August 9, 2024

Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (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
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Scheduled date of annual general meeting of shareholders: September 25, 2024
Scheduled date to commence dividend payments: September 11, 2024
Scheduled date to file annual securities report: September 26, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to nearest million yen.)

1. Consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	173,225	14.9	14,297	25.0	14,293	17.5	14,555	16.4	11,811	23.8	11,768	23.4
June 30, 2023	150,697	-	11,441	-	12,164	-	12,508	-	9,544	35.4	9,533	36.7

	Total comprehensive income		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Million yen	%	Yen	Yen	%	%	%
June 30, 2024	12,457	30.7	135.76	135.52	17.0	13.3	8.3
June 30, 2023	9,533	39.8	109.13	108.86	14.9	12.6	8.1

Reference: Share of profit (loss) of investments accounted for using equity method
For the fiscal year ended June 30, 2024: ¥127 million
For the fiscal year ended June 30, 2023 : ¥150 million

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. In the current fiscal year, BeNEXT Partners Inc.'s business has been classified as discontinued operations. As a result, profit from discontinued operations is presented separately from continuing operations in the consolidated statements of profit. Accordingly, revenue, business profit, operating profit, and profit before tax for the current fiscal year are from the amounts of continuing operations. As the figures for the fiscal year ended June 30, 2023, the Company similarly recalculated and presented the amounts of continuing operations, the year-on-year changes in these figures are not shown.

(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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2024	116,566	73,347	73,198	62.8	843.15
June 30, 2023	101,491	65,016	64,956	64.0	750.50

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2024	19,177	-5,029	-8,889	21,506
June 30, 2023	15,598	611	-12,667	16,077

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	-	17.00	-	33.00	50.00	4,348	45.8	6.8
Fiscal year ended June 30, 2024	-	20.00	-	45.00	65.00	5,653	47.9	8.2
Fiscal year ending June 30, 2025 (Forecast)	-	30.00	-	45.00	75.00		57.8	

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

3. Forecast of consolidated financial results for the fiscal year ending June 2025 (July 1, 2024 through June 30, 2025)

(% 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	%	Millions of yen	%	Yen
Full year	193,000	11.4	16,000	11.9	16,000	11.9	16,000	9.9	11,270	-4.2	129.82

Note: 1. Since we manage our business performance on an annual basis, the forecasts for the first half are omitted.
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) Significant changes in the scope of consolidation during the period: Yes

New —2 companies (Company names) —Open Up Construction Inc., Open Up Technology Inc.

Exclude —1 company (Company name) —BeNEXT Partners Inc.

(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 June 30, 2024	91,778,775 shares
As of June 30, 2023	91,575,411 shares

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

As of June 30, 2024	4,963,624 shares
As of June 30, 2023	5,024,481 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2024	86,684,301 shares
Fiscal year ended June 30, 2023	87,359,536 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* 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 may differ significantly from the forecasts due to various factors.

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1. Overview of Results of Operations, etc.

(1) Overview of Results of Operations for the Fiscal Year under Review

An overview of the financial position, operating results and cash flows of the Group (Open Up Group Inc. and its consolidated subsidiaries and associates accounted for by the equity method) during the consolidated fiscal year under review is as follows.

Summary of Operating Results

Open Up Group Inc. (hereinafter, the “Company”) decided in November 2023 to transfer the shares of what was then the Company’s consolidated subsidiary BeNEXT Partners Inc. (currently UT Partners Inc.; hereinafter, “BeNEXT Partners”) that it held, and it has classified the business of BeNEXT Partners as discontinued operations in its consolidated financial statements. Therefore, revenue, gross profit, operating profit and profit before tax reflect the continuing operations excluding the discontinued operations. In addition, the 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 Consolidated Financial Statements (Discontinued Operations).

Revenue for the consolidated fiscal year under review increased 14.9% year on year, to 173,225 million yen. This revenue growth is attributable primarily to an increase in personnel in the Machinery, Electronics and IT Software Segment and the Construction Segment, a generally high utilization rate, the increased revenue in the Overseas Segment due to the impact of foreign exchange rates, and the contributions of two companies that became the Company’s subsidiaries on April 1, 2024. On the profit front, gross profit and the ratio of selling, general and administrative expenses to revenue remained at normal levels. However, there were factors decreasing profit, including a one-off cost resulting from the satisfaction of conditions for exercising share acquisition rights and the absence of employment adjustment subsidies. On the other hand, a gain on sale of shares of subsidiaries was posted as a result of the transfer of the shares of BeNEXT Partners. As a result, business profit came to 14,297 million yen (up 25.0% year on year), operating profit was 14,293 million yen (up 17.5%), profit came to 11,811 million yen (up 23.8%), and profit attributable to owners of parent came to 11,768 million yen (up 23.4%).

*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."

A summary of the results of each segment is as follows. The revenue of each segment is revenue from sales to external customers.

Starting from the beginning 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.

