Company has revised its financial results forecasts in consideration of other factors such as incidental expenses associated with the stock acquisition that is described in the Notice.

For details, please refer to the "Notice Regarding the Revision of Full-Year Consolidated Financial Performance Forecast" released simultaneously with this financial report.

2. Condensed Quarterly Consolidated Financial Statements and Notes on Important Matters

Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	Previous fiscal year (June 30, 2023)	Current Second Quarter (December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	16,077	20,209
Trade and other receivables	22,354	21,890
Other financial assets	1,218	1,193
Other current assets	3,688	2,874
Subtotal	43,338	46,167
Assets held for sale	-	2,076
Total current assets	43,338	48,244
Non-current assets		
Property, plant and equipment	1,687	1,574
Right-of-use assets	2,857	2,299
Goodwill	45,253	45,252
Intangible assets	1,418	1,298
Investments accounted for using equity method	752	781
Other financial assets	2,606	2,332
Deferred tax assets	2,986	2,077
Other non-current assets	589	513
Total non-current assets	58,152	56,128
Total assets	101,491	104,373



(Millions of yen)

	Previous fiscal year (June 30, 2023)	Current Second Quarter (December 31, 2023)
Liabilities and equities		
Liabilities		
Current liabilities		
Trade and other payables	2,448	1,928
Bonds and borrowings	1,415	1,153
Income taxes payable	2,282	1,760
Other financial liabilities	4,877	5,175
Provisions	18	1
Other current liabilities	20,554	20,181
Subtotal	31,596	30,201
Liabilities directly related to assets held for sale	-	1,906
Total current liabilities	31,596	32,107
Non-current liabilities		
Bonds and borrowings	120	60
Other financial liabilities	2,708	2,073
Deferred tax liabilities	1	56
Provisions	475	503
Other non-current liabilities	1,573	1,491
Total non-current liabilities	4,878	4,184
Total liabilities	36,475	36,291
Equity		
Share capital	4,695	4,710
Capital surplus	82,570	82,582
Retained earnings	-13,967	-11,254
Treasury shares	-8,269	-8,182
Other components of equity	-72	108
Total equity attributable to owners of parent	64,956	67,963
Non- controlling interests	59	117
Total equity	65,016	68,081
Total liabilities and equity	101,491	104,373

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income  
(Condensed quarterly consolidated statement of profit or loss)

(Millions of yen)

	Previous Second Quarter (July 1, 2022 - December 31, 2022)	Current Second Quarter (July 1, 2023 - December 31, 2023)
Continuing operations		
Revenue	74,952	85,053
Cost of sales	56,530	64,537
Gross profit	18,421	20,515
Selling, general and administrative expense	11,781	13,159
Other revenue	693	585
Other expense	28	30
Operating profit	7,305	7,911
Share of profit of entities accounted for using equity method	83	58
Financial revenue	29	29
Financial expenses	147	130
Profit before tax	7,270	7,868
Income tax expense	2,252	2,433
Profit from continuing operations	5,017	5,435
Discontinued operations		
Profit from discontinued operations	272	-54
Profit	5,290	5,380
Profit attributable to		
Owners of parent	5,264	5,351
Non- controlling interests	25	29
Profit	5,290	5,380
Profit per share		
Basic profit per share (Yen)	59.75	61.80
Continuing operations	56.65	62.43
Discontinued operations	3.10	-0.63
Diluted profit per share (Yen)	59.52	61.64
Continuing operations	56.43	62.27
Discontinued operations	3.09	-0.63

(Condensed quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Previous Second Quarter (July 1, 2022 - December 31, 2022)	Current Second Quarter (July 1, 2023 - December 31, 2023)
Profit	5,290	5,380
Other comprehensive income		
Balances related to items that will not be reclassified to profit or loss		
Financial assets at fair value through other comprehensive income	123	166
Remeasurements of defined benefit plans	0	1
Total items that will not be reclassified to profit or loss	123	167
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-27	16
Share of other comprehensive income of investments accounted for using equity method	-37	-29
Total items that may be reclassified to profit or loss	-64	-13
Total other comprehensive income, net of tax	58	154
Comprehensive income	5,348	5,535
Comprehensive income attributable to		
Owners of parent	5,324	5,507
Non- controlling interests	24	27
Comprehensive income	5,348	5,535

