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Consolidated Financial Results for the Fiscal Year Ended July 31, 2023 [Japanese GAAP]



September 14, 2023

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Annual General Meeting of Shareholders: October 25, 2023
 Scheduled date of commencing dividend payments: –
 Scheduled date of filing annual securities report: October 25, 2023
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2023 (August 1, 2022 - July 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
July 31, 2023	56,273	28.0	13,225	59.7	14,373	65.0	9,928	69.6
July 31, 2022	43,954	53.2	8,282	249.7	8,713	283.1	5,852	311.9

(Note) Comprehensive income: Fiscal year ended July 31, 2023: ¥10,012 million [71.1%]

Fiscal year ended July 31, 2022: ¥5,853 million [311.9%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
July 31, 2023	256.78	239.09	29.3	27.7	23.5
July 31, 2022	160.76	140.35	22.8	21.5	18.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2023: ¥319 million

Fiscal year ended July 31, 2022: ¥319 million

(Note) In the fiscal year ended July 31, 2023, the Company has confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for the fiscal year ended July 31, 2022 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2023	57,873	39,129	67.4	997.15
As of July 31, 2022	45,952	28,772	62.5	748.70

(Reference) Equity: As of July 31, 2023: ¥38,990 million

As of July 31, 2022: ¥28,716 million

(Note) In the fiscal year ended July 31, 2023, the Company has confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for the fiscal year ended July 31, 2022 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
As of July 31, 2023	11,024	(870)	(346)	41,170
As of July 31, 2022	9,608	(3,954)	77	31,362

2. Dividends

	Annual Dividend					Total dividends	Dividend payment ratio (consolidated)	Dividend / Net assets (consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended July 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended July 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending July 31, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2024 (August 1, 2023 - July 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	66,400	18.0	16,000	21.0	16,320	13.5	10,930	10.1	279.57

(Note) For details, please refer to “1. Overview of Operating Results (4) Future Outlook” on page 4 of the Attachments.

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

July 31, 2023:	39,096,200 shares
July 31, 2022:	38,346,700 shares
 - 2) Total number of treasury shares at the end of the period:

July 31, 2023:	213 shares
July 31, 2022:	179 shares
 - 3) Average number of shares during the period:

Fiscal year ended July 31, 2023:	38,667,830 shares
Fiscal year ended July 31, 2022:	36,406,466 shares

Reference: Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2023 (August 1, 2022 - July 31, 2023)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
July 31, 2023	9,670	38.1	5,243	84.7	5,223	85.5	5,533	86.7
July 31, 2022	7,001	303.3	2,839	—	2,816	—	2,963	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
July 31, 2023	143.10	133.24
July 31, 2022	81.41	71.08

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2023	54,839	30,560	55.5	777.99
As of July 31, 2022	41,423	24,596	59.3	639.89

(Reference) Equity: As of July 31, 2023: ¥30,421 million
As of July 31, 2022: ¥24,544 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The statements regarding the forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

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1. Overview of Operating Results

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

Statements in this document about the future reflect the Group's judgments as of the end of the fiscal year under review.

In the fiscal year under review, we confirmed the provisional accounting treatment concerning business combinations. Accordingly, we used the revised amounts reflected in the confirmation of the provisional treatment for comparison and analysis with the amounts for the previous fiscal year.

In the fiscal year under review, the Japanese economy showed signs of gradual recovery as COVID-19 was downgraded from Class 2 to Class 5 and socioeconomic activities normalized. On the other hand, the outlook for the global macroeconomy continues to require close attention to such factors as a surge of raw material prices reflecting the prolonged unstable global situation and the downward risk of the overseas economy amid the ongoing monetary tightening.

Under these circumstances, the Group's core BizReach business boosted performance of the entire Group for the fiscal year under review as well, backed by a continued willingness of companies to recruit human resources.

As a result, in the fiscal year ended July 31, 2023, the Group recorded net sales of ¥56,273 million (up 28.0% year on year), operating profit of ¥13,225 million (up 59.7% year on year), ordinary profit of ¥14,373 million (up 65.0% year on year), and profit attributable to owners of parent of ¥9,928 million (up 69.6% year on year).

Performance by segment was as follows.

(i) HR Tech

The HR Tech segment consists of BizReach, HRMOS, and other HR Tech services.