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

During the fiscal year under review, the number of employees steadily increased thanks to investment in recruitment that continued from the previous fiscal year, and the utilization rate was generally stable at 91% to 94% despite a slight decrease from the previous fiscal year. Moreover, the Company actively worked to improve unit prices in response to strong demand. Open Up Technology Inc. (formerly, UT Technology Co., Ltd.; hereinafter, “Open Up Technology”), which became the Company’s subsidiary on April 1, 2024, also contributed to the performance of the segment. Regarding profit, gross profit margin was generally maintained, offsetting a slight decrease in the utilization rate and an increase in employee wages. While the gain on the sale of the Product business of Neplus Inc. was posted as a special factor, negative factors such as one-time expenses due to the fulfillment of stock acquisition right exercise conditions, the absence of subsidies for employment adjustment received in the previous fiscal year, and an impairment loss on goodwill were incurred.

As a result, revenue and segment profit increased 13.3% and 3.7% year on year, to 91,064 million yen and 8,930 million yen, respectively, in the fiscal year under review.

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

During the fiscal year under review, the number of employees increased as a result of improved recruitment that had continued since the previous fiscal year, despite a slight rise in the retirement rate. There was progress in the improvement of contract unit prices in light of demand for human resources in the construction industry. Open Up Construction Inc. (formerly UT Construction Co., Ltd.; hereinafter, “Open Up Construction”), which became a subsidiary on April 1, 2024, also contributed to the performance of the segment. Regarding profit, the absence of the employment adjustment subsidies which were received in the previous fiscal year caused the profit margin to decrease slightly overall, despite the growth in profit due to the control of selling, general and administrative expenses, including recruitment expenses, which offset a slight decrease in the utilization rate.

As a result, revenue and segment profit increased 12.1% and 9.7% year on year, to 44,994 million yen and 6,878 million yen, respectively, in the fiscal year under review.

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

The Company sold all of its shares of its consolidated subsidiary BeNEXT Partners on April 1, 2024 and withdrew from the manufacturing staffing business.

As a result, in this segment the Company is posting the revenue and segment profit of BeNEXT Partners for the first nine months of the fiscal year under review and a gain on the sale of shares of subsidiaries from the transfer. In this segment, revenue was 7,993 million yen (down 27.3% year on year) and profit was 2,063 million yen (up 270.6% year on year).

[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 fiscal year under review, the UK economy remained somewhat recessionary while inflation slowly began to decline. Revenue rose in pound sterling terms as a result of activities to secure orders such as working steadily to develop new customer relationships. Profit margin 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 and segment profit increased 22.6% and 3.8% year on year, to 35,514 million yen and 570 million yen, respectively, in the fiscal year under review.

[Others]

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

During the fiscal year under review, the online programming lesson service focused on profitability, which successfully resulted in strong sales and profit. Revenue from the Group's service businesses grew significantly due to a decline in the impact of COVID-19 and the expansion of the range of services provided.

As a result, revenue increased 37.3% year on year to 2,635 million yen, including internal transactions, and profit rose 568.8% year on year to 254 million yen in this segment in the fiscal year under review.

(2) Overview of Financial Position for the Fiscal Year under Review

Assets / Liabilities / Net assets

(Assets)

Assets totaled 116,566 million yen at the end of the fiscal year under review after an increase of 15,074 million yen (14.9%) from the end of the previous consolidated fiscal year. Major changes included an increase of 5,821 million yen in goodwill due to the acquisition of Open Up Construction and Open Up Technology, an increase of 5,428 million yen in cash and cash equivalents, an increase of 2,350 million yen in trade and other receivables, an increase of 604 million yen in investments accounted for using equity method due to the acquisition of shares in associates and an increase of 593 million yen in other financial assets in non-current assets.

(Liabilities)

Liabilities at the end of the fiscal year under review totaled 43,217million yen, an increase of 6,743 million yen (18.5%) from the end of the previous fiscal year. This was principally a result of an increase of 3,282 million yen in accrued personnel expenses, an increase of 1,905 million yen in other current liabilities, an increase of 945 million yen in income taxes payable and an increase of 440 million yen in other financial liabilities in current liabilities.

(Equity)

Equity at the end of the fiscal year under review totaled 73,347 million yen, an increase of 8,331 million yen (12.8%) from the end of the previous fiscal year. This change was largely attributable to profit attributable to owners of parent of 11,768 million yen, an increase of 6,963 million yen in retained earnings chiefly due to dividends of surplus of 4,601 million yen and an increase of 939 million yen in other components of equity.

(3) Overview of Cash Flows for the Fiscal Year under Review

Status of cash flow

At the end of the fiscal year under review, cash and cash equivalents ("Cash") increased 5,428 million yen from the end of the previous fiscal year to 21,506 million yen. The status of cash flows at the end of the fiscal year under review and the primary factors responsible for those results are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 19,177 million yen (proceeds of 15,598 million yen in the previous year). This was a result primarily of 14,555 million yen in profit before tax, an increase of 3,377 million yen in accrued personnel expenses, 2,205 million yen in profit before tax from discontinued operations, 2,150 million yen in depreciation and amortization, which is a non-cash item, and other profit and loss reconciling items, an decrease of 1,650 million yen in accrued consumption tax and other dues, along with an increase of 1,365 million yen in lease receivables, exceeded the cash outflows for income taxes amounting to 3,334 million yen.