(3) Condensed quarterly statement of changes in equity  
Previous Second Quarter (July 1, 2022 - December 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Equity attributable to owners of parent				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of July 1, 2022	4,561	82,394	-19,933	-4,306	213	596
Profit			5,264			
Other comprehensive income						-63
Total comprehensive income	-	-	5,264	-	-	-63
Issuance of new shares	31	31			-1	
Dividends of surplus			-2,481			
Purchase of treasury shares		-11		-2,782		
Disposal of treasury shares		2		75		
Change in scope of consolidation			-			
Share-based payment transactions		-18			25	
Forfeiture of share acquisition		13			-13	
Transfer from other components of equity to retained earnings		-	1			
Total transactions with owners	31	17	-2,480	-2,706	9	-
Total changes	31	17	2,784	-2,706	9	-63
Balance as of December 31, 2022	4,592	82,411	-17,149	-7,012	223	532

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance as of July 1, 2022	-215	-	594	63,309	35	63,345
Profit				5,264	25	5,290
Other comprehensive income	123	0	59	59	-1	58
Total comprehensive income	123	0	59	5,324	24	5,348
Issuance of new shares			-1	61		61
Dividends of surplus			-	-2,481	-	-2,481
Purchase of treasury shares			-	-2,793		-2,793
Disposal of treasury shares			-	78		78
Change in scope of consolidation			-	-	0	0
Share-based payment transactions			25	6		6
Forfeiture of share acquisition			-13	-		-
Transfer from other components of equity to retained earnings	-1	-0	-1	-		-
Total transactions with owners	-1	-0	8	-5,130	0	-5,129
Total changes	122	-	67	194	25	219
Balance as of December 31, 2022	-93	-	662	63,504	60	63,564

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance as of July 1, 2023	4,695	82,570	-13,967	-8,269	67	617
Profit			5,351			
Other comprehensive income						-11
Total comprehensive income	-	-	5,351	-	-	-11
Issuance of new shares	14	14			-3	
Dividends of surplus			-2,864			
Purchase of treasury shares		-0		-2		
Disposal of treasury shares		7		89		
Change in scope of consolidation			-			
Share-based payment transactions		-11			128	
Forfeiture of share acquisition		1			-1	
Changes in written put option liabilities related to non-controlling interests, etc.			127			
Transfer from other components of equity to retained earnings		-	98			
Total transactions with owners	14	12	-2,637	86	123	-
Total changes	14	12	2,713	86	123	-11
Balance as of December 31, 2023	4,710	82,582	-11,254	-8,182	190	605

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance as of July 1, 2023	-756	-	-72	64,956	59	65,016
Profit				5,351	29	5,380
Other comprehensive income	166	1	156	156	-1	154
Total comprehensive income	166	1	156	5,507	27	5,535
Issuance of new shares			-3	26		26
Dividends of surplus			-	-2,864	-5	-2,870
Purchase of treasury shares			-	-2		-2
Disposal of treasury shares			-	96		96
Change in scope of consolidation			-	-	35	35
Share-based payment transactions			128	116		116
Forfeiture of share acquisition			-1	-		-
Changes in written put option liabilities related to non-controlling interests, etc.			-	127		127
Transfer from other components of equity to retained earnings	-97	-1	-98	-		-
Total transactions with owners	-97	-1	24	-2,500	29	-2,470
Total changes	68	-	180	3,007	57	3,065
Balance as of December 31, 2023	-687	-	108	67,963	117	68,081