The BizReach business achieved growth in comparison to the end of the previous fiscal year in all of its growth indices, as a result of the continued strength of human resources demand in the professional human resources domain and aggressive advertising. As of the end of the fiscal year under review, the cumulative number of registered direct employers (Note 1) increased to more than 26,200 (compared to more than 21,100 as of the end of the previous fiscal year), the number of active direct employers (Note 2) increased to more than 13,400 (compared to more than 10,400 as of the end of the previous fiscal year), the number of active headhunters (Note 3) rose to more than 6,600 (compared to more than 5,500 as of the end of the previous fiscal year), and the number of scoutable job seekers (Note 4) increased to more than 2.14 million (compared to more than 1.70 million as of the end of the previous fiscal year). The business recorded net sales of ¥49,161 million (up 30.7% year on year), and adjusted operating profit before corporate expense allocation (Note 5) of ¥20,126 million (up 14.3% year on year).

In the HRMOS business, we are conducting marketing activities to expand the number of customers while continuing product development such as the development of new functionality. In August 2022, the business released a free cloud HRMOS year-end tax adjustment function, a new function of HRMOS Attendance Management, which allows users to respond to the digitalization of the year-end tax adjustment. In addition, in March 2023, the business released an organization simulation function and a 360° feedback function, new functions of HRMOS Talent Management, which allow users to consider the placement of human resources based on a comprehensive selection of employee data and conduct objective and multifaceted evaluations by coordinating with employee databases, respectively, and in June 2023, the business also released a dashboard function (beta version), which allows users to visualize and analyze human capital issues and human resource and organizational issues.

As for the combined KPI of HRMOS ATS module and HRMOS Talent Management module, ARR (Note 6) rose 31.5% to ¥2,139 million, the number of unique paying customers (Note 7) increased 29.6% to 1,546, and ARPU (Note 8) rose 1.4% to ¥115,323 from the end of the previous fiscal year. The churn rate (Note 9),

which is a 12-month average, was 0.49%.

As a result, the HRMOS business, which includes HRMOS ATS, HRMOS Talent Management, and HRMOS Attendance Management, recorded net sales of ¥2,184 million (up 49.8% year on year), and an adjusted operating loss before corporate expense allocation (Note 5) of ¥1,740 million (loss of ¥2,954 million for the previous fiscal year). As a result, in the fiscal year ended July 31, 2023, the HR Tech segment recorded net sales of ¥53,685 million (up 28.5% year on year) and segment profit of ¥15,701 million (up 47.7% year on year).

- (Notes)
1. The total number of direct employers that have subscribed to BizReach, excluding headhunters
 2. The number of direct employers that have subscribed to BizReach for at least 1 day during the fiscal year
 3. The number of headhunters that have been screened by BizReach, Inc.
 4. The number of registered BizReach users who have configured their employment history to be disclosed to hiring companies or who have configured their employment history to be disclosed to headhunters
 5. This is the operating profit or loss of the business before bearing the personnel expenses and ancillary outsourcing and other general administrative expenses associated with accounting, legal, human resources, and other business administration, and also personnel costs and ancillary outsourcing and other costs of the information systems and design divisions that cannot be charged directly to specific products and services.
 6. Annual Recurring Revenue. This is calculated by multiplying the MRR (Monthly Recurring Revenue) in the final month of the quarter by 12. The MRR is the total monthly revenue from customers subject to recurring billing as of the end of the target period (excluding one-time revenue).
 7. The number of unique paying users of HRMOS ATS and HRMOS Talent Management services
 8. Average Revenue per User. $MRR \text{ as of the end of the month} \div \text{number of unique paying customers}$
 9. Reduction in MRR due to the cancellation in the current month divided by MRR at the end of the previous month is defined as the single-month churn rate, and the churn rate is the average of the last 12 months.

(ii) Incubation

The Incubation segment includes Trabox, M&A Succeed, BizHint, yamory, and Assured etc.

Each business in the Incubation segment conducted activities within the limits of profits generated from the HR Tech segment, including human resource investment, new-product development, and advertising activities. In the fiscal year ended July 31, 2023, the segment recorded net sales of ¥2,460 million (up 22.9% year on year) and segment loss of ¥1,401 million (loss of ¥1,649 million for the previous fiscal year).

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

As of the end of the fiscal year under review, total assets amounted to ¥57,873 million, a ¥11,921 million increase since the end of the previous fiscal year. This was primarily due to a ¥9,808 million increase in cash and deposits to ¥41,170 million, a ¥794 million increase in accounts receivable – trade to ¥ 5,151 million due to the growth in net sales, and a ¥354 million increase in investment securities to ¥451 million.