(Cash flow from investing activities)

Net cash used in investing activities was 5,029 million yen (proceeds of 611 million yen in the previous year). Primary factors included 6,418 million yen used for the purchase of shares of subsidiaries accompanying the change in scope of consolidation due to the acquisition of Open Up Construction and Open Up Technology, 581 million yen for the purchase of property, plant and equipment largely linked to the relocation of head office and 498 million yen for the purchase of investments in associates, which outweighed the 1,840 million yen in cash received from the sale of shares of subsidiaries resulting in a change in scope of consolidation due to sale of all shares of BeNEXT Partners and 750 million yen in proceeds from the sale of businesses of Neplus Inc.

(Cash flow from financing activities)

Net cash used in financing activities was 8,889 million yen (expenditure of 12,667 million yen in the previous year). This was chiefly attributable to 4,596 million yen in dividends paid, 4,520 million yen in repayments of lease liabilities, 201 million yen in repayments of non-current borrowings, which exceeded an increase in short-term loans payable of 509 million yen.

(Reference) Cash flow-related indicators

	FY6/21	FY6/22	FY6/23	FY6/24
Ratio of equity attributable to owners of parent (%)	61.4	65.6	64.0	62.8
Ratio of equity attributable to owners of parent based on market value (%)	109.3	137.3	178.8	156.4
Ratio of interest-bearing debt to cash flow (years)	2.1	0.1	0.1	0.1
Interest coverage ratio (times)	59.4	94.2	132.2	114.2

(Notes) 1. Ratio of equity attributable to owners of parent = Total equity attributable to owners of parent / Total assets
Ratio of equity attributable to owners of parent based on market value: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows
Interest coverage ratio: Cash flows / Interest expenses paid

2. Each indicator is calculated based on consolidated financial figures.
3. Total market capitalization is calculated using the closing share price at the end of the period x number of shares outstanding at the end of the period (after deduction of treasury shares).
4. Cash flows mean cash provided by cash provided from operating activities.
5. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.
6. Results for fiscal years before the fiscal year ended June 30, 2020 are omitted because the Company transitioned to IFRS on July 1, 2020 and applied the standard starting with results for the fiscal year ended June 30, 2021.

(4) Future Outlook

Outlook for the next fiscal year

The Machinery, Electronics and IT Software Segment will maintain a high utilization rate and high operating efficiency in machinery and electronics, retain engineers by improving retirement control follow-up, establish a human resource development model and improve unit prices to match individuals' skills. In doing so, the segment will seek to outperform market and competitor growth and expand earnings.

The IT segment will increase the number of working engineers through high operation efficiency, recognizing the persistent labor shortage. It will raise unit prices by focusing on developing employees' skills and careers after joining the Company, thereby increasing revenue and operating profit.

The Construction Segment will seek the long-term employment of engineers by increasing unit prices and taking steps to increase the employee retention rate, responding to the continued strength of demand for human resources. The segment will thus aim to entrench the Company as the domestic market leader while bolstering revenue and operating profit.

The Overseas Segment will aim to generate consistent profits by controlling costs and improving the management structure amid unstable external factors such as the impact of Brexit and high inflation.

Based on the above, revenue is expected to be 193,000 million yen (up 11.4%) and operating profit is projected to be 16,000 million yen (up 11.9%) for the fiscal year ending June 30, 2025. Profit attributable to owners of parent is expected to decrease by 4.2% to 11,270 million yen due to the absence of 1,332 million yen in profit from discontinued operations in the fiscal year ended June 30, 2024.

2. Basic Policy for Selecting Accounting Standards

The Group adopted IFRS to improve the international comparability of the financial information in equity markets and the level of control within the Group.

3. Consolidated Financial Statements and Notes on Important Matters

(1) Consolidated Statement of Financial Position

(Millions of yen)

	Previous fiscal year (June 30, 2023)	Current fiscal year (June 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	16,077	21,506
Trade and other receivables	22,354	24,705
Other financial assets	1,218	1,405
Other current assets	3,688	3,163
Total current assets	43,338	50,780
Non-current assets		
Property, plant and equipment	1,687	1,730
Right-of-use assets	2,857	3,084
Goodwill	45,253	51,075
Intangible assets	1,418	1,292
Investments accounted for using equity method	752	1,357
Other financial assets	2,606	3,199
Deferred tax assets	2,986	3,321
Other non-current assets	589	724
Total non-current assets	58,152	65,785
Total assets	101,491	116,566

(Millions of yen)

	Previous fiscal year (June 30, 2023)	Current fiscal year (June 30, 2024)
Liabilities and equities		
Liabilities		
Current liabilities		
Trade and other payables	2,448	2,786
Bonds and borrowings	1,415	1,606
Accrued personnel expenses	12,934	16,217
Income taxes payable	2,282	3,228
Other financial liabilities	4,877	5,317
Provisions	18	38
Other current liabilities	7,619	9,525
Total current liabilities	31,596	38,720
Non-current liabilities		
Bonds and borrowings	120	30
Other financial liabilities	2,708	2,401
Deferred tax liabilities	1	-
Provisions	475	591
Other non-current liabilities	1,573	1,474
Total non-current liabilities	4,878	4,497
Total liabilities	36,475	43,218
Equity		
Share capital	4,695	4,795
Capital surplus	82,570	82,716
Retained earnings	-13,967	-7,004
Treasury shares	-8,269	-8,176
Other components of equity	-72	867
Total equity attributable to owners of parent	64,956	73,198
Non-controlling interests	59	148
Total equity	65,016	73,347
Total liabilities and equity	101,491	116,566

