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July 14, 2023

## CONSOLIDATED FINANCIAL REPORT (Japanese GAAP) FY2022 (June 1, 2022 to May 31, 2023)

Listed company name: Pasona Group Inc.  
 Listing stock exchange: The Prime Section of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <https://www.pasonagroup.co.jp>  
 Representative: Yasuyuki Nambu, Group CEO and President  
 For further information contact: Yuko Nakase, Senior Managing Executive Officer and CFO  
 Tel. +81-3-6734-0200

Date of Annual General Meeting of Shareholders: August 24, 2023  
 Scheduled payment date of cash dividends: August 10, 2023  
 Scheduled filing date of the securities report: August 25, 2023  
 Supplemental materials prepared for financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(All amounts are in millions of yen rounded down unless otherwise stated.)

### 1. CONSOLIDATED BUSINESS RESULTS

#### (1) Consolidated Financial Results

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
		%		%		%		%
FY2022	372,579	1.8	14,377	(34.9)	15,366	(31.7)	6,099	(29.3)
FY2021	366,096	9.4	22,083	10.7	22,496	10.4	8,621	27.1

(Note) Comprehensive income FY2022: ¥10,468 million ((27.5)%) FY2021: ¥14,433 million (40.8%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2022	155.70	155.22	11.7	6.4	3.9
FY2021	220.19	219.41	19.6	12.7	6.0

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates  
 FY2022: ¥153 million FY2021: ¥142 million

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2023	275,504	71,624	19.6	1,378.40
May 31, 2022	203,746	67,146	24.5	1,276.00

(Reference) Equity As of May 31, 2023: ¥53,998 million As of May 31, 2022: ¥49,986 million

(Note) Total assets for the fiscal years ended May 31, 2022 and May 31, 2023 include temporary "deposits received" from customers for contracted projects and the corresponding "cash and deposits" in assets and liabilities. For details, please refer to "1. Summary of Business Results, etc. (2) Summary of Financial Position for the Fiscal Year under Review."

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
FY2022	5,961	(12,502)	(2,292)	47,919
FY2021	10,115	(29,624)	23,543	56,578

### 2. DIVIDENDS

	Dividends per Share (Yen)					Total Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Annual			
FY2021	—	0.00	—	35.00	35.00	1,396	15.9%	3.1%
FY2022	—	0.00	—	35.00	35.00	1,396	22.5%	2.6%
FY2023(Forecast)	—	0.00	—	35.00	35.00		27.4%	

(Note) Breakdown of year-end dividend for the fiscal year ending May 31, 2022

Ordinary dividend ¥30.00    Special dividend ¥5.00

### 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2024

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	Net Income per Share
		%		%		%		Yen
FY2023 First Half	185,500	0.8	6,000	(10.9)	5,800	(22.0)	1,800 (34.2)	45.95
FY2023 Full Fiscal Year	390,000	4.7	16,000	11.3	15,700	2.2	5,000 (18.0)	127.63

### 4. NOTES

- (1) Changes in significant subsidiaries during the fiscal year under review: None  
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies in line with revisions to accounting and other standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (3) Number of shares issued and outstanding (common shares)
  - 1) Number of shares issued and outstanding as of the period-end (including treasury shares)  
May 31, 2023: 41,690,300 shares    May 31, 2022: 41,690,300 shares
  - 2) Number of treasury shares as of the period-end  
May 31, 2023: 2,515,520 shares    May 31, 2022: 2,516,094 shares
  - 3) Average number of shares for the period  
FY2022: 39,174,636 shares    FY2021: 39,154,774 shares

1. FY2022 (June 1, 2022 to May 31, 2023)

**(1) Non-consolidated Financial Results**

Percentage figures represent year-on-year increase / (decrease).

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income	
		%		%		%		%
FY2022	15,646	55.5	997	—	691	—	2,033	52.0
FY2021	10,060	(30.5)	(3,655)	—	(4,231)	—	1,338	3.3

  

	Net Income per Share		Diluted Net Income per Share	
		Yen		Yen
FY2022		51.90		—
FY2021		34.18		—

**(2) Non-Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2023	97,963	19,396	19.8	495.11
May 31, 2022	89,955	18,758	20.9	478.85

(Reference) Equity as of May 31, 2023: ¥19,396 million As of May 31, 2022: ¥18,758 million

(Note)

The Company has introduced "Board Benefit Trust (BBT)" and "Employment Stock Ownership Plan (J-ESOP)." The Company's shares in BBT and J-ESOP, which are reported as treasury shares under Shareholders' equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose not including computing earnings and net assets per share.

This Financial Report is not subject to a review conducted by CPA or audit firm.

Cautionary statement and other explanatory notes

The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results might differ materially from forecasts for a variety of reasons. Please refer to (Attachment) "1. Summary of Business Results, etc., (4) Future Outlook" on page 11 for the assumptions used in the forecast of business results.

We are planning to hold a financial results online meeting for analysts and institutional investors on July 19, 2023. Supplemental materials for the financial results will be posted on the Company's website (<https://www.pasonagroup.co.jp/ir/>) immediately after the meeting.

## FY2022 Consolidated Financial Report

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## 1. Summary of Business Results, etc.

### (1) Summary of Business Results for the Fiscal Year under Review

#### i) Business results for the fiscal year ended May 31, 2023

During the consolidated fiscal year under review, the Japanese economy continued its gradual recovery as the severe movement restrictions associated with the spread of COVID-19 infection eased toward the end of the fiscal year. On the other hand, the economic outlook remained uncertain due to global monetary tightening and rising prices.

As the social environment changed to a post-COVID situation, the BPO Services and Outsourcing business expanded in the Group, and sales of Regional Revitalization Solutions also grew as the number of tourists increased due to the end of COVID-19 infection. In addition, in overseas (Global Sourcing), due to a recovery in demand for human resources, the business grew at a double-digit rate, even excluding the boosting effect of exchange rate fluctuations. On the other hand, Expert Services remained below the previous year's level due to the earlier-than-expected completion of work related to infection control measures as COVID-19 infections were contained, as well as due to the lack of large-scale corporate structural reforms in the outplacement business of Career Solutions.

As a result, consolidated net sales for the fiscal year under review were ¥372,579 million (up 1.8% year-on-year), while gross profit was ¥91,525 million (up 2.1% year-on-year). SG&A expenses increased 14.1% year-on-year to ¥77,148 million, mainly due to duplicate costs in the process of integrating services of the former JTB BENEFIT in Outsourcing and expenses related to large-scale promotions, as well as one-time expenses associated with the relocation of the Tokyo Office in the first quarter. As a result, operating income amounted to ¥14,377 million (down 34.9% year-on-year), ordinary income amounted to ¥15,366 million (down 31.7% year-on-year), and profit attributable to owners of parent amounted to ¥6,099 million (down 29.3% year-on-year).

#### Consolidated Business Results

(Millions of yen)

	FY2021	FY2022	YoY
Net sales	366,096	372,579	1.8%
Operating income	22,083	14,377	(34.9)%
Ordinary income	22,496	15,366	(31.7)%
Profit attributable to owners of parent	8,621	6,099	(29.3)%

#### ii) Business Segment Information (before elimination of intersegment transactions)

### HR Solutions

#### Expert Services (Temporary Staffing), BPO Services (Contracting and Outsourcing), etc.

**Net sales ¥307,687 million    Operating income ¥15,132 million**

[Expert Services]    Net sales: ¥147,188 million

In this business, the Group provides a wide range of human resource services, including office work support, clerical work, the provision of highly specialized skilled personnel, engineers, sales, and marketing personnel, and Expert Services (Temporary Staffing) for a wide range of age groups and job types, from young adults to senior citizens.

Amid a continuing moderate economic recovery, orders for temporary staffing services remained firm from a wide range of industries, including the financial sector, IT, and manufacturers. On the other hand, sales decreased to ¥147,188 million (down 3.2% year-on-year) as a result of a decrease in work related to response to COVID-19 infections, which had increased significantly in the previous year, as the pandemic subsided, and work was completed earlier than expected from the third quarter.

[BPO Services] Net sales: ¥141,906 million

In this business, the Group is entrusted with general affairs, accounting and finance, reception, sales administration and ordering, personnel and labor affairs, payroll, and other operations and provides BPO services, while Bewith, Inc., a consolidated subsidiary, provides contact center and BPO services using its own digital technology.

In BPO services, sales exceeded the previous fiscal year due to the accumulation of new projects and the expansion of service areas through cross-selling to existing clients. The negative impact of temporary special-demand projects in the previous fiscal year, such as work related to infection control measures for COVID-19 infections, was offset by new business wins from the public sector, such as job placement assistance and human resource development, along with new demand from private companies, such as outsourcing of operations and DX promotion for the purpose of improving productivity. As a result, net sales totaled ¥141,906 million (up 1.9% year-on-year).

[HR Consulting, Education & Training, Others] Net sales: ¥8,761 million

In this business, we provide consulting and management support by professional human resources such as freelancers and former executives of listed companies, as well as education and training services commissioned by companies and the public sector, and HR tech implementation support services such as talent management. The company also provides education and training services commissioned by companies and the public sector, as well as HR tech implementation support services such as talent management.

In the advisory consulting business, demand for recruitment consulting services expanded in response to companies' labor shortages. In the education and training business, the field of human capital management, such as training for next-generation leaders directly related to management and training for female managers, expanded.

As a result, net sales amounted to ¥8,761 million (up 4.1% year-on-year).

[Global Sourcing] Net sales: ¥9,831 million Operating income: ¥617 million

This segment provides a full line of human resource-related services overseas, including placement and recruiting, temporary staffing and outsourcing, payroll, and education and training.

In the North America region, in addition to an increase in the unit price of placement and recruiting commissions and growth in executive-level contracts, BPO also saw an increase in outsourced operations in areas such as payroll and accounting. In the Asian region, sales increased due to high demand for human resources in the semiconductor manufacturing industry and peripheral businesses, especially in Taiwan. In addition, demand recovered in India, Thailand, and Malaysia, particularly from Japanese companies, and all of these locations recorded increased revenues from placement and other services.

As a result, net sales amounted to ¥9,831 million (up 17.9% year-on-year), while operating income amounted to ¥617 million (up 38.0% year-on-year), due in part to the foreign exchange effects of the weaker yen.

Net sales for the segment consisting of the above businesses amounted to ¥307,687 million (down 0.1% year-on-year). In terms of profit, operating income was ¥15,132 million (down 19.5% year-on-year), mainly due to a decrease in gross profit margins in Expert Services as a result of an increase in paid leave taken by active staff and social insurance premiums, as well as an increase in SG&A expenses such as personnel costs in BPO, HR consulting, and global business.

### **Career Solutions (Placement/Recruiting, Outplacement)**

Net sales ¥13,923 million Operating income ¥4,089 million

This business segment provides the Placement/Recruiting business, which supports companies' mid-career recruitment activities and matches job-transfer candidates, and the Outplacement business, which supports

companies' personnel transitions based on their human resource strategies.

In the Placement/Recruiting business, corporate demand for human resources remained brisk, and there continued to be a high level of willingness to recruit in the administrative and specialized job fields in which we are focusing our efforts. In our group, the number of contracts, mainly in the higher career areas, increased, and the unit price per contract also rose. In addition, as more and more companies promote human capital management such as involving diversity and inclusion, there is a growing need for hiring women managers in particular, and we will continue to promote business expansion in the area of women managers while leveraging our Group's track record and corporate brand.

In the outplacement business, demand continued to decline as companies settled down to review their business structures. Meanwhile, with the implementation of Japan's revised Act on Stabilization of Employment of Elderly Persons and growing awareness of human capital management, demand for Safe Placement Total Service, which combines career counseling and re-skilling for corporate employees, is steadily expanding, and we will continue to support employees' career development. We will continue to expand our business as a service that supports employee career development.

As a result, although the Placement/Recruiting business expanded, it was not enough to offset the decline in the Outplacement business, resulting in net sales of ¥13,923 million (down 5.3% year-on-year) and operating income of ¥4,089 million (down 8.5% year-on-year).

## **Outsourcing**

**Net sales ¥42,376 million    Operating income ¥10,487 million**

In this business, Benefit One Inc., a consolidated subsidiary of the Company, provides services mainly as an agent for companies, government agencies, and municipalities in the area of employee benefit programs.

In the welfare and benefit business, revenues increased due to the external growth effect of M&As implemented in the previous fiscal year, as well as due to the expansion of part-time employee membership in the Public Employees' Mutual Aid Association during the fiscal year. In addition, members' use of services, while slower than expected, showed a recovery trend, and subsidy expenditures related to this trend increased from the previous year.

In the healthcare business, we developed a business plan to anticipate the expansion of health management needs post-COVID-19 and conducted marketing such as commercials. While the number of contracts for vaccination support services for COVID-19 infection exceeded expectations, new orders and progress in the implementation of guidance in the health guidance business fell short of expectations.

In addition to marketing investments such as commercials, one-time costs associated with the relocation of the head office, duplicate costs in the process of integrating services after M&As, and IT costs due to system replacements were recorded as SG&A expenses during the period under review.

As a result, net sales amounted to ¥42,376 million (up 10.5% year-on-year), while operating income amounted to ¥10,487 million (down 17.8% year-on-year).

## **Life Solutions**

**Net sales ¥8,200 million    Operating income ¥364 million**

This business includes: the childcare business, which includes the operation of licensed and certified childcare centers, in-house childcare facilities, and childcare for school-age children; the nursing care business, which includes daycare services and home-visit nursing care; and the life support business, which includes housekeeping services.

In the nursing care business, the dispatch of caregivers to residential care facilities for COVID-19 infections expanded through the third quarter, but demand began to decline in the fourth quarter as infections subsided. In the life support business, such as housekeeping services, housekeeping services for child-rearing families commissioned by local governments are expanding, and new projects from new local governments have been acquired.

In the childcare business, the number of children accepted at licensed childcare facilities increased steadily, and the number of users of school-age children's clubs grew in line with the increase in the number of facilities operated, although the number of in-house childcare facilities has been shrinking due to the establishment of home-based workers.

As a result, net sales amounted to ¥8,200 million (up 14.6% year-on-year), while operating income amounted to ¥364 million (up 57.0% year-on-year).

### **Regional Revitalization Solutions**

**Net sales ¥6,931 million    Operating income ¥(2,877) million**

In this business, we are engaged in regional development projects to create new industries and employment in rural areas in cooperation and collaboration with local residents, local businesses, and local governments.

Awaji Island, Hyogo Prefecture, Japan, where the number of tourists, including inbound tourists, has increased due to the relaxation of behavioral restrictions associated with COVID-19 infections, has seen a recovery in the flow of people to attractions and food and beverage facilities. "Zenbo Seinei," which opened last April and which offers Zen, yoga, and other activities on a 100-meter-long wooden deck, and Haru-Sansan, which is a restaurant in a field that serves locally produced, locally consumed cuisine using regional ingredients, have attracted attention as facilities where visitors can fully enjoy the charms of nature. The restaurant has been featured in many media reports. In addition, the popular attraction of "Dragon Quest Island" at Hyogo Prefectural Awajishima Park Animation Park "Nijigen-no-Mori" underwent a full renovation this March, and the new attraction of "Dragon Quest Island: The Demon Gods of Inishie and the Guided Adventurers" opened. "Nijigen-no-mori" saw an increase in the number of inbound tourists as well as group tourists, as such tourists could enjoy multiple attractions featuring anime and characters popular both in Japan and abroad on the expansive park grounds.

Sales increased to ¥6,931 million (up 56.6% year-on-year) due to the opening of new facilities as well. At the same time, initial expenses for new facilities increased, resulting in an operating income of ¥(2,877) million (operating income of ¥(2,612) million in the previous period). In addition, during the fiscal year under review, the fiscal year-end of some subsidiaries was changed from March to May, resulting in a 14-month accounting period, which was added to the two-month results for the fiscal year under review.

### **Eliminations and Corporate**

**Net sales ¥(6,539) million    Operating income ¥(12,819) million**

This includes costs for eliminating intergroup transactions and maximizing group synergies, incubation costs for new businesses, and administrative costs as a holding company.

In the current consolidated fiscal year, the Company incurred one-time expenses such as moving and double rent during the relocation period in connection with office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the first quarter, as well as increased expenses related to the partial relocation of head office functions to Awaji Island, Hyogo Prefecture, Japan, and which is being carried out in stages.

As a result, net sales for the elimination of intergroup transactions amounted to ¥(6,539) million (¥(6,642) million in the previous fiscal year), while operating income amounted to ¥(12,819) million (¥(11,566) million in the previous fiscal year).



**Segment Information** (Figures include intersegment sales)**Consolidated Net Sales by Segment**

(Millions of yen)

	<b>FY2021</b>	<b>FY2022</b>	<b>YoY</b>
<b><i>HR Solutions</i></b>	361,154	363,987	0.8%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	308,093	307,687	(0.1)%
Expert Services (Temporary staffing)	152,067	147,188	(3.2)%
BPO Services (Contracting)	139,272	141,906	1.9%
HR Consulting, Education & Training, Others	8,418	8,761	4.1%
Global Sourcing (Overseas)	8,335	9,831	17.9%
Career Solutions (Placement / Recruiting, Outplacement)	14,700	13,923	(5.3)%
Outsourcing	38,359	42,376	10.5%
<b><i>Life Solutions</i></b>	7,158	8,200	14.6%
<b><i>Regional Revitalization Solutions</i></b>	4,426	6,931	56.6%
Eliminations and Corporate	(6,642)	(6,539)	—
<b>Total</b>	<b>366,096</b>	<b>372,579</b>	<b>1.8%</b>

**Consolidated Operating Income (Loss) by Segment**

(Millions of yen)

	<b>FY2021</b>	<b>FY2022</b>	<b>YoY</b>
<b><i>HR Solutions</i></b>	36,030	29,709	(17.5)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	18,793	15,132	(19.5)%
Expert Services (Temporary staffing)			
BPO Services (Contracting)	18,345	14,515	(20.9)%
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	447	617	38.0%
Career Solutions (Placement / Recruiting, Outplacement)	4,470	4,089	(8.5)%
Outsourcing	12,765	10,487	(17.8)%
<b><i>Life Solutions</i></b>	232	364	57.0%
<b><i>Regional Revitalization Solutions</i></b>	(2,612)	(2,877)	—
Eliminations and Corporate	(11,566)	(12,819)	—
<b>Total</b>	<b>22,083</b>	<b>14,377</b>	<b>(34.9)%</b>

## **(2) Summary of Financial Position for the Fiscal Year under Review**

### **Status of Assets, Liabilities and Net Assets**

Assets and liabilities as of May 31, 2023 included ¥74,869 million (¥10,123 million as of May 31, 2022) in temporary "deposits received" from customers related to contract projects for which use by the Group is restricted and a corresponding amount of "cash and deposits."

#### **Assets**

Total assets as of May 31, 2023, amounted to ¥275,504 million, an increase of ¥71,758 million or 35.2%, compared with May 31, 2022. The above "deposits received" effects were also responsible for a ¥56,116 million increase in cash and deposits, ¥2,623 million increase in income taxes receivable, a ¥6,389 million increase in tangible fixed assets related to the Regional Revitalization Solutions business and head office functions, and a ¥2,382 million increase in software due to system capital investment, among others.

#### **Liabilities**

Total liabilities as of May 31, 2023, amounted to ¥203,880 million, an increase of ¥67,281 million or 49.3%, compared with May 31, 2022. While deposits received increased by ¥65,638 million due to the above-mentioned commissioned projects, etc., and while long-term loans payable increased by ¥4,725 million due to fundraising, accounts payable-trade decreased by ¥1,308 million due to advanced payments, and income taxes payable decreased by ¥2,815 million due to income tax payments, etc.

#### **Net Assets**

Net assets as of May 31, 2023, amounted to ¥71,624 million, an increase of ¥4,477 million or 6.7%, compared with May 31, 2022. This was mainly attributable to an increase of ¥4,703 million in retained earnings due to the payment of ¥1,396 million in dividends and a decrease of ¥692 million in capital surplus due to the purchase of treasury stock by our consolidated subsidiary, Benefit One Inc., while profit attributable to owners of the parent amounted to ¥6,099 million.

As a result of the above, the equity ratio as of May 31, 2023 was 19.6% (24.5% at the end of the previous fiscal year). Total assets, after deducting "cash and deposits" associated with "deposits received" for commissioned projects, amounted to ¥200,634 million (¥193,622 million at the end of the previous fiscal year), resulting in an equity ratio of 26.9% (25.8% at the end of the previous fiscal year).

## **(3) Summary of Cash Flows for the Fiscal Year under Review**

Cash and cash equivalents (hereafter "net cash") in FY2022 decreased by ¥8,658 million, compared with May 31, 2022, to ¥47,919 million. "Net cash" does not include "cash and deposits" corresponding to temporary "deposits received" from customers related to contract projects.

### **Cash Flows from Operating Activities**

Net cash provided by operating activities decreased by ¥4,153 million, compared with the previous fiscal year, to ¥5,961 million (an increase of ¥10,115 million in the previous fiscal year).

Major cash inflows included profit before income taxes totaling ¥16,766 million (¥22,290 million in the previous fiscal year) and depreciation and amortization totaling ¥5,126 million ( ¥4,419 million in the previous fiscal year).

Major cash outflows included an increase in notes and accounts receivable-trade and contract assets totaling ¥1,188 million (an increase of ¥6,112 million in the previous fiscal year), an increase in accounts receivable-other included in decrease (increase) in other assets totaling ¥2,093 million (an increase of ¥1,243 million in the previous fiscal year), and income taxes paid totaling ¥12,932 million (¥8,084 million yen in the previous fiscal year).

### Cash Flows from Investing Activities

Net cash used in investing activities decreased by ¥17,122 million, compared with the previous fiscal year, to ¥12,502 million (a decrease of ¥29,624 million in the previous fiscal year).

Major cash inflows included proceeds from sales of investment securities totaling ¥1,790 million (¥95 million in the previous fiscal year) and proceeds from the collection of lease and guarantee deposits totaling ¥1,962 million (¥256 million in the previous fiscal year).

Major cash outflows included purchase of property, plants, and equipment totaling ¥9,029 million (¥11,632 million in the previous fiscal year) related to commercial facilities in the Regional Revitalizations Solutions business, purchase of intangible assets related to investment in system facilities totaling ¥4,591 million (¥4,683 million in the previous fiscal year), and the acquisition of shares in subsidiaries resulting in a change in scope of consolidation totaling of ¥1,268 million (¥10,451 million in the previous fiscal year) related to purchase of shares of Pasona Joinus Inc.

### Cash Flows from Financing Activities

Net cash used in financing activities decreased by ¥25,835 million, compared with the previous fiscal year, to ¥2,292 million (an increase of ¥23,543 million in the previous fiscal year).

Major cash inflows included proceeds from long-term loans payable totaling ¥15,727 million (¥29,129 million in the previous fiscal year) for the purpose of securing long-term working capital and funds for capital investment.

Major cash outflows included repayment of long-term loans payable totaling ¥10,339 million (¥11,098 million in the previous fiscal year), purchase of treasury stock of subsidiaries totaling ¥1,506 million (¥0 million in the previous fiscal year), and dividends paid totaling ¥5,169 million (¥3,584 million in the previous fiscal year).

### (Reference) Cash Flow Benchmarks

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio	23.7%	22.7%	25.2%	24.5%	19.6%
Equity ratio based on market capitalization	54.8%	35.7%	49.0%	40.3%	24.7%
Ratio of interest-bearing debt to cash flows (years)	2.7	3.2	1.8	5.3	9.9
Interest coverage ratio	41.9	57.9	64.5	35.4	15.9

Notes:

- Equity ratio: Shareholders' equity / Total assets  
Equity ratio based on market capitalization: Market capitalization / Total assets  
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows  
Interest coverage ratio: Cash flows / Interest payments
- Each benchmark is calculated based on the consolidated financial statements.
- Market capitalization is calculated by multiplying the period-end closing share price with the number of outstanding shares at period-end (after deducting treasury shares).
- Cash flows from operating activities are used in calculations for cash flows.
- Interest-bearing debt includes all interest-bearing debt under liabilities recorded on the consolidated balance sheets.

#### (4) Future Outlook

Although the economic outlook will continue to be uncertain due to global monetary tightening and rising prices, COVID-19 infections have been contained in Japan, and socioeconomic activities are returning to normal. Under these circumstances, the Group expects that demand for human resources from domestic companies will remain stable and that demand for BPO services will continue to grow steadily, such as in the promotion of improved business productivity and operational efficiency, despite a temporary decline in demand associated with the spread of COVID-19 infections that occurred in the previous fiscal year and the two previous fiscal years. In addition, demand for BPO services is expected to continue to grow steadily as companies in Japan seek to improve productivity and operational efficiency. We also assume that the increase in the number of tourists, including inbound tourists, will lead to a significant recovery in the flow of people to tourist destinations and an increase in the number of users of facilities for local development projects.

Based on the above, we forecast net sales of ¥390,000 million (up 4.7% year-on-year) for the fiscal year ending May 31, 2024. On the earnings front, we expect a decline in the gross profit margin in the Expert Services (Temporary staffing) segment due to an increase in paid vacations and social insurance premiums, but this will be absorbed by other segments, resulting in operating income of ¥16,000 million (up 11.3% year-on-year) and ordinary income of ¥15,700 million (up 2.2% year-on-year). Due to the absence of extraordinary gains such as gain on sales of investment securities in the current period, profit attributable to owners of the parent is projected to be ¥5,000 million (down 18.0% year-on-year).

These are aggregate estimates and forecasts of the impact of our group companies based on currently available information and projections, etc., and actual results may vary depending on various factors, such as the time when COVID-19 infections are fully contained and economic conditions.

#### Consolidated Business Results Forecast

	FY2022	FY2023 (Forecast)	YoY
Net sales	372,579	390,000	4.7%
Operating income	14,377	16,000	11.3%
Ordinary income	15,366	15,700	2.2%
Profit attributable to owners of parent	6,099	5,000	(18.0)%

(Millions of yen)

#### (5) Policy on the Appropriation of Profits and Dividends for FY2022 and FY2023

In connection with the appropriation of profits, the Company takes into consideration the funds for growth required to engage in new businesses and capital investments aimed at fulfilling the Company's responsibilities as a sustainably developing company, so as to strengthen the Company's operating platform and earnings capacity and to expand shareholders' returns by enhancing corporate value. On this basis and for the foreseeable future, the Company has adopted the basic policy to implement a consolidated dividend payout ratio target of 30% in an effort to continuously deliver adequate and stable returns to shareholders taking into consideration operating performance.

Despite the increase in sales and decrease in profit for the fiscal year under review, the annual dividend for the fiscal year ending May 31, 2023 will be ¥35.00 per share, based on the resolution of the Board of Directors' meeting held on July 14, 2023. The effective date of the dividend payment will be August 10, 2023.

For the next fiscal year, we plan to pay a dividend of ¥35.00 per share, the same as the fiscal year under review, as we strive to maintain continuous and stable dividends in accordance with our dividend policy.

## 2. Basic Consideration on Selecting our Accounting Standard

The Group has adopted Japanese GAAP as our accounting standard, considering the period comparability of the consolidated financial statements and the comparability between companies. Regarding the application for IFRS (International Financial Reporting Standards), we will proceed with consideration based on domestic and international situations.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	66,951	123,067
Notes receivable-trade	101	73
Accounts receivable-trade	40,872	40,973
Contract assets	10,008	11,577
Inventories	3,560	3,365
Income taxes receivable	70	2,693
Other	9,648	12,643
Allowance for doubtful accounts	(89)	(121)
<b>Total current assets</b>	<b>131,123</b>	<b>194,275</b>
<b>Non-current assets</b>		
Property, plants, and equipment		
Buildings	19,410	23,179
Accumulated depreciation	(7,201)	(7,798)
<b>Buildings, net</b>	<b>12,208</b>	<b>15,381</b>
Structures	4,431	4,894
Accumulated depreciation	(791)	(1,083)
<b>Structures, net</b>	<b>3,639</b>	<b>3,810</b>
Land	7,308	8,063
Lease assets	3,256	2,306
Accumulated depreciation	(2,505)	(1,171)
<b>Lease assets, net</b>	<b>751</b>	<b>1,134</b>
Construction in progress	1,605	3,353
Other	7,982	8,109
Accumulated depreciation	(6,160)	(6,127)
<b>Other, net</b>	<b>1,821</b>	<b>1,981</b>
<b>Total property, plants, and equipment</b>	<b>27,336</b>	<b>33,725</b>
Intangible assets		
Goodwill	6,833	7,353
Software	7,644	10,027
Lease assets	18	7
Customer assets	8,581	9,067
Other	116	126
<b>Total intangible assets</b>	<b>23,195</b>	<b>26,582</b>
Investments and other assets		
Investment securities	6,938	6,586
Long-term loans receivable	39	34
Net defined benefit asset	1,942	2,245
Deferred tax assets	2,720	2,909
Lease and guarantee deposits	9,063	7,773
Other	1,247	1,248
Allowance for doubtful accounts	(10)	(7)
<b>Total investments and other assets</b>	<b>21,941</b>	<b>20,791</b>

	As of May 31, 2022	As of May 31, 2023
Total non-current assets	72,473	81,099
<b>Deferred assets</b>		
Bond issue cost	149	130
Total deferred assets	149	130
<b>Total assets</b>	<b>203,746</b>	<b>275,504</b>

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,735	7,427
Short-term loans payable	9,611	10,296
Lease obligations	411	383
Accounts payable-other	10,523	10,334
Accrued expenses	16,016	17,009
Income taxes payable	5,877	3,061
Accrued consumption taxes	5,250	4,482
Contract liabilities	8,453	7,488
Deposit received	13,051	78,690
Provision for bonuses	4,741	4,667
Provision for directors' bonuses	19	26
Asset retirement obligations	43	17
Other	819	897
<b>Total current liabilities</b>	<b>83,555</b>	<b>144,783</b>
<b>Non-current liabilities</b>		
Bonds payable	3,810	3,224
Long-term loans payable	38,779	43,505
Lease obligations	554	924
Provision for directors' stock benefit	598	600
Provision for employees' stock grant	571	566
Net defined benefit liability	2,300	2,409
Deferred tax liabilities	3,506	2,366
Asset retirement obligations	2,280	2,554
Other	643	2,945
<b>Total non-current liabilities</b>	<b>53,044</b>	<b>59,096</b>
<b>Total liabilities</b>	<b>136,599</b>	<b>203,880</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	17,786	17,094
Retained earnings	28,238	32,941
Treasury shares	(2,378)	(2,378)
<b>Total shareholders' equity</b>	<b>48,646</b>	<b>52,658</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	1,131	853
Foreign currency translation adjustment	197	348
Remeasurements of defined benefit plans	10	138
<b>Total other comprehensive income</b>	<b>1,339</b>	<b>1,340</b>
<b>Share acquisition rights</b>	<b>4</b>	<b>2</b>
<b>Non-controlling interests</b>	<b>17,155</b>	<b>17,622</b>
<b>Total net assets</b>	<b>67,146</b>	<b>71,624</b>
<b>Total liabilities and net assets</b>	<b>203,746</b>	<b>275,504</b>

**(2) Consolidated Statements of Income & Comprehensive Income**

## Consolidated Statements of Income

(Millions of yen)

	FY2021	FY2022
Net sales	366,096	372,579
Cost of sales	276,424	281,053
Gross profit	89,671	91,525
Selling, general and administrative expenses	67,588	77,148
Operating income	22,083	14,377
Non-operating income		
Interest income	28	41
Equity in earnings of affiliates	142	153
Subsidy	720	968
Real estate rent	735	185
Other	363	440
Total non-operating income	1,991	1,788
Non-operating expenses		
Interest expenses	293	393
Commitment fee	460	60
Rent expenses on real estates	611	141
Other	212	203
Total non-operating expenses	1,578	798
Ordinary income	22,496	15,366
Extraordinary income		
Gain on sales of non-current assets	4	33
Gain on sales of investment securities	—	1,267
Gain on sale of shares of subsidiaries and associates	24	17
Gain on change in equity	—	213
Total extraordinary income	28	1,530
Extraordinary loss		
Loss on sales and retirement of non-current assets	80	131
Impairment loss	132	—
Loss on sale of investment securities	2	—
Loss on valuation of investment securities	19	—
Loss on valuation of shares of subsidiaries and associates	0	—
Total extraordinary loss	234	131
Profit before income taxes	22,290	16,766
Income taxes-current	8,826	7,508
Income taxes-deferred	69	(1,450)
Income taxes	8,895	6,058
Profit	13,394	10,707
Profit attributable to non-controlling interests	4,773	4,608
Profit attributable to owners of parent	8,621	6,099



## Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2021	FY2022
Profit	13,394	10,707
Other comprehensive income		
Valuation difference on available-for-sale securities	867	(534)
Foreign currency translation adjustment	198	162
Remeasurements of defined benefit plans	(28)	132
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	1,038	(239)
Comprehensive income	14,433	10,468
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,219	6,099
Comprehensive income attributable to non-controlling interests	5,213	4,368

### (3) Consolidated Statements of Changes in Shareholders' Equity

FY2021 (For the fiscal year ended May 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained Earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	14,029	20,801	(2,417)	37,413
Cumulative effect of a change in accounting policy			12		12
Balance at beginning of current period reflecting	5,000	14,029	20,813	(2,417)	37,425
Changes of items during the period					
Dividends from surplus			(1,196)		(1,196)
Profit attributable to owners of the parent			8,621		8,621
Acquisition of treasury stock				(0)	(0)
Disposal of treasury shares by stock benefit trust				39	39
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,993			2,993
Capital increase of consolidated subsidiaries		763			763
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	3,757	7,424	39	11,220
Balance at the end of current period	5,000	17,786	28,238	(2,378)	48,646

	Total accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	694	10	36	741	4	11,619	49,779
Cumulative effect of a change in accounting				—			12
Balance at beginning of current period	694	10	36	741	4	11,619	49,792
Changes of items during the period							
Dividends from surplus				—			(1,196)
Profit attributable to owners of parent				—			8,621
Acquisition of treasury stock				—			(0)
Disposal of treasury shares by stock				—			39
Change in treasury shares of parent arising from transactions with non-controlling shareholders				—			2,993
Capital increase of consolidated				—			763
Net changes of items other than shareholders' equity	436	187	(26)	597	—	5,535	6,133
Total changes of items during the period	436	187	(26)	597	—	5,535	17,354
Balance at the end of current period	1,131	197	10	1,339	4	17,155	67,146

FY2022 (For the fiscal year ended May 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained Earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	5,000	17,786	28,238	(2,378)	48,646
Changes of items during the period					
Dividends from surplus			(1,396)		(1,396)
Profit attributable to owners of parent			6,099		6,099
Acquisition of treasury stock				(0)	(0)
Disposal of treasury shares by stock benefit trust				0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(688)			(688)
Capital increase of consolidated subsidiaries		(3)			(3)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(692)	4,703	0	4,011
Balance at the end of current period	5,000	17,094	32,941	(2,378)	52,658

	Total accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,131	197	10	1,339	4	17,155	67,146
Changes of items during the period							
Dividends from surplus				—			(1,396)
Profit attributable to owners of parent				—			6,099
Acquisition of treasury stock				—			(0)
Disposal of treasury shares by stock benefit trust				—			0
Change in treasury shares of parent arising from transactions with non-controlling shareholders				—			(688)
Capital increase of consolidated subsidiaries				—			(3)
Net changes of items other than shareholders' equity	(278)	150	127	0	(1)	467	465
Total changes of items during the period	(278)	150	127	0	(1)	467	4,477
Balance at the end of current period	853	348	138	1,340	2	17,622	71,624

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	FY2021	FY2022
Cash flows from operating activities		
Profit before income taxes	22,290	16,766
Depreciation and amortization	4,419	5,126
Impairment loss	132	—
Amortization of goodwill	709	721
Increase (decrease) in allowance for doubtful accounts	20	62
Increase (decrease) in provision for bonuses	153	(96)
Increase (decrease) in net defined benefit liability	(41)	(0)
Decrease (increase) in net defined benefit asset	(629)	(120)
Increase (decrease) in provision for directors' stock benefit	171	2
Increase (decrease) in provision for employees' stock grant	138	(5)
Interest and dividends income	(71)	(82)
Interest expenses	293	393
Subsidy income	(720)	(968)
Share of (profit) loss of entities accounted for using equity method	(142)	(153)
Loss (gain) on sales and retirement of non-current assets	76	97
Loss (gain) on sales of investment securities	2	(1,267)
Loss (gain) on valuation of investment securities	19	—
Decrease (increase) in notes, accounts receivable-trade and contract assets	(6,112)	(1,188)
Decrease (increase) in inventories	(315)	199
Decrease (increase) in other assets	(1,907)	(3,023)
Increase (decrease) in operating debt	2,823	(901)
Increase (decrease) in accrued consumption taxes	(862)	39
Increase (decrease) in deposits received	(1,201)	1,061
Increase (decrease) in other liabilities	(1,669)	1,717
Other	104	(178)
Subtotal	17,679	18,202
Interest and dividends income received	86	98
Interest expenses paid	(286)	(374)
Proceeds from subsidy	720	968
Income taxes paid	(8,084)	(12,932)
Net cash provided by operating activities	10,115	5,961

	FY2021	FY2022
Cash flows from investment activities		
Decrease (increase) in time deposits	10	(21)
Purchase of property, plants, and equipment	(11,632)	(9,029)
Proceeds from sales of property, plants, and equipment	13	99
Purchase of intangible assets	(4,683)	(4,591)
Purchase of investment securities	(744)	(595)
Proceeds from sales of investment securities	95	1,790
Purchase of shares of subsidiaries resulting in charge in scope of consolidation	(10,451)	(1,268)
Payments of loans receivable	(7)	(10)
Collection of loans receivable	11	20
Payments for lease and guarantee deposits	(2,493)	(638)
Proceeds from collection of lease and guarantee deposits	256	1,962
Payments for asset retirement obligation	(50)	(79)
Other	52	(140)
Net cash used in investment activities	(29,624)	(12,502)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(61)	(14)
Proceeds from long-term loans payable	29,129	15,727
Repayment of long-term loans payable	(11,098)	(10,339)
Proceeds from sale and leaseback	257	—
Repayments of finance lease obligations	(686)	(448)
Proceeds from issuance of bonds	2,500	—
Redemption of bonds	(586)	(586)
Proceeds from payments from noncontrolling interests	1,171	201
Purchase of treasury shares	(0)	(0)
Purchase of treasury shares of subsidiaries	(0)	(1,506)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(162)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	6,523	5
Cash dividends paid	(1,194)	(1,392)
Dividends paid to non-controlling interests	(2,390)	(3,776)
Other	(20)	—
Net cash provided by (used in) financing activities	23,543	(2,292)
Effect of exchange rate change on cash and cash equivalents	244	174
Net increase (decrease) in cash and cash equivalents	4,278	(8,658)
Cash and cash equivalents at the beginning of the period	52,298	56,578
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	1	—
Cash and cash equivalents at the end of the period	56,578	47,919

## (5) Note to Consolidated Financial Statements

### (Notes to Going Concern Assumption)

None

### (Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements)

#### 1. Scope of Consolidation

##### 1) Consolidated subsidiaries

a. No. of consolidated subsidiaries: 69 companies

b. Major consolidated subsidiaries

Pasona Inc.
Benefit One Inc.
Bewith, Inc.
Pasona Panasonic Business Service Co., Ltd.
Nijigennomori Inc.

c. New consolidated subsidiaries: 4 companies

Establishment Awaji Nature Farm Inc.

Share acquisition Doinet Co., Ltd.

Pasona Joinus Inc. \*1

Change from equity method affiliates Proferier Inc.\*2

d. Exclusion from the scope of consolidation: 1 companies

JTB BENEFIT SERVICE, Inc.\*3

\*1 The trade name was changed from KANDEN JOINUS Co., Ltd.

\*2 Transferred from an affiliated company accounted for by the equity method due to increase in materiality.

\*3 Merged with Benefit One Inc., a consolidated subsidiary of the Company, and was dissolved

##### 2) Non-consolidated subsidiary

a. No. of non-consolidated subsidiaries: 5 companies

b. Major non-consolidated subsidiaries Pasona Force Inc.

c. Reasons for exclusion from the scope of consolidation

The assets, sales, net profit & loss (the amount equivalent to equity shareholdings), and retained earnings (the amount equivalent to equity shareholdings) are considered insignificant and deemed to have immaterial impact on the consolidated financial statements. As a result, these non-consolidated subsidiaries have been excluded from the scope of consolidation.

#### 2. Application of the Equity Method

##### 1) Affiliated companies that are accounted for by the equity method

a. No. of affiliated companies that are accounted for by the equity method: 5 companies

b. Major affiliated companies that are accounted for by the equity method

e-staffing Co., Ltd.
National Examination Center Inc.
circlace Inc.

c. Exclusion from affiliated companies that are accounted for by the equity method: 4 company

VISIT TOHOKU Inc. \*1

GM7 Inc. \*1

Bridge Force Inc. \*2

Proferier Inc.\*3

\*1. As a result of the sale of all shares of VISIT TOHOKU Inc., the company and its subsidiary GM7 Inc. were excluded from the scope of application of the equity method.

\*2. Excluded from equity-method affiliates due to completion of liquidation

\*3. Due to the increase in materiality, the company has been consolidated.

##### 2) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

a. No. of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: 6 companies

b. Major non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

c. Reasons for exclusion from the scope of the equity method

Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method were excluded from the scope of consolidation, as their net profit and loss (the amount equivalent to equity shareholdings) and retained earnings (the amount equivalent to equity shareholdings) had an immaterial impact on the Group and as their overall importance to the Group's performance was limited.

**(Segment Information, etc.)**

**[Segment Information]**

1. Overview of reportable segments

The business segments reported by the Group are the business units for which the Group is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate their business results.

The Group's principal business activities are comprehensive human resource-related support services. Accordingly, the Group has designated "Expert Services (Temporary staffing), BPO Services (Contracting), Others," "Career Solutions (Placement/Recruiting, Outplacement)," "Outsourcing," "Life Solutions," and "Regional Revitalization Solutions" as reporting segments. Pasona Group Inc., a holding company, pursues the formulation of strategies for Group management and supports operation execution, governance of management, and the proper allocation of management resources, as well as developing new businesses related to job creation.

2. Method of computing net sales, income (loss), assets, liabilities, and other items by reporting segment

The accounting treatment method for the Group's reporting segments is generally same as the consolidated financial statements.

Also, segment income is based on operating income.

The prices of intersegment transactions and transfers are determined by price negotiations based on the Group's submission of preferred prices after taking market conditions into account.

3. Information regarding net sales, income (loss), assets, liabilities, and other items by reporting segment  
FY2021 (For the fiscal year ended May 31, 2022)

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net Sales								
Expert Services	151,520	—	—	—	—	151,520	—	151,520
BPO Services	137,319	—	—	—	—	137,319	—	137,319
HR Consulting, Education & Training, Other	7,181	—	—	—	—	7,181	—	7,181
Global Sourcing	8,043	—	—	—	—	8,043	—	8,043
Career Solution	—	14,665	—	—	—	14,665	—	14,665
Outsourcing	—	—	37,040	—	—	37,040	—	37,040
Life Solution	—	—	—	6,686	—	6,686	—	6,686
Regional Revitalization Solution	—	—	—	—	3,639	3,639	—	3,639
Revenue from contracts with customers	304,064	14,665	37,040	6,686	3,639	366,096	—	366,096
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	304,064	14,665	37,040	6,686	3,639	366,096	—	366,096
Intersegment sales and transfers	4,028	34	1,319	472	786	6,642	(6,642)	—
Total	308,093	14,700	38,359	7,158	4,426	372,739	(6,642)	366,096
Segment income (loss)	18,793	4,470	12,765	232	(2,612)	33,650	(11,566)	22,083
Segment assets	89,230	20,614	58,074	2,322	15,654	185,896	17,849	203,746
Other items								
Depreciation and Amortization	1,072	191	1,059	59	950	3,333	1,086	4,419
Amortization of Goodwill	631	—	77	—	—	709	—	709
Impairment losses	—	—	—	—	132	132	—	132
Increase in tangible and intangible fixed assets	1,093	57	17,900	5	4,703	23,760	7,633	31,394

Notes:

1. The following are included in the adjustment item.

- (1) Adjustment of segment loss totaling ¥(11,566) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(11,711) million, as well as intersegment sales and transfers totaling ¥145 million.
- (2) Adjustment of segment assets totaling ¥17,849 million includes the Company's cash and deposits and assets relating to Group management totaling ¥51,703 million, as well as intersegment sales and transfers totaling ¥(33,854) million.
- (3) Adjustment of depreciation and amortization totaling ¥1,086 million is mainly comprised of depreciation and amortization of assets relating to Group management totaling ¥1,151 million, as well as intersegment sales and transfers totaling ¥(64) million.
- (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥7,633 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥7,658 million, as well as intersegment sales and transfers totaling ¥(24) million.

2. Segment income is adjusted with operating income under consolidated statements of income.



## FY2022 (For the fiscal year ended May 31, 2023)

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net Sales								
Expert Services	146,655	—	—	—	—	146,655	—	146,655
BPO Services	139,290	—	—	—	—	139,290	—	139,290
HR Consulting, Education & Training, Other	7,563	—	—	—	—	7,563	—	7,563
Global Sourcing	9,654	—	—	—	—	9,654	—	9,654
Career Solution	—	13,893	—	—	—	13,893	—	13,893
Outsourcing	—	—	41,779	—	—	41,779	—	41,779
Life Solution	—	—	—	7,686	—	7,686	—	7,686
Regional Revitalization Solution	—	—	—	—	6,055	6,055	—	6,055
Revenue from contracts with customers	303,164	13,893	41,779	7,686	6,055	372,579	—	372,579
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	303,164	13,893	41,779	7,686	6,055	372,579	—	372,579
Intersegment sales and transfers	4,522	29	597	514	875	6,539	(6,539)	—
Total	307,687	13,923	42,376	8,200	6,931	379,119	(6,539)	372,579
Segment income (loss)	15,132	4,089	10,487	364	(2,877)	27,196	(12,819)	14,377
Segment assets	157,934	21,680	53,940	2,564	17,803	253,922	21,582	275,504
Other items								
Depreciation and Amortization	1,166	140	1,674	51	1,160	4,194	932	5,126
Amortization of Goodwill	426	—	294	—	—	721	—	721
Impairment losses	—	—	—	—	—	—	—	—
Increase in tangible and intangible fixed assets	3,746	230	3,767	144	2,534	10,422	5,918	16,341

## Notes:

## 1. The following are included in the adjustment item.

- (1) Adjustment of segment loss totaling ¥(12,819) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(13,074) million, as well as intersegment sales and transfers totaling ¥255 million.
- (2) Adjustment of segment assets totaling ¥21,582 million includes the Company's cash and deposits and assets relating to Group management totaling ¥54,816 million, as well as intersegment sales and transfers totaling ¥(33,234) million.
- (3) Adjustment of depreciation and amortization totaling ¥932 million is mainly comprised of depreciation and amortization of assets relating to Group management totaling ¥982 million, as well as intersegment sales and transfers totaling ¥(50) million.
- (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥5,918 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥6,037 million, as well as intersegment sales and transfers totaling ¥(119) million.

## 2. Segment income is adjusted with operating income under consolidated statements of income.

[Related information]

FY2021 (For the fiscal year ended May 31, 2022)

1. Information by product and service

Nothing is stated herein as similar information is disclosed in segment information.

2. Information on geographic areas

(1) Net sales

Since the percentage of net sales in Japan exceeds 90%, information on geographic areas is omitted in this report.

(2) Property, plants, and equipment

Because the percentage of total property, plants, and equipment located in Japan exceeds 90%, information on geographic areas is omitted in this report.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales.

FY2022 (For the fiscal year ended May 31, 2023)

1. Information by product and service

Nothing is stated herein, as similar information is disclosed in segment information.

2. Information on geographic areas

(1) Net sales

Because the percentage of net sales in Japan exceeds 90%, information on geographic areas is omitted in this report.

(2) Property, plants, and equipment

Because the percentage of total property, plants, and equipment located in Japan exceeds 90%, information on geographic areas is omitted in this report.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales.

(Information