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Second Quarter (July 1, 2022 - December 31, 2022)	Current Second Quarter (July 1, 2023 - December 31, 2023)
Cash flows from operating activities		
Profit before tax	7,270	7,868
Profit before tax from discontinued operations	336	231
Depreciation and amortization expense	1,153	1,012
Interest and dividend income	-27	-30
Interest expenses	63	88
Share of loss (profit) of entities accounted for using equity method	-83	-58
Loss on retirement of non-current assets	2	6
Decrease (increase) in trade and other receivables	-837	-953
Increase (decrease) in trade and other payables	635	-619
Increase(decrease) in accrued personnel expenses	-1,228	-211
Decrease (increase) in prepaid expenses	369	350
Decrease (increase) in lease receivables	665	653
Increase (decrease) in accrued consumption taxes	1,120	1,030
Other	497	631
Subtotal	9,937	10,000
Interest and dividends received	29	32
Interest paid	-56	-87
Income taxes paid	-2,244	-1,114
Cash flows from operating activities	7,667	8,830
Cash flows from investing activities		
Purchase of property, plant and equipment	-218	-278
Purchase of intangible assets	-147	-64
Proceeds from sale of businesses	-	750
Purchase of investment securities	-6	-0
Proceeds from sales of investment securities	25	204
Other	365	49
Cash flows from investing activities	18	659
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,055	139
Repayments of long-term borrowings	-307	-101
Redemption of bonds	-103	-126
Repayments of lease obligations	-2,173	-2,141
Dividends paid	-2,496	-2,860
Purchase of treasury shares	-2,782	-2
Dividends paid to non-controlling interests	-	-5
Other	-1,186	27
Cash flows from financing activities	-6,993	-5,071
Effect of exchange rate change on cash and cash equivalents	-51	-24
Net increase (decrease) in cash and cash equivalents	640	4,394
Cash and cash equivalents at beginning of period	12,404	16,077
Cash and cash equivalents included in assets held for sale	-	-262
Cash and cash equivalents at end of period	13,045	20,209



(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The business segments of the Group are the units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Group is expanding a full line-up of services including its staffing service and contracting business mainly for the technology and manufacturing fields in Japan and internationally, and the operating segments of the Group, without any integration, are its reportable segments.

Details of each segment are as follows.

Machinery, Electronics and IT Software Segment ... Development and design technician and other worker temporary staffing, contracting and consigning business

Construction Segment ... Construction manager engineer temporary staffing business and CAD operator temporary staffing business for customers in the construction industry

Manufacturing Segment ... Manufacturing site contracting, consigning and temporary staffing business for customers in the manufacturing industry

Overseas Segment ... Temporary staffing, contracting and placement business for the engineering and manufacturing sectors internationally

Starting from the beginning of the first six months of the consolidated fiscal year under review, the Company changed segment profit from conventional operating profit to an amount that reflects operating profit adjusted with the share of profit (loss) of investments accounted for using the equity method with a view toward further strengthening its management approach.

The segment information for the first six months of the previous fiscal year has been restated based on the segment profit for the first six months of the fiscal year under review.

On November 27, 2023, the Company entered into an agreement to transfer all shares of BeNEXT Partners Inc. to UT Group Co., Ltd. Accordingly, the business of BeNEXT Partners Inc. is classified as a discontinued operation.

Therefore, reclassification was implemented to relevant information for the first six months and the second quarter of the previous fiscal year. However, the manufacturing segment of the reporting segment includes the manufacturing-related worker dispatch business of BeNEXT Partners Inc. which was classified as a discontinued operation.

(2) Information regarding reportable segments

Accounting policies for reportable segments are generally the same as those stated in “Accounting policies in preparing the condensed consolidated financial statements.”

Also, inter-segment sales and transfers are valued at market prices.

First six months ended December 31, 2022 (July 1, 2022 – December 31, 2022)

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Before the adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (After the adjustment for discontinued operations)
	Machinery, Electronics and IT Software Segment	Constructio n Segment	Manufactur ing Segment	Overseas Segment	Total						
Revenue											
Revenue from external customers	38,947	19,714	5,391	15,681	79,734	609	80,343	-	80,343	-5,391	74,952
Intersegment revenue	28	0	2	62	93	325	419	-419	-	-	-
Total	38,975	19,715	5,393	15,744	79,828	934	80,762	-419	80,343	-5,391	74,952
Segment profit (Note 3)	4,590	3,394	319	650	8,954	89	9,044	-1,318	7,725	-337	7,388
Finance income									31	-1	29
Finance costs									149	-2	147
Profit before tax									7,607	-336	7,270

(Note) 1. "Other" is a segment which is not included in the reportable segment and it includes the business of promoting employment of persons with disabilities and the online programming learning service business.

