



Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending December 31, 2024 [Japanese GAAP]

August 8, 2024

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 Scheduled date of commencing dividend payments: September 13, 2024
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending December 31, 2024 (January 1, 2024 to June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2024	24,098	5.6	2,457	3.2	2,515	1.8	1,603	(11.6)
Six months ended June 30, 2023	22,820	9.7	2,380	8.5	2,470	19.3	1,814	15.3

(Note) Comprehensive income: Interim period of the fiscal year ending December 31, 2024 1,880 million [(2.7) %]
 Six months ended June 30, 2023 1,932 million yen [17.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	80.70	—
Six months ended June 30, 2023	90.50	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	26,834	17,753	66.0
As of December 31, 2023	25,025	16,866	67.2

(Reference) Equity: As of June 30, 2024 17,703 million yen As of December 31, 2023 16,822 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	52.00	—	51.00	103.00
Fiscal year ending December 31, 2024	—	44.00			
Fiscal year ending December 31, 2024 (Forecast)			—	44.00	88.00

(Note 1) Revision to the forecast for dividends announced most recently : No

(Note 2) Breakdown of the 2nd quarter dividend for the fiscal year ended December 31, 2023:

Ordinary dividend 42 yen

55th Anniversary dividend 10 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	49,500	7.1	5,200	4.4	5,300	4.9	3,500	(5.3)	176.15

(Note) Revision to the financial results forecast announced most recently : No

* Notes:

- (1) Significant changes in the scope of consolidation during the interim period under review: Yes

New: 1 (Company name: Tanpopo Shiki no Mori, Exclusion: - (Company name: -)

(Note) For details, please refer to “(3) Notes to Interim Consolidated Financial Statements, (Changes in significant subsidiaries during the interim period under review)” on page 8 of the attached document.

- (2) Accounting policies adopted specially for the preparation of interim consolidated financial statements: No

- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards : No
- 2) Changes in accounting policies other than 1) above : No
- 3) Changes in accounting estimates : No
- 4) Retrospective restatement : No

- (4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	As of June 30, 2024	21,746,675 shares	As of December 31, 2023	21,746,675 shares
2) Total number of treasury shares at the end of the period:	As of June 30, 2024	1,869,193 shares	As of December 31, 2023	1,876,739 shares
3) Average number of shares outstanding during the period (Interim period)	Six months ended June 30, 2024	19,873,365 shares	Six months ended June 30, 2023	20,054,756 shares

* Interim consolidated financial results are not subject to review by certified public accountants or auditing firms.

* Explanation on appropriate use of financial results forecast, and other special notes

(Caution regarding forward-looking statements, etc.)

Please refer to “(3) Explanation on Consolidated Financial Results Forecasts and Other Forward-looking Statements” on page 3 of the attached document for the assumptions used in developing the financial results forecasts. The forecast figures are based on information available at the present time, and contain some uncertainties. Actual results may differ from the above forecasts due to changes in business conditions and other factors.

(Reference) Non-consolidated Financial Results Forecast

Non-consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	4.8	5,100	5.6	3,500	(0.7)	176.15

(Note) Revision to the financial results forecast announced most recently: No

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1. Overview of Operating Results

(1) Overview of Operating Results for the Interim Period under Review

During the interim period under review (From January 1, 2024, to June 30, 2024), the Japanese economy was on a moderate recovery trend due to the robust corporate earnings, although consumer spending stalled. On the other hand, the impact of the Bank of Japan's lifting of its negative interest rate policy and foreign exchange fluctuations require close monitoring of future trends. In addition, there is a possibility that a downturn in overseas economic activity, such as the impact of continued high interest rate levels in Europe and the U.S., concerns about the outlook for the Chinese economy, and growing tension in the Middle East, will depress the Japanese economy.