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated statement of income)

(Millions of yen)

	Previous fiscal year (July 1, 2022 - June 30, 2023)	Current fiscal year (July 1, 2023 - June 30, 2024)
Continuing operations		
Revenue	150,697	173,225
Cost of sales	113,881	131,224
Gross profit	36,815	42,001
Selling, general and administrative expense	25,374	27,703
Other revenue	1,014	708
Other expense	291	712
Operating profit	12,164	14,293
Share of profit of entities accounted for using equity method	150	127
Financial revenue	317	303
Financial expenses	124	169
Profit before tax	12,508	14,555
Income tax expense	3,440	4,075
Profit from continuing operations	9,067	10,479
Discontinued operations		
Profit from discontinued operations	476	1,332
Profit	9,544	11,811
Profit attributable to		
Owners of parent	9,533	11,768
Non-controlling interests	10	43
Profit	9,544	11,811
Profit per share		
Basic earnings per share (Yen)	109.13	135.76
Continuing operations	103.68	120.38
Discontinued operations	5.45	15.37
Diluted earnings per share (Yen)	108.86	135.52
Continuing operations	103.42	120.17
Discontinued operations	5.44	15.35

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous fiscal year (July 1, 2022 - June 30, 2023)	Current fiscal year (July 1, 2023 - June 30, 2024)
Profit	9,544	11,811
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	-26	424
Remeasurements of defined benefit plans	0	0
Total items that will not be reclassified to profit or loss	-26	425
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-13	181
Share of other comprehensive income of investments accounted for using equity method	28	39
Total items that may be reclassified to profit or loss	15	220
Total other comprehensive income, net of tax	-11	645
Comprehensive income	9,533	12,457
Comprehensive income		
Owners of parent	9,528	12,399
Non-controlling interests	4	57
Comprehensive income	9,533	12,457

(3) Consolidated statement of changes in equity

Previous fiscal year (July 1, 2022 - June 30, 2023)

(Millions of yen)

	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			9,533			
Other comprehensive income						21
Total comprehensive income	-	-	9,533	-	-	21
Issuance of new shares	134	134			-156	
Dividends of surplus			-3,965			
Purchase of treasury shares		-16		-4,039		
Disposal of treasury shares		2		76		
Change in scope of consolidation						
Share-based payment transactions		53			12	
Forfeiture of share acquisition rights		2			-2	
Changes in written put option liabilities related to non-controlling interests, etc.			-116			
Transfer from other components of equity to retained earnings			514			
Total transactions with owners	134	175	-3,567	-3,962	-146	-
Total changes	134	175	5,965	-3,962	-146	21
Balance as of June 30, 2023	4,695	82,570	-13,967	-8,269	67	617

	Equity attributable to owners of parent					
	Other components of equity					
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total
Balance as of July 1, 2022	-215	-	594	63,309	35	63,345
Profit				9,533	10	9,544
Other comprehensive income	-26	0	-5	-5	-5	-11
Total comprehensive income	-26	0	-5	9,528	4	9,533
Issuance of new shares			-156	111		111
Dividends of surplus			-	-3,965		-3,965
Purchase of treasury shares			-	-4,056		-4,056
Disposal of treasury shares			-	78		78
Change in scope of consolidation			-	-	19	19
Share-based payment transactions			12	66		66
Forfeiture of share acquisition rights			-2	-		-
Changes in written put option liabilities related to non-controlling interests, etc.			-	-116		-116
Transfer from other components of equity to retained earnings	-513	-0	-514	-		-
Total transactions with owners	-513	-0	-661	-7,881	19	-7,862
Total changes	-540	-	-666	1,647	23	1,670
Balance as of June 30, 2023	-756	-	-72	64,956	59	65,016

Current fiscal year (July 1, 2023 - June 30, 2024)

(Millions of yen)

	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, 2023	4,695	82,570	-13,967	-8,269	67	617
Profit			11,768			
Other comprehensive income						206
Total comprehensive income	-	-	11,768	-	-	206
Issuance of new shares	100	100			-145	
Dividends of surplus			-4,601			
Purchase of treasury shares		-0		-5		
Disposal of treasury shares		7		97		
Change in scope of consolidation						
Share-based payment transactions		31			125	
Forfeiture of share acquisition rights		6			-6	
Changes in written put option liabilities related to non-controlling interests, etc.			130			
Transfer from other components of equity to retained earnings			-334			
Total transactions with owners	100	146	-4,804	92	-26	-
Total changes	100	146	6,963	92	-26	206
Balance as of June 30, 2024	4,795	82,716	-7,004	-8,176	41	823

