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Consolidated Financial Results for the Six Months Ended March 31, 2024 (Under Japanese GAAP)

May 15, 2024

Company name: Plus Alpha Consulting Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4071
 URL: <https://www.pa-consul.co.jp>
 Representative: Katsuya Mimuro, Representative Director and President
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 Scheduled date to file quarterly securities report: May 15, 2024
 Scheduled date to commence dividend payments: –
 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 March 31, 2024 (from October 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
March 31, 2024	6,465	24.4	2,166	26.7	2,168	26.7	1,471	26.4
March 31, 2023	5,197	–	1,710	–	1,711	–	1,163	–

Note: Comprehensive income For the six months ended March 31, 2024: ¥1,471 million [26.4%]
 For the six months ended March 31, 2023: ¥1,163 million [– %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
March 31, 2024	34.84	34.25
March 31, 2023	28.73	27.74

Note: The Company began to prepare quarterly consolidated financial statements from the three months ended December 31, 2022. Therefore, year-on-year changes for the six months ended March 31, 2023, cannot be shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
March 31, 2024	13,221	10,386	78.5
September 30, 2023	12,016	9,445	78.6

Reference: Equity
 As of March 31, 2024: ¥10,384 million
 As of September 30, 2023: ¥9,443 million

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 September 30, 2023	–	0.00	–	13.00	13.00
Fiscal year ending September 30, 2024	–	0.00			
Fiscal year ending September 30, 2024 (Forecast)			–	16.00	16.00

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

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2024	13,800	23.5	4,800	29.3	4,800	30.5	3,250	24.0	76.98

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of March 31, 2024	42,271,400 shares
As of September 30, 2023	42,218,600 shares

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

As of March 31, 2024	93 shares
As of September 30, 2023	93 shares

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

Six months ended March 31, 2024	42,239,102 shares
Six months ended March 31, 2023	40,513,498 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 financial results forecasts and other forward-looking statements herein are based on information available to the Company at the time of the release of these materials and certain assumptions deemed reasonable, and actual financial results, etc. may differ significantly due to a wide range of factors. For the assumptions used in forecasting financial results and notes regarding the use of financial results forecasts, please see “1. Qualitative Information on Quarterly Financial Results for the Period Under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Japanese version of the supplementary material.

Quarterly Consolidated Financial Statements and Principal Notes**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,278,003	9,044,529
Notes and accounts receivable - trade	1,231,654	1,413,124
Work in process	156	729
Other	194,131	300,257
Allowance for doubtful accounts	(1,862)	(32)
Total current assets	9,702,083	10,758,607
Non-current assets		
Property, plant and equipment	161,463	158,426
Intangible assets		
Goodwill	1,167,485	1,191,153
Other	324,700	294,176
Total intangible assets	1,492,186	1,485,330
Investments and other assets	660,307	819,367
Total non-current assets	2,313,956	2,463,124
Total assets	12,016,040	13,221,732

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	170,306	203,785
Income taxes payable	671,838	779,472
Provision for bonuses	204,823	219,358
Other	1,417,200	1,536,817
Total current liabilities	2,464,168	2,739,433
Non-current liabilities		
Deferred tax liabilities	106,137	95,523
Total non-current liabilities	106,137	95,523
Total liabilities	2,570,306	2,834,957
Net assets		
Shareholders' equity		
Share capital	447,718	456,958
Capital surplus	437,718	446,958
Retained earnings	8,558,704	9,481,265
Treasury shares	(226)	(226)
Total shareholders' equity	9,443,915	10,384,955
Share acquisition rights	1,818	1,818
Total net assets	9,445,733	10,386,774
Total liabilities and net assets	12,016,040	13,221,732

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Statements of Income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	5,197,677	6,465,812
Cost of sales	1,362,199	1,708,674
Gross profit	3,835,477	4,757,138
Selling, general and administrative expenses	2,125,042	2,590,239
Operating profit	1,710,435	2,166,899
Non-operating income		
Interest income	24	69
Interest on securities	1,570	1,570
Other	247	185
Total non-operating income	1,841	1,824
Non-operating expenses		
Interest expenses	38	–
Commission expenses	376	–
Other	84	–
Total non-operating expenses	499	–
Ordinary profit	1,711,777	2,168,723
Extraordinary losses		
Loss on step acquisitions	36,663	–
Total extraordinary losses	36,663	–
Profit before income taxes	1,675,114	2,168,723
Income taxes - current	546,198	735,506
Income taxes - deferred	(35,079)	(38,184)
Total income taxes	511,119	697,322
Profit	1,163,994	1,471,401
Profit attributable to owners of parent	1,163,994	1,471,401