Amid this social and economic environment, major manufacturing companies maintained upfront investment in R&D for competitive advantage, and requests to the Group remained firm. Based on the corporate philosophy "Heart to Heart," the Group has set a vision of "Team Alps," and aims to raise corporate value by taking on new business challenges with the full strength of the Group. In the engineer assignment business, which is the core of the Group, we maintained the rate of operation at a high level as requests from customers remained firm. In addition, we made company-wide efforts to strengthen technical education in cutting-edge technologies and the environment where growth is expected, and implemented initiatives in conjunction with sales policies such as team assignment. As a result of the above measures, both the total number of staff in operation and the contract unit price have increased. Driven by these various factors in the engineer assignment business, in the interim period under review, the Company recorded net sales of 24,098 million yen (up 5.6% year on year), operating profit of 2,457 million yen (up 3.2% year on year), and ordinary profit of 2,515 million yen (up 1.8% year on year). Also, the Company recorded net profit attributable to owners of parent of 1,603 million yen (down 11.6% year on year) due to the absence of gains on sales of securities that were recorded in the same period of the previous fiscal year. To create strengths for the next generation, the Company is strengthening its outsourcing service business, developing new business fields such as agriculture and nursing care, and expanding its manufacturing business.

The results of operations by segment are as follows:

1) Outsourcing Service Business

In the outsourcing services business, which is the Company's main business, we are engaged in the acceptance of consignment of technical projects, office staff assignment, job placement, and other services, with a focus on engineer assignment. Even in the fierce competition for talent, we focused on measures such as referral recruiting to secure talented personnel. In addition, we successfully maintained the rate of operation at a high level and raised the contract unit price by strengthening technical education in cutting-edge technologies and the environment where growth is expected, and implementing initiatives in conjunction with sales policies such as team assignment. As a result, net sales for the interim period under review were 22,445 million yen (up 7.5% year on year), and operating profit was 2,253 million yen (up 13.9% year on year).

2) Global Business

In the global business, the Company provides design, manufacturing, installation and maintenance services for plant facilities, machinery and equipment, and staffing services overseas. As large-scale projects continuing from the year before last were completed last year, net sales for the interim period under review were 1,618 million yen (down 17.0% year on year), and operating profit was 225 million yen (down 43.8% year on year).

(2) Overview of Financial Position for the Interim Period under Review

Total assets at the end of the interim period under review were 26,834 million yen, an increase of 1,809 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable - trade, and contract assets. Total liabilities were 9,081 million yen, an increase of 922 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in provision for bonuses. As a result, net assets increased by 886 million yen from the end of the previous consolidated fiscal year to 17,753 million yen.

Accordingly, the capital adequacy ratio was 66.0%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

As for the forecast for the fiscal year ending December 31, 2024, there are no changes to the consolidated and non-consolidated forecasts announced on February 13, 2024, as the current requests for assignment to the Group remain strong.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheets

(Thousands of yen)

	Previous consolidated fiscal year (December 31, 2023)	Interim period under review (June 30, 2024)
Assets		
Current assets		
Cash and deposits	11,430,737	11,603,977
Notes and accounts receivable - trade, and contract assets	6,547,477	7,114,203
Merchandise and finished goods	1,074	—
Work in process	484,449	319,980
Raw materials and supplies	92,967	107,777
Other	706,446	730,339
Total current assets	19,263,151	19,876,279
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,366,419	3,883,289
Accumulated depreciation	(1,877,089)	(1,932,595)
Buildings and structures, net	1,489,329	1,950,694
Land	1,541,637	1,803,637
Other	652,045	687,895
Accumulated depreciation	(527,192)	(536,694)
Other, net	124,852	151,200
Total property, plant and equipment	3,155,819	3,905,532
Intangible assets		
Goodwill	159,111	271,249
Other	124,947	123,647
Total intangible assets	284,059	394,897
Investments and other assets		
Investment securities	1,023,942	1,241,963
Shares of subsidiaries and associates	32,218	32,218
Deferred tax assets	777,764	921,750
Other	488,730	462,118
Total investments and other assets	2,322,655	2,658,051
Total non-current assets	5,762,534	6,958,481
Total assets	25,025,686	26,834,761

(Thousands of yen)