2. The adjustment of -1,318 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 1,422 million yen and an inter-segment elimination of -103 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.
3. The total segment profit matches the amount that reflects operating profit in the condensed quarterly consolidated statement of profit or loss adjusted with the share of profit (loss) of investments accounted for using the equity method.
4. 83 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using the equity method, which is included in segment profit.

First six months ended December 31, 2023 (July 1, 2023 to December 31, 2023)

(Unit: Million yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Before the adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (After the adjustment for discontinued operations)
	Machinery, Electronics and IT Software Segment	Constructio n Segment	Manufactur ing Segment	Overseas Segment	Total						
Revenue											
Revenue from external customers	44,027	21,476	5,415	18,789	89,708	759	90,468	-	90,468	-5,415	85,053
Intersegment revenue	17	-	3	91	112	493	606	-606	-	-	-
Total	44,045	21,476	5,418	18,881	89,821	1,253	91,074	-606	90,468	-5,415	85,053
Segment profit (Note 3)	5,018	3,374	137	439	8,968	98	9,067	-865	8,202	-232	7,969
Finance income									30	-1	29
Finance costs									132	-1	130
Profit before tax									8,100	-231	7,868

(Note) 1. "Other" is a segment which is not included in the reportable segment and it includes the business of promoting employment of persons with disabilities and the online programming learning service business.

2. The adjustment of -865 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 1,799 million yen and an inter-segment elimination of -933 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.
3. The total segment profit matches the amount that reflects operating profit in the condensed quarterly consolidated statement of profit or loss adjusted with the share of profit (loss) of investments accounted for using the equity method.
4. 58 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using the equity method, which is included in segment profit.

(Assets held for sale and discontinued operations)

(1) Breakdown of assets held for sale and directly associated liabilities

The following is a breakdown of the assets held for sale and directly associated liabilities.

	(Unit: Million yen)	
	Previous consolidated fiscal year (As of June 30, 2023)	Consolidated for the second quarter fiscal year (As of December 31, 2023)
Assets held for sale		
Cash and cash equivalents	-	262
Trade and other receivables	-	1,164
Other	-	650
Total	-	2,076
Liabilities directly associated with assets held for sale		
Other current liabilities		1,433
Other	-	473
Total	-	1,906

Items that were classified either as assets held for sale or as liabilities directly associated with assets held for sale at the end of the first six months under review are related to BeNEXT Partners Inc. This classification is based on the decision to sell shares of the company.

The overview of discontinued operations pertaining to BeNEXT Partners Inc. is provided in (2) Discontinued operations

(i) Overview of the discontinued operations.

(2) Results of the discontinued operations

(i) Overview of the discontinued operations

On November 27, 2023, the Company concluded an agreement to transfer all shares of BeNEXT Partners Inc., its consolidated subsidiary, to UT Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

Therefore, the Company has classified profit (or loss) and cash flows related to BeNEXT Partners Inc. for the first six months as discontinued operations, and in addition, restated its financial results for the first six months of the previous consolidated fiscal year to present the discontinued operations separately.

(2) Results of the discontinued operations

	(Unit: Million yen)	
	First six months ended December 31, 2022 (July 1, 2022 – December 31, 2022)	First six months ended December 31, 2023 (July 1, 2023 – December 31, 2023)
Profit (loss) of the discontinued operations		
Revenue	5,391	5,415
Other gains	20	10
Other losses	-5,075	-5,193
Profit before tax from the discontinued operations	336	231
Income tax expenses	-63	-286
Profit (loss) from discontinued operations	272	-54

(iii) Cash flows from the discontinued operations

	(Unit: Million yen)	
	First six months ended December 31, 2022 (July 1, 2022 – December 31, 2022)	First six months ended December 31, 2023 (July 1, 2023 – December 31, 2023)
Cash flows from discontinued operations		
Cash flows from operating activities	5,412	5,415
Cash flow from investing activities	-5,054	-5,183
Cash flow from financing activities	336	231
Total	3	4