As of the end of the fiscal year under review, total liabilities amounted to ¥18,744 million, a ¥1,564 million increase since the end of the previous fiscal year. This was primarily due to a ¥1,917 million increase in unearned contract liabilities to ¥6,858 million due to an increase in the number of corporate users for the BizReach business, and a ¥1,028 million increase in income taxes payable to ¥3,059 million.

As of the end of the fiscal year under review, net assets amounted to ¥39,129 million, a ¥10,356 million increase since the end of the previous fiscal year. This was mainly due to a ¥9,928 million increase in retained earnings due to the recording of profit attributable to owners of parent.

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

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥41,170 million. The status of cash flows in the fiscal year under review and the factors responsible for those results are as follows:

Cash flows from operating activities resulted in a net inflow of ¥11,024 million primarily due to the recording of profit before income taxes of ¥14,377 million, a ¥1,917 million increase in contract liabilities, a ¥795 million increase in trade receivables, and income taxes paid of ¥5,189 million.

Cash flows from investing activities resulted in a net outflow of ¥870 million primarily due to purchase of property, plant and equipment of ¥584 million, and payments of leasehold deposits of ¥185 million.

Cash flows from financing activities resulted in a net outflow of ¥346 million primarily due to proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥260 million, and repayments of long-term borrowings of ¥606 million.

(4) Future Outlook

For the fiscal year ending July 31, 2024, the Group expects ¥66,400 million (up 18.0% year on year) based on the premise that the current conditions will continue in the hiring market, although the future remains uncertain owing to such factors as a surge of raw material prices and fluctuation in the financial capital markets.

For the fiscal year ending July 31, 2024, the Group expects net sales of ¥59,000 million (up 20.0% year on year) for the BizReach business based on the premise that companies' recruiting demand for professional human resources will continue to increase.

For the fiscal year ending July 31, 2024, the Group expects net sales of ¥3,300 million (up 51.0% year on year) for the HRMOS business due to customer cultivation and feature expansion, etc., while also continuing to prioritize product development.

The Group plans to report the financial results of HRMOS Expense Management, an expense reimbursement system which was acquired in March 2022 and rebranded in the fiscal year ended July 31, 2023, by integrating them into the financial results of the HRMOS business from the first quarter of the fiscal year ending July 31, 2024, and the above net sales of ¥3,300 million are composed of HRMOS ATS, HRMOS Talent Management, HRMOS Payroll, HRMOS Attendance Management, and HRMOS Expense Management.

As a result of the foregoing, the Group expects consolidated net sales of ¥66,400 million (up 18.0% year on year) and ¥16,000 million (up 21.0% year on year) for the fiscal year ending July 31, 2024.

In non-operating loss (profit) items, the Group expects ¥16,320 million (up 13.5% year on year) primarily due to the recording of share of profit of entities accounted for using equity method. The Group does not expect any extraordinary income or losses, and expects ¥10,930 million (up 10.1% year on year) based on the calculation of income taxes, etc. in accordance with its profit plan.

2. Basic Policy on Selecting Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP, taking into account the comparability of the consolidated financial statements with other periods.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(in millions of yen)

	As of July 31, 2022	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	31,362	41,170
Accounts receivable - trade	4,356	5,151
Other	1,082	2,645
Allowance for doubtful accounts	(57)	(64)
Total current assets	36,743	48,902
Non-current assets		
Property, plant and equipment		
Buildings	748	896
Accumulated depreciation	(413)	(524)
Buildings, net	334	371
Leased assets	148	3
Accumulated depreciation	(148)	(3)
Leased assets, net	0	—
Construction in progress	27	105
Other	850	1,048
Accumulated depreciation	(478)	(679)
Other, net	371	368
Total property, plant and equipment	735	845
Intangible assets		
Software	389	298
Goodwill	3,300	2,799
Customer relationship	1,595	1,356
Other	1	1
Total intangible assets	5,287	4,455
Investments and other assets		
Investment securities	97	451
Leasehold deposits	847	871
Deferred tax assets	1,576	1,685
Other	672	671
Allowance for doubtful accounts	(8)	(9)
Total investments and other assets	3,185	3,669
Total non-current assets	9,208	8,971
Total assets	45,952	57,873

(in millions of yen)