	Previous consolidated fiscal year (December 31, 2023)	Interim period under review (June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	355,993	356,638
Short-term borrowings	224,262	215,589
Accounts payable - other	1,941,659	1,994,829
Income taxes payable	760,350	1,151,085
Provision for bonuses	1,745,647	2,219,166
Provision for bonuses for directors (and other officers)	31,500	14,440
Other	2,778,929	2,804,331
Total current liabilities	7,838,342	8,756,080
Non-current liabilities		
Long-term borrowings	21,014	15,018
Retirement benefit liability	160,777	157,955
Other	138,736	152,080
Total non-current liabilities	320,527	325,054
Total liabilities	8,158,870	9,081,134
Net assets		
Shareholders' equity		
Share capital	2,347,163	2,347,163
Capital surplus	2,798,742	2,811,011
Retained earnings	13,688,994	14,279,594
Treasury shares	(2,739,199)	(2,725,230)
Total shareholders' equity	16,095,701	16,712,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	480,241	634,680
Foreign currency translation adjustment	246,304	356,591
Total accumulated other comprehensive income	726,545	991,272
Non-controlling interests	44,568	49,814
Total net assets	16,866,815	17,753,626
Total liabilities and net assets	25,025,686	26,834,761

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Interim Consolidated Statements of Income)

(Thousands of yen)

	Previous interim period (From January 1, 2023 to June 30, 2023)	Interim period under review (From January 1, 2024 to June 30, 2024)
Net sales	22,820,591	24,098,243
Cost of sales	17,387,690	18,456,484
Gross profit	5,432,900	5,641,759
Selling, general and administrative expenses	3,052,063	3,184,610
Operating profit	2,380,837	2,457,148
Non-operating income		
Interest income	4,140	2,883
Dividend income	16,137	17,710
Subsidy income	8,596	19,964
Foreign exchange gains	17,761	—
Other	64,618	38,890
Total non-operating income	111,253	79,449
Non-operating expenses		
Interest expenses	581	1,525
Loss on extinguishment share-based compensation expenses	7,133	4,439
Foreign exchange losses	—	12,925
Other	13,836	1,849
Total non-operating expenses	21,551	20,738
Ordinary profit	2,470,539	2,515,858
Extraordinary income		
Gain on sale of non-current assets	364	163
Gain on sale of investment securities	257,611	—
Total extraordinary income	257,975	163
Extraordinary losses		
Loss on retirement of non-current assets	30	2,383
Cancellation penalty	—	15,000
Total extraordinary losses	30	17,383
Net profit before income taxes	2,728,484	2,498,639
Income taxes - current	1,013,013	1,093,582
Income taxes - deferred	(95,750)	(207,120)
Total income taxes	917,262	886,462
Net profit	1,811,221	1,612,176
Profit (loss) attributable to non-controlling interests	(3,661)	8,393
Profit attributable to owners of parent	1,814,883	1,603,783

(Interim Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Previous interim period (From January 1, 2023 to June 30, 2023)	Interim period under review (From January 1, 2024 to June 30, 2024)
Net profit	1,811,221	1,612,176
Other comprehensive income		
Valuation difference on available-for-sale securities	51,909	154,439
Foreign currency translation adjustment	69,059	113,574
Total other comprehensive income	120,969	268,013
Comprehensive income	1,932,190	1,880,190
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,937,872	1,868,510
Comprehensive income attributable to non-controlling interests	(5,681)	11,680

(3) Notes to Interim Consolidated Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in significant subsidiaries during the interim period under review)

As Tanpopo Shiki no Mori was newly acquired during the interim period under review, it is included in the scope of consolidation. Tanpopo Shiki no Mori is not a specified subsidiary.