	Equity attributable to owners of parent					
	Other components of equity					
	Financial assets at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total
Balance as of July 1, 2023	-756	-	-72	64,956	59	65,016
Profit				11,768	43	11,811
Other comprehensive income	424	0	631	631	13	645
Total comprehensive income	424	0	631	12,399	57	12,457
Issuance of new shares			-145	54		54
Dividends of surplus			-	-4,601	-5	-4,607
Purchase of treasury shares			-	-5		-5
Disposal of treasury shares			-	105		105
Change in scope of consolidation			-	-	37	37
Share-based payment transactions			125	157		157
Forfeiture of share acquisition rights			-6	-		-
Changes in written put option liabilities related to non-controlling interests, etc.			-	130		130
Transfer from other components of equity to retained earnings	334	-0	334	-		-
Total transactions with owners	334	-0	307	-4,158	31	-4,126
Total changes	759	-	939	8,241	89	8,331
Balance as of June 30, 2024	2	-	867	73,198	148	73,347

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous fiscal year (July 1, 2022 - June 30, 2023)	Current fiscal year (July 1, 2023 - June 30, 2024)
Cash flows from operating activities		
Profit before tax	12,508	14,555
Profit before tax from discontinued operations	595	2,205
Depreciation and amortization expense	2,242	2,150
Impairment loss (or reversal)	259	625
Interest and dividend income	-74	-66
Interest expenses	126	169
Share of loss (profit) of entities accounted for using equity method	-150	-127
Gains from the sale of subsidiary shares	-	△1,880
Gains on business tranfer	-	△478
Decrease (increase) in trade and other receivables	-1,408	-1,860
Increase (decrease) in trade and other payables	-274	-109
Increase(decrease) in accrued personnel expenses	1,441	3,377
Decrease (increase) in prepaid expenses	1,198	1,336
Decrease (increase) in lease receivables	1,235	1,365
Increase (decrease) in accrued consumption taxes	609	1,650
Other	1,301	-358
Subtotal	19,610	22,554
Interest and dividends received	127	125
Interest paid	-117	-167
Income taxes paid	-4,021	-3,334
Cash flows from operating activities	15,598	19,177
Cash flows from investing activities		
Purchase of property, plant and equipment	-427	-581
Purchase of intangible assets	-300	-149
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-73	-6,418
Purchase of affiliates	-	-498
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,840
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	-22
Proceeds from sale of businesses	-	750
Purchase of investment securities	-18	-202
Proceeds from sales of investment securities	878	211
Proceeds from sale and redemption of investments	-	67
Other	553	-27
Cash flows from investing activities	611	-5,029
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-80	509
Repayments of long-term borrowings	-437	-201
Redemption of bonds	-201	-126
Repayments of lease obligations	-4,054	-4,520
Dividends paid	-3,968	-4,596
Purchase of treasury shares	-4,039	-5
Other	113	49
Cash flows from financing activities	-12,667	-8,889
Effect of exchange rate change on cash and cash equivalents	130	171
Net increase (decrease) in cash and cash equivalents	3,672	5,428
Cash and cash equivalents at beginning of period	12,404	16,077
Cash and cash equivalents at end of period	16,077	21,506

(5) Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable.

(Change in Method of Presentation)

Consolidated Statement of Financial Position

“Accrued personnel expenses” included in “other current liabilities” under current liabilities in the previous fiscal year is stated independently from the fiscal year under review from the perspective of further clarifying this information's presentation. To apply this change in the presentation method, 20,554 million yen included in “other current liabilities” under current liabilities in the previous fiscal year has been reclassified as 12,934 million yen of “accrued personnel expenses” and 7,619 million yen of “other current liabilities.”

(Consolidated Statements of Cash Flows)

In the previous consolidated fiscal year, “Loss on disposal of fixed assets ,' which was listed separately under cash flows from operating activities, has now been included in 'Other' due to its reduced significance. To reflect this change in presentation, the 12 million yen previously listed under 'Loss on disposal of fixed assets' and the 289 million yen listed under 'Other' have been reclassified to 'Other' totaling 1,301 million yen in cash flows from operating activities for the previous fiscal year.

(Segment and Other 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 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 previous fiscal year presented in this report has been reclassified as the segment profit for the fiscal year under review.

The Company signed an agreement on November 27, 2023, to sell all of the shares of BeNEXT Partners it held to UT Group Co., Ltd. It sold the shares on April 1, 2024. In conjunction with this, the operations of BeNEXT Partners, which are included in the manufacturing segment, have been categorized as discontinued operations.

Therefore, the information for the previous fiscal year has been reclassified. However, the manufacturing segment of the reporting segment includes the contracting, outsourcing, and temporary staffing of manufacturing sites for manufacturing customers of BeNEXT Partners, which is classified as a discontinued operation.

(2) Segment revenues and operating results

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

The profit for the reportable segment is the amount of operating profit adjusted based on the share of profit (loss) of investments accounted for using equity method. Also, inter-segment sales and transfers are valued at market prices.