	As of July 31, 2022	As of July 31, 2023
Liabilities		
Current liabilities		
Current portion of long-term borrowings	205	7
Accounts payable – other	4,054	3,934
Income tax payable	2,030	3,059
Contract liabilities	4,941	6,858
Lease obligations	0	-
Provision for bonuses	1,161	1,034
Other	1,594	1,433
Total current liabilities	13,988	16,328
Non-current liabilities		
Liabilities from application of equity method	2,453	2,133
Deferred tax liabilities	296	249
Long-term borrowings	440	32
Total non-current liabilities	3,190	2,415
Total liabilities	17,179	18,744
Net assets		
Shareholders' equity		
Share capital	6,226	6,356
Deposits for subscriptions of shares	6	5
Capital surplus	10,190	10,321
Retained earnings	12,294	22,223
Treasury shares	(1)	(1)
Total shareholders' equity	28,716	38,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	84
Total accumulated other comprehensive income	0	84
Share acquisition rights	56	139
Total net assets	28,772	39,129
Total liabilities and net assets	45,952	57,873

(2) Consolidated Statement of Income and Comprehensive Income
Consolidated Statement of Income

(in millions of yen)

	For the fiscal year ended July 31, 2022	For the fiscal year ended July 31, 2023
Net sales	43,954	56,273
Cost of sales	5,802	5,815
Gross profit	38,151	50,457
Selling, general and administrative expenses	29,869	37,231
Operating profit	8,282	13,225
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	319	319
Penalty income	98	779
Other	32	58
Total non-operating income	451	1,157
Non-operating expenses		
Interest expenses	1	0
Issuance cost of subscription rights to shares	3	—
Foreign exchange losses	2	2
Provision of allowance for doubtful accounts	8	1
Commitment fees	4	4
Other	0	0
Total non-operating expenses	21	9
Ordinary profit	8,713	14,373
Extraordinary income		
Gain on sale of non-current assets	—	2
Gain on reversal of share acquisition rights	3	4
Total extraordinary income	3	6
Extraordinary losses		
Loss on valuation of investment securities	—	3
Total extraordinary losses	—	3
Profit before income taxes	8,717	14,377
Income taxes - current	3,113	4,640
Income taxes - deferred	(249)	(192)
Total income taxes	2,864	4,448
Profit	5,852	9,928
Profit attributable to owners of parent	5,852	9,928

Consolidated Statement of Comprehensive Income

(in millions of yen)

	For the fiscal year ended July 31, 2022	For the fiscal year ended July 31, 2023
Profit	5,852	9,928
Other comprehensive income		
Valuation difference on available-for-sale securities	0	83
Total other comprehensive income	0	83
Comprehensive income	5,853	10,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,853	10,012
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended July 31, 2022 (From August 1, 2021 to July 31, 2022)

(in millions of yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,063	–	10,027	6,442	–	22,533
Changes during period						
Issuance of new shares - exercise of share acquisition rights	162	6	162			331
Profit attributable to owners of parent				5,852		5,852
Purchase of treasury shares					(1)	(1)
Issuance of share acquisition rights						
Forfeiture of share acquisition rights						
Net changes in items other than shareholders' equity						
Total changes during period	162	6	162	5,852	(1)	6,183
Balance at end of period	6,226	6	10,190	12,294	(1)	28,716

	Accumulated other comprehensive income	Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of period	0	3	22,536
Changes during period			
Issuance of new shares - exercise of share acquisition rights			331
Profit attributable to owners of parent			5,852
Purchase of treasury shares			(1)
Issuance of share acquisition rights		6	6
Forfeiture of share acquisition rights		(3)	(3)
Net changes in items other than shareholders' equity	0	50	50
Total changes during period	0	52	6,236
Balance at end of period	0	56	28,772

For the fiscal year ended July 31, 2023 (From August 1, 2022 to July 31, 2023)

(in millions of yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,226	6	10,190	12,294	(1)	28,716
Changes during period						
Issuance of new shares - exercise of share acquisition rights	130	(0)	130			260
Profit attributable to owners of parent				9,928		9,928
Purchase of treasury shares					(0)	(0)
Forfeiture of share acquisition rights						
Net changes in items other than shareholders' equity						
Total changes during period	130	(0)	130	9,928	(0)	10,189
Balance at end of period	6,356	5	10,321	22,223	(1)	38,905

	Accumulated other comprehensive income	Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of period	0	56	28,772
Changes during period			
Issuance of new shares - exercise of share acquisition rights			260
Profit attributable to owners of parent			9,928
Purchase of treasury shares			(0)
Forfeiture of share acquisition rights		(4)	(4)
Net changes in items other than shareholders' equity	83	87	171
Total changes during period	83	82	10,356
Balance at end of period	84	139	39,129

(4) Consolidated Statements of Cash Flows

(in millions of yen)

	For the fiscal year ended July 31, 2022	For the fiscal year ended July 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,717	14,377
Depreciation	510	729
Amortization of goodwill	335	501
Share-based payment expenses	50	87
Penalty income	(98)	(779)
Share of loss (profit) of entities accounted for using equity method	(319)	(319)
Loss (gain) on sales of property plant and equipment	—	(2)
Decrease (increase) in trade receivables	(1,045)	(795)
Increase (decrease) in provision for bonuses	194	(127)
Increase (decrease) in contract liabilities	1,769	1,917
Increase (decrease) in accounts payable - other	700	(105)
Increase (decrease) in accrued consumption taxes	861	(69)
Other, net	(108)	40
Subtotal	11,566	15,453
Interest and dividends received	0	0
Interest paid	(1)	(0)
Penalty received	92	761
Income taxes paid	(2,049)	(5,189)
Net cash provided by (used in) operating activities	9,608	11,024
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,875)	—
Purchase of property, plant and equipment	(325)	(584)
Proceeds from sale of property, plant and equipment	18	5
Purchase of investment securities	(10)	(236)
Payments of leasehold deposits	(99)	(185)
Payments of guarantee deposits	(655)	—
Proceeds from refund of leasehold and guarantee deposits	3	128
Other, net	(10)	2
Net cash provided by (used in) investing activities	(3,954)	(870)
Cash flows from financing activities		
Repayments of short-term borrowings	(11)	—
Proceeds from issuance of share acquisition rights	2	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	325	260
Repayments of long-term borrowings	(219)	(606)
Repayments of lease obligations	(24)	(0)
Other, net	5	(0)
Net cash provided by (used in) financing activities	77	(346)
Net increase (decrease) in cash and cash equivalents	5,731	9,808
Cash and cash equivalents at beginning of period	25,630	31,362
Cash and cash equivalents at end of period	31,362	41,170

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Business combinations)

(Confirmation of provisional accounting treatment concerning business combinations)

During the previous fiscal year, the Company applied provisional accounting treatment concerning the business combination with IEYASU, Inc. on November 1, 2021. The Company has confirmed the provisional accounting treatment in the fiscal year ended July 31, 2023.

Due to the confirmation of the provisional accounting treatment, comparison data in the consolidated financial statements in the fiscal year ended July 31, 2023 reflects a major revision of the initial allocation of the acquisition cost. As a result of the allocation of ¥461 million to other in intangible assets and ¥154 million to other in non-current liabilities, the amount of goodwill has changed from a provisional ¥911 million to ¥605 million, a decrease of ¥306 million. This change has no effect on retained earnings as of the end of the previous fiscal year.

In addition, this change has an insignificant effect on the consolidated statement of income for the fiscal year ended July 31, 2022.

During the previous fiscal year, the Company applied provisional accounting treatment concerning the business combination with ezSoft Co., Ltd. on March 1, 2022. The Company has confirmed the provisional accounting treatment in the fiscal year ended July 31, 2023.

Due to the confirmation of the provisional accounting treatment, comparison data in the consolidated financial statements in the fiscal year ended July 31, 2023 reflects a major revision of the initial allocation of the acquisition cost. As a result of the allocation of ¥615 million to other in intangible assets and ¥206 million to other in non-current liabilities, the amount of goodwill has changed from a provisional ¥2,142 million to ¥1,733 million, a decrease of ¥408 million. This change has resulted in a ¥6 million decrease in retained earnings as of the end of the previous fiscal year.

In addition, this change has an insignificant effect on the consolidated statement of income for the fiscal year ended July 31, 2022.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments are components of the Group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate their performance.

The Group consists of segments organized by business based on companies, and classifies its businesses into two reportable segments, namely, “HR Tech” and “Incubation.”

(2) Type of products and services belonging to each reportable segment

“HR Tech” segment provides services including “BizReach,” a job matching platform for professionals, “HRMOS,” an HCM (Human Capital Management) platform, and “BizReach Campus,” a network service for alumni visits etc.

“Incubation” segment provides services including “Trabox,” a logistics DX (digital transformation)

platform, “M&A Succeed,” an M&A matching site for screened corporations, and “BizHint,” a website dedicated to cloud utilization and productivity improvement etc.

2. Method of calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

Reportable segment profit figures are based on operating profit. Intersegment sales and transfers are based on market prices.

The Group does not allocate assets to business segments for internal management purposes, but allocates depreciation and amortization of goodwill.

In addition, in the fiscal year ended July 31, 2023, the Company has confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for the fiscal year ended July 31, 2022 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment.

3. Information on sales, profit (loss) and other items by reportable segment

For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

Information on sales and profit (loss) by reportable segment

(in millions of yen)

	Reportable segment			Reconciliations (Note 1)	Amounts in the consolidated financial statements (Note 2)
	HR Tech	Incubation	Total		
Net sales					
Net sales to external customers	41,791	2,002	43,793	161	43,954
Intersegment sales or transfers	149	78	228	(228)	—
Total	41,940	2,080	44,021	(67)	43,954
Segment profit (loss)	10,631	(1,649)	8,982	(699)	8,282
Other items					
Depreciation	209	126	335	175	510
Amortization of goodwill	194	141	335	—	335

(Notes) 1. Reconciliations of segment profit (loss) and depreciation are all general and administrative expenses that are not allocable to the reportable segments.

2. Segment profit (loss) is adjusted based on operating profit.

For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)

Information on net sales and profit (loss) by reportable segment

(in millions of yen)

	Reportable segment			Reconciliations (Note 1)	Amounts in the consolidated financial statements (Note 2)
	HR Tech	Incubation	Total		
Net sales					
Net sales to external customers	53,685	2,460	56,146	126	56,273
Intersegment sales or transfers	63	99	163	(163)	—
Total	53,749	2,560	56,309	(36)	56,273
Segment profit (loss)	15,701	(1,401)	14,300	(1,074)	13,225
Other items					
Depreciation	266	126	393	336	729
Amortization of goodwill	360	141	501	—	501

(Notes) 1. Reconciliations of segment profit (loss) and depreciation are all general and administrative expenses that are not allocable to the reportable segments.

2. Segment profit (loss) is adjusted based on operating profit.

[Related information]

For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

1. Information by product and service

This information is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

This information is omitted as net sales to external customers in Japan account for over 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customers

This information is omitted as there are no external customers for whom net sales account for 10% or more of net sales in the consolidated statement of income.

For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)

1. Information by product and service

This information is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

This information is omitted as net sales to external customers in Japan account for over 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customers

This information is omitted as there are no external customers for whom net sales account for 10% or more of net sales in the consolidated statement of income.

[Information regarding impairment losses on non-current assets by reportable segment]

For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

Not applicable.

For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)

Not applicable.

[Information regarding amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

(in millions of yen)

	Reportable segment			Reconciliations	Amounts in the consolidated financial statements
	HR Tech	Incubation	Total		
Balance at end of period	2,277	1,023	3,300	—	3,300

(Note) Information on amortization of goodwill is omitted as similar information is disclosed in segment information.

For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)

(in millions of yen)

	Reportable segment			Reconciliations	Amounts in the consolidated financial statements
	HR Tech	Incubation	Total		
Balance at end of period	1,917	882	2,799	—	2,799

(Note) Information on amortization of goodwill is omitted as similar information is disclosed in segment information.

[Information regarding gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

	For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)	For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)
Net assets per share	748.70 yen	997.15 yen
Basic earnings per share	160.76 yen	256.78 yen
Diluted earnings per share	140.35 yen	239.09 yen

- (Notes) 1. In the fiscal year ended July 31, 2023, the Company has confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for the fiscal year ended July 31, 2022 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment.
2. The bases for calculating basic earnings per share and diluted earnings per share are as follows:

Item	For the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)	For the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (in millions of yen)	5,852	9,928
Amount not attributable to common shareholders (in millions of yen)	—	—
Profit attributable to owners of parent related to common stock (in millions of yen)	5,852	9,928
Average number of shares of common stock during the period (shares)	36,406,466	38,667,830
Diluted earnings per share		
Increase in common stock (shares)	5,293,914	2,859,516
(Of which, share acquisition rights (shares))	(5,293,914)	(2,859,516)
Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	—	—

3. The bases for calculating net assets per share are as follows:

Item	As of July 31, 2022	As of July 31, 2023
Total net assets (in millions of yen)	28,772	39,129
Amount deducted from total net assets (in millions of yen)	62	144
(Of which, deposits for subscriptions of shares (in millions of yen))	(6)	(5)
(Of which, share acquisition rights (in millions of yen))	(56)	(139)
Net assets at the end of the period related to common stock (in millions of yen)	28,710	38,984
Number of shares of common stock at the end of the period used to calculate net assets per share (shares)	38,346,521	39,095,987

(Significant subsequent events)

Not applicable.