(Segment Information)

[Segment Information]

I For the previous interim period (From January 1, 2023 to June 30, 2023)

1. Information on the Amount of Sales and Profit or Loss for Each Reportable Segment

(Thousands of yen)

	Reportable segment			Other	Total
	Outsourcing Service Business	Global Business	Total		
Net sales					
Sales to external customers	20,870,372	1,950,219	22,820,591	—	22,820,591
Intersegment sales and transfers	—	—	—	—	—
Total	20,870,372	1,950,219	22,820,591	—	22,820,591
Segment profit	1,978,523	401,053	2,379,577	—	2,379,577

2. Differences between the Total Amount of Reportable Segments Profit or Loss and the Amounts Reported in Interim Consolidated Statements of Income and the Details of the Differences (Matters Concerning Reconciliation of Differences)

(Thousands of yen)

Profit	Amount
Reportable segments total	2,379,577
Profit in "Others"	—
Intersegment transaction elimination	1,260
Operating profit in Interim Consolidated Statements of Income	2,380,837

II For the interim period under review (From January 1, 2024 to June 30, 2024)

1. Information on the Amount of Sales and Profit or Loss for Each Reportable Segment

(Thousands of yen)

	Reportable segment			Other (Note)	Total
	Outsourcing Service Business	Global Business	Total		
Net sales					
Sales to external customers	22,445,204	1,618,095	24,063,299	34,944	24,098,243
Intersegment sales and transfers	—	—	—	—	—
Total	22,445,204	1,618,095	24,063,299	34,944	24,098,243
Segment profit (loss)	2,253,864	225,383	2,479,247	(23,567)	2,455,680

(Note) "Others" is a business segment not included in the reportable segments and includes Elderly Housing with Home-care Services.

2. Differences between the Total Amount of Reportable Segments Profit or Loss and the Amounts Reported in Interim Consolidated Statements of Income and the Details of the Differences (Matters Concerning Reconciliation of Differences)

(Thousands of yen)

Profit	Amount
Reportable segments total	2,479,247
Loss in "Others"	(23,567)
Intersegment transaction elimination	1,468
Operating profit in Interim Consolidated Statements of Income	2,457,148

3. Matters Concerning Changes in Reportable Segments

The "Others" business segment has been newly added as businesses not included in the reportable segments in the interim period under review as the Company acquired shares of Tanpopo Shiki no Mori and included it in the scope of consolidation.

Segment information for the previous interim period is presented based on the classification method after the change.

4. Information on Impairment Loss of Fixed Assets or Goodwill for Each Reportable Segment

(Significant Changes in the Amount of Goodwill)

In "Others," goodwill was recognized due to the acquisition of all shares of Tanpopo Shiki no Mori and its inclusion in the scope of consolidation. The increase in goodwill due to this event was 166,001 thousand yen in the interim period under review.

(Business Combination)

(Business Combination by Acquisition)

At a meeting of the Board of Directors held on September 7, 2023, the Company resolved to acquire all of the shares of Tanpopo Shiki no Mori, and make it a subsidiary, and concluded a share transfer agreement on the same day. The acquisition of the shares was completed on January 4, 2024.

(1) Overview of Business Combination

1) Name of the Acquired Company and Its Business

Name of the acquired company Tanpopo Shiki no Mori

Description of the business Elderly housing with home-care services, in-home care support, and home-visit care

2) Main Reason for the Business Combination

Since its foundation in 1968, the Company has supported the development of Japanese manufacturing by developing engineers with both technical capabilities and resourcefulness and providing advanced technical services under its "Heart to Heart" corporate philosophy. Subsequently, in 2021, the Company established Alps Care Heart Corporation, and is expanding the business in the field of nursing care, which faces social challenges such as a shortage of nursing care personnel. A new member to the Group, Tanpopo Shiki no Mori, was established on November 1, 2023 through an absorption-type split by Sakamoto Kikaku Co., Ltd. The business is centered on elderly housing with home-care services, as well as in-home care support and home-visit care.

Going forward, by strengthening synergies with Alps Care Heart Corporation, and by gathering know-how, the Group will realize the provision of a variety of services for the elderly and enhance our corporate value.

3) Date of the Business Combination

January 4, 2024 (Date of acquisition of shares with cash consideration)

January 1, 2024 (Deemed acquisition date)

4) Legal Form of the Business Combination

Acquisition of shares

5) Name of the Combined Entity

The name has not been changed.