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	1,163,994	1,471,401
Comprehensive income	1,163,994	1,471,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,163,994	1,471,401
Comprehensive income attributable to non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,675,114	2,168,723
Depreciation	89,342	55,636
Amortization of goodwill	64,860	64,860
Loss (gain) on step acquisitions	36,663	–
Increase (decrease) in allowance for doubtful accounts	(130)	(1,829)
Increase (decrease) in provision for bonuses	33,501	14,534
Interest and dividend income	(1,594)	(1,639)
Interest expenses	38	–
Loss on retirement of non-current assets	84	–
Decrease (increase) in trade receivables	(13,004)	(170,125)
Decrease (increase) in inventories	(1,880)	(572)
Increase (decrease) in trade payables	31,578	33,478
Decrease (increase) in prepaid expenses	(92,469)	(105,606)
Increase (decrease) in accounts payable - other	39,262	154,232
Increase (decrease) in accrued expenses	9,156	8,621
Increase (decrease) in accrued consumption taxes	3,249	(96,260)
Increase (decrease) in contract liabilities	3,545	50,851
Other, net	44,452	(40,651)
Subtotal	1,921,769	2,134,253
Interest and dividends received	1,594	1,639
Interest paid	(38)	–
Income taxes paid	(554,906)	(602,447)
Net cash provided by (used in) operating activities	1,368,419	1,533,445
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,150)	(15,887)
Purchase of intangible assets	–	(2,590)
Purchase of investment securities	–	(99,999)
Long-term loan advances	–	(50,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(612,109)	(35,999)
Proceeds from refund of leasehold and guarantee deposits	20	1,800
Payments of leasehold and guarantee deposits	–	(37,074)
Net cash provided by (used in) investing activities	(626,239)	(239,750)
Cash flows from financing activities		
Repayments of long-term borrowings	(178,085)	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	442,022	18,480
Dividends paid	(360,155)	(545,648)
Net cash provided by (used in) financing activities	(96,218)	(527,168)
Net increase (decrease) in cash and cash equivalents	645,962	766,526
Cash and cash equivalents at beginning of period	5,478,619	8,278,003
Cash and cash equivalents at end of period	6,124,581	9,044,529

(Segment information, etc.)

[Segment information]

I Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

1. Information on net sales and profit (loss) by reportable segment and information on disaggregation of revenue

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Marketing Solutions	HR Solutions	Total		
Net sales					
Goods or services transferred at a point in time	63,401	506,269	569,670	–	569,670
Goods or services transferred over time	1,650,372	2,977,633	4,628,006	–	4,628,006
Revenue from contracts with customers	1,713,773	3,483,903	5,197,677	–	5,197,677
Other revenue	–	–	–	–	–
Net sales to outside customers	1,713,773	3,483,903	5,197,677	–	5,197,677
Inter-segment net sales or transfers	–	–	–	–	–
Total	1,713,773	3,483,903	5,197,677	–	5,197,677
Segment profit	770,601	1,397,146	2,167,747	(457,312)	1,710,435

- (Notes) 1. The adjustments to segment profit are corporate expenses that have not been allocated to reportable segments, and are mainly general and administrative expenses that do not belong to any reportable segment.
2. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment
(Material change in goodwill amount)

Goodwill was incurred in the HR Solutions due to Grow Up Co., Ltd. becoming a consolidated subsidiary following the acquisition of its shares. The increase in the amount of goodwill caused by this event was ¥1,297,206 thousand for the six months ended March 31, 2023.

II Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

1. Information on net sales and profit (loss) by reportable segment and information on disaggregation of revenue

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Marketing Solutions	HR Solutions	Total		
Net sales					
Goods or services transferred at a point in time	66,591	609,577	676,168	–	676,168
Goods or services transferred over time	1,804,145	3,985,498	5,789,644	–	5,789,644
Revenue from contracts with customers	1,870,736	4,595,075	6,465,812	–	6,465,812
Other revenue	–	–	–	–	–
Net sales to outside customers	1,870,736	4,595,075	6,465,812	–	6,465,812
Inter-segment net sales or transfers	–	–	–	–	–
Total	1,870,736	4,595,075	6,465,812	–	6,465,812
Segment profit	804,311	1,911,820	2,716,131	(549,232)	2,166,899

- (Notes) 1. The adjustments to segment profit are corporate expenses that have not been allocated to reportable segments, and are mainly general and administrative expenses that do not belong to any reportable segment.
2. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment (Material change in goodwill amount)

Goodwill was incurred in the HR Solutions due to Attack Inc. becoming a consolidated subsidiary following the acquisition of its shares. The increase in the amount of goodwill caused by this event was ¥88,527 thousand for the six months ended March 31, 2024.

3. Information regarding changes, etc. to reportable segments

Starting from the first quarter of the fiscal year ending September 30, 2024, the Company has merged the Visualization Engine Business Division and the Customer Rings Business Division as the Marketing Solutions Headquarters, the objective being to link the services of its two businesses providing solutions in the marketing-related domain and to accelerate the development of new services, thereby creating new added value. In addition, the Company sees a promising future for capturing a certain level of demand with the trial Yorisoar business, and has therefore established the new Yorisoar Business Division, which together with the Talent Palette Business Division forms the HR Solutions Headquarters.

In conjunction with the above changes to the management structure, the Company has changed the reportable segments from the three categories of “Visualizing Engine Business,” “Customer Rings Business” and “Talent Palette Business” existing in the fiscal year ended September 30, 2023, to the two categories of “Marketing Solutions” and “HR Solutions.”

The segment information stated for the first six months of the fiscal year ended September 30, 2023 has been prepared based on the segment classifications after this change.