Fiscal year ended June 30, 2023 (July 1, 2022- June 30, 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	Construction Segment	Manufacturing Segment	Overseas Segment	Total						
Revenue											
Revenue from external customers	80,342	40,121	10,992	28,959	160,415	1,273	161,689	-	161,689	-10,992	150,697
Intersegment revenue	62	0	4	145	214	645	860	-860	-	-	-
Total	80,405	40,122	10,997	29,105	160,630	1,919	162,549	-860	161,689	-10,992	150,697
Segment profit (Note 3)	8,609	6,271	556	549	15,986	38	16,024	-3,114	12,910	-595	12,314
Finance income	-	-	-	-	-	-	-	-	321	-3	317
Finance costs	-	-	-	-	-	-	-	-	128	-4	124
Profit before tax	-	-	-	-	-	-	-	-	13,103	-595	12,508
Segment assets	39,223	51,512	3,310	6,979	101,025	297	101,322	168	101,491	-	101,491
Other items											
Depreciation and amortization	1,099	388	71	248	1,808	9	1,817	424	2,242	-71	2,170
Impairment losses	12	-	-	246	259	-	259	-	259	-	259
Capital expenditure	304	71	7	75	457	31	489	219	709	-7	702

(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. Adjustments are as follows.

(i) The adjustment of -3,114 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 3,368 million yen and an inter-segment elimination of -254 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

(ii) The segment profit adjustment of 168 million yen includes company-wide assets of 20,728 million yen that are not allocated to each reportable segment and the elimination through offsetting receivables and payables of -20,560 million yen. Corporate assets consist primarily of the Company's cash and cash equivalents, investment securities and right-of-use assets that are not attributable to any reportable segment.

(iii) The 424 million yen adjustment for depreciation and amortization in other items consists mainly of the depreciation of the Company's assets not attributable to any reportable segment. The reconciling items in capital expenditures amounting to 219 million yen primarily include the Company's capital expenditures and inter-segment unrealized profit not belonging to the reportable segments.

3. 150 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using equity method, which is included in segment profit.

Fiscal year ended June 30, 2024 (July 1, 2023 - June 30, 2024)

(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	Construction Segment	Manufacturing Segment	Overseas Segment	Total						
Revenue											
Revenue from external customers	91,064	44,994	7,993	35,514	179,566	1,650	181,217	2	181,219	-7,993	173,225
Intersegment revenue	41	-	4	187	233	984	1,217	-1,217	-	-	-
Total	91,105	44,994	7,998	35,701	179,800	2,635	182,435	-1,215	181,219	-7,993	173,225
Segment profit (Note 3)	8,930	6,878	2,063	570	18,442	254	18,696	-2,069	16,627	-2,205	14,421
Finance income	-	-	-	-	-	-	-	-	306	-2	303
Finance costs	-	-	-	-	-	-	-	-	172	-2	169
Profit before tax	-	-	-	-	-	-	-	-	16,760	-2,205	14,555
Segment assets	46,630	59,809	-	8,485	114,925	632	115,558	1,008	116,566	-	116,566
Other items											
Depreciation and amortization	993	431	54	185	1,665	13	1,678	471	2,150	-54	2,096
Impairment losses	625	-	-	-	625	-	625	-	625	-	625
Capital expenditure	353	122	9	69	555	17	573	312	885	-9	875

(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. Adjustments are as follows.

(i) The adjustment of -2,069 million yen for segment profit includes corporate expenses that are not allocated to any reportable segments of 3,989 million yen and an inter-segment elimination of -1,919 million yen. Corporate expenses are primarily the Company's operating expenses that are not attributable to specific reporting segments.

(ii) The segment profit adjustment of 1,008 million yen includes company-wide assets of 25,594 million yen that are not allocated to each reportable segment and the elimination through offsetting receivables and payables of -24,586 million yen. Corporate assets consist primarily of the Company's cash and cash equivalents, investment securities and right-of-use assets that are not attributable to any reportable segment.

(iii) The 471 million yen adjustment for depreciation and amortization in other items consists mainly of the depreciation of the Company's assets not attributable to any reportable segment. The reconciling items in capital expenditures amounting to 312 million yen primarily include the Company’s capital expenditures and inter-segment unrealized profit not belonging to the reportable segments.

3. 127 million yen has been recorded in the Overseas segment as the share of profit (loss) of investments accounted for using equity method, which is included in segment profit.

(3) Information related to products and services

Information about products and services is omitted because the classifications are the same as the reportable segments.

(4) Information related to geographic regions

Information about the ratio of non-current assets located outside Japan is omitted because it is less than 10%..

The breakdown of revenue by region is as follows.

Revenue from external customers

(Unit: Million yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 - June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 - June 30, 2024)
Japan	121,475	137,441
United Kingdom	28,898	35,470
Other	323	313
Total	150,697	173,225

(Note) 1. Revenue is classified by country based on the locations of customers.
2. Revenue is shown after adjustment for discontinued operations.

(5) Information related to major customers

Because there is no single external customer for whom revenue from transactions comprises 10% or more of the revenue of the Group, the description is omitted.

(Corporate Acquisitions)

(Acquisitions through Business Combinations)

On November 17, 2023, the Board of Directors resolved to acquire all shares of UT Technology Co., Ltd. (hereinafter "UT Technology") and UT Construction Co., Ltd. (hereinafter "UT Construction") from the UT Group, effective April 1, 2024, making them subsidiaries. The share transfer agreement was concluded on November 27, 2023, and both companies were fully acquired as subsidiaries on April 1, 2024.

(1) Overview of the Business Combination

1. Names and Business Activities of Acquired Companies

Names of the Acquired Companies	UT Technology Co., Ltd.	UT Construction Co., Ltd.
Business Activities	Engaged in on-site contract work and commissioned development in technology development	Engaged in dispatching construction engineers and providing employment agency services

2. Main Reasons for the Business Combination

Under our purpose of "Creating a society where each individual’s potential is unlocked through fulfilling work," we have achieved high growth in the engineer dispatch industry through our unique business model of developing inexperienced individuals into skilled engineers. Our business segments include engineer dispatch, manufacturing dispatch, and overseas operations. While we have focused on engineer dispatch, we sought to further optimize our business portfolio. After strategic discussions with UT Group, a leading company in the manufacturing dispatch industry, we agreed that concentrating on each company’s strengths would enhance business efficiency and growth. Consequently, we decided to acquire UT Group’s engineer dispatch business and transfer our manufacturing dispatch business to UT Group.

3. Date of Business Combination

April 1, 2024

4. Legal Form of the Combination

Acquisition of shares in exchange for cash

5. Names of the Combined Entities Post-Acquisition

Effective April 1, 2024, UT Technology will be renamed Open Up Technology Co., Ltd., and UT Construction will be renamed Open Up Construction Co., Ltd.

6. Percentage of Voting Shares Acquired

UT Technology Co., Ltd.	100%
UT Construction Co., Ltd.	100%

7. Main Basis for Deciding on the Acquired Companies

The acquisition was made in cash.

(2) Acquisition-Related Costs

Acquisition-related costs associated with this business combination amount to 22 million yen, all of which have been recorded under "Selling, General and Administrative Expenses" in the consolidated income statement.

(3) Fair Value of Consideration Transferred, Acquired Assets, and Assumed Liabilities as of the Acquisition Date

(Unit: million yen)

	UT Technology	UT Construction
Fair Value of Consideration Transferred		
Cash	2,371	5,000
Total	2,371	5,000
Fair Value of Acquired Assets and Assumed Liabilities		
Current Asset	1,180	1,145
Non-Current Assets (Note 1)	143	112
Total Assets	1,324	1,258
Current Liabilities	798	841
Total Liabilities	798	841
Net Fair Value of Acquired Assets and Assumed Liabilities	525	416
Goodwill (Note 2)	1,845	4,584

Note 1: Breakdown of intangible assets allocated, excluding goodwill, and their major types:

1. Amount Allocated to Intangible Assets and Breakdown by Major Types

UT Technology	Backlog of orders	35 million yen
UT Construction	Backlog of orders	21 million yen

2. Weighted Average Useful Lives by Overall and Major Types

UT Technology	Backlog of orders	1 year
UT Construction	Backlog of orders	3 months

Note 2: The goodwill arising from this business combination is allocated to the Electromechanical and IT segment for UT Technology and to the Construction segment for UT Construction. The primary components of goodwill are expected synergies from existing businesses and excess earnings capacity that do not meet separate recognition criteria. No amount of goodwill is expected to be deductible for tax purposes.

(4) Fair Value of Acquired Receivables, Contractual Receivables, and Expected Collectability

The fair value of the acquired trade receivables and other receivables, as well as the contractual amounts receivable and expected uncollectible amounts, are as follows

(Unit: million yen)

	Fair Value	Contractual Receivables	Expected Uncollectible
UT Technology	651	651	–
UT Construction	652	652	–

(5) Cash Flows from the Acquisition

(Unit: million yen)

	UT Technology	UT Construction
Cash and Cash Equivalents Paid	2,371	5,000
Cash and Cash Equivalents Held by Acquired Companies	495	458
Net Cash Outflow for Acquisition	1,875	4,542

(6) Impact on Performance

Revenue and net income generated from the acquired companies since the acquisition date are not material and thus omitted from this report. Additionally, pro forma financial information assuming the acquisition occurred at the beginning of the fiscal year is not disclosed as it is not material to the consolidated financial statements. Please note that the pro forma information has not been audited.

(Discontinued operations)

(1) Overview of the discontinued operations

On November 27, 2023, the Company concluded an agreement to transfer all shares in BeNEXT Partners, its consolidated subsidiary, to UT Group Co., Ltd., a company listed on the Tokyo Stock Exchange, and implemented the transfer on April 1, 2024.

Therefore, profit (loss) and cash flows related to BeNEXT Partners for the consolidated fiscal year under review were classified as discontinued operations, and in addition, the results for the previous consolidated fiscal year have been restated to present the discontinued operations separately.

(2) Main Breakdown of Assets and Liabilities as of the Date of Loss of Control

(Unit: million yen)

	Amou
Breakdown of Assets at the Time of Loss of Control	
Current Assets	2,850
Non-current Assets	384
Total Assets	3,235
Breakdown of Liabilities at the Time of Loss of Control	
Current Liabilities	1,821
Non-current Liabilities	108
Total Liabilities	1,930

(3) Results of the discontinued operations

(Unit: Million yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 - June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 - June 30, 2024)
Profit (loss) of the discontinued operations		
Revenue	10,992	7,993
Other gains	27	1,900
Expenses	-10,424	-7,689
Profit before tax from the discontinued operations	595	2,205
Income tax expenses	-118	-872
Profit from discontinued operations	476	1,332

(4) Cash flows from discontinued operations

(Unit: Million yen)

	Fiscal year ended June 30, 2023 (July 1, 2022 - June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 - June 30, 2024)
Cash flows from discontinued operations		
Cash flows from operating activities	695	493
Cash flow from investing activities	-18	1,831
Cash flow from financing activities	-437	-290
Total	239	2,034

(5) Cash Flows from Loss of Control

(Unit: million yen)

	Amount
Cash Received as Consideration	3,185
Cash and Cash Equivalents among Assets at the Time of Loss of Control	1,344
Income from Sale of Subsidiary	1,840

(6) Profit and Loss from Loss of Control

We have recognized a profit of 1,880 million yen from the loss of control over B-Nex Partners in the consolidated income statement as profit from discontinued operations for the current fiscal period.

(Per Share Information)

(1) The basis for calculation of basic earnings per share

	Fiscal year ended June 30, 2023 (July 1, 2022 - June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023 - June 30, 2024)
Profit attributable to owners of parent (million yen)	9,533	11,768
Profit not attributable to holders of ordinary shares of parent (million yen)	-	-
Profit used to calculate basic earnings per share (million yen)	9,533	11,768
Profit from continuing operations used to calculate basic earnings per share (million yen)	9,057	10,435
Profit from discontinued operations used to calculate basic earnings per share (million yen)	476	1,332
Weighted average number of common shares (shares)	87,359,536	86,684,301
Basic earnings per share (Yen)	109.13	135.76
Continuing operations	103.68	120.38
Discontinued operations	5.45	15.37

(2) The basis for the calculation of diluted earnings per share

	Fiscal year ended June 30, 2023 (July 1, 2022- June 30, 2023)	Fiscal year ended June 30, 2024 (July 1, 2023- June 30, 2024)
Profit used to calculate basic earnings per share (million yen)	9,533	11,768
Adjustment to profit for the period (million yen)	-	-
Profit used to calculate diluted earnings per share (million yen)	9,533	11,768
Profit from continuing operations used to calculate diluted earnings per share (million yen)	9,057	10,435
Profit from discontinued operations used to calculate diluted earnings per share (million yen)	476	1,332
Weighted average number of common shares (shares)	87,359,536	86,684,301
Increase in number of common shares	213,121	151,541
Share acquisition rights (share)	213,121	151,541
Weighted average number of diluted ordinary shares (shares)	87,572,656	86,835,842
Diluted earnings per share (Yen)	108.86	135.52
Continuing operations	103.42	120.17
Discontinued operations	5.44	15.35

(Significant Subsequent Events)
(Acquisition of Shares of Subsidiaries)

At the meetings held on July 19, 2024, the Board of Directors of the Company passed a resolution to purchase all of the shares of Ophiuchus Invesco Co., Ltd. (hereinafter, "Ophiuchus Invesco"), make IR Inc. an affiliate and make Ophiuchus Invesco a subsidiary. The Company then signed a share transfer agreement dated August 7, 2024.

The provisions of IFRS 3 Business Combinations will apply regarding the purchase of Ophiuchus Invesco.

1. Reasons for the share acquisition

The Company has achieved high growth in the engineer staffing service industry through its unique business model of developing unexperienced individuals into engineers to open up individual potential through rewarding work. The Company is expanding its business in the engineer market to continue to achieve high growth. In particular, the Company leads the industry in construction-worker staffing and plans to enhance its construction-worker staffing in response to the continually high demand for human resources that is expected in the construction industry.

IR Inc. operates the staffing and recruiting agent service in the construction industry. It is headquartered in Nagoya and has a business base in the Tokai region, where the Company's market share is low. A strength of IR Inc. is its efficient recruitment using social media.

Through this share acquisition, the Company expects to be able to use the efficient recruitment of IR Inc. within the Company in addition to the strengthening of business in the Tokai region where the Company's market share is low.

2. Outline of share acquisition

(1) Outline of subsidiary to be acquired

Name	Ophiuchus Invesco Co., Ltd.
Business description	Possession and management of shares of IR Inc.

(2) Date of the business combination

October 1, 2024 (plan)

(3) Legal form of the business combination

Cash acquisition of shares

(4) Name of the combined entity

No change

(5) Ratio of acquired equity interest with voting rights
100.0%

(6) Main reason for the decision to acquire the company
The ability of the Company to acquire the company's stock for cash

3. Purchase price and breakdown

Consideration for acquisition	6,000 million yen
Cash	6,000 million yen

4. Breakdown and amounts of major related costs
Advisory fees, commission and others 123 million yen (estimate)

5. Goodwill arising from the business combination
Not yet determined

6. Fair value and breakdown of assets and liabilities assumed on date of the business combination
Not yet determined