6) Ratio of Voting Rights Acquired

100%

7) Main Rationale for Determining the Acquired Company

This is because the Company acquired shares in exchange for cash.

(2) Period of the acquired company's financial results included in the interim consolidated statements of income

From January 1, 2024 to June 30, 2024

(3) Breakdown of Acquisition Cost and Consideration of the Acquired Company by Type

Consideration for the acquisition	Cash	246,962 thousand yen
Acquisition cost		246,962 thousand yen

(4) Details and Amounts of Major Acquisition-related Expenses

Advisory fees	27,397 thousand yen
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(5) Amount of Goodwill, Cause, Method and Period of Amortization

1) Amount of Goodwill

166,001 thousand yen

2) Cause

This was incurred due to future excess earning power expected from future business development.

3) Method and Period of Amortization

Straight-line method over 7 years

(6) Amounts of Assets to Be Received and Liabilities to Be Assumed on the Date of Business Combination and Major Components

Current assets	19,761 thousand yen
Non-current assets	771,055 thousand yen
Total assets	790,816 thousand yen

Current liabilities	11,688 thousand yen
Non-current liabilities	698,167 thousand yen
Total liabilities	709,855 thousand yen

(Significant Subsequent Events)

(Transactions under common control)

Absorption-type merger between consolidated subsidiaries

At a meeting of the Board of Directors held on May 13, 2024, the Company resolved to conduct an absorption-type merger with Alps Care Heart Corporation, a consolidated subsidiary of the Company, as the surviving company and with Tanpopo Shiki no Mori, another consolidated subsidiary of the Company, as the absorbed company. The Company completed this merger on July 1, 2024.

(1) Overview of Merger

Absorption-type merger of consolidated subsidiaries

1) Name of the Combining Company and Its Business

a. Combining company (Surviving company)

Name of the Entity: Alps Care Heart Corporation

Business: Home-visit care, other in-home care services

b. Combined company (Absorbed company)

Name of the Entity: Tanpopo Shiki no Mori

Business: Elderly housing with home-care services, in-home care support, and home-visit care

2) Purpose of Business Combination

The Company decided to conduct this absorption-type merger for the purpose of accelerating the growth of the care business by consolidating the care-related business in the Group into Alps Care Heart Corporation to strengthen the ties among businesses and offering a variety of services for the elderly.

3) Date of the Business Combination (Effective Date)

July 1, 2024

4) Legal Form of the Business Combination

Absorption-type merger with Alps Care Heart Corporation as the surviving company and Tanpopo Shiki no Mori as the absorbed company

5) Name of the Combined Entity

Alps Care Heart Corporation

(2) Overview of Accounting

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company recorded this merger as a transaction under common control.

3. (Reference)

(1) (Summary) Interim Non-consolidated Statements of Income for the Period of the Fiscal Year Ending December 31, 2024

Account	Previous interim period (From January 1, 2023 to June 30, 2023)	Interim period under review (From January 1, 2024 to June 30, 2024)
	Amount (Thousands of yen)	Amount (Thousands of yen)
I Net sales	17,600,442	18,849,741
II Cost of sales	13,229,664	14,209,405
Gross profit	4,370,778	4,640,336
III Selling, general and administrative expenses	2,317,767	2,417,185
Operating profit	2,053,010	2,223,150
IV Non-operating income	351,612	310,635
V Non-operating expenses	27,960	207,363
Ordinary profit	2,376,661	2,326,422
VI Extraordinary income	288,116	163
VII Extraordinary losses	30	17,200
Net profit before income taxes	2,664,747	2,309,386
Income taxes - current	891,459	937,060
Income taxes - deferred	(78,893)	(195,967)
Net profit	1,852,180	1,568,293

(Notes) 1. The interim statements of income are not subject to review in the statutory disclosure.

2. The interim statements of income are prepared in accordance with the "Regulation on Financial Statements" and are presented in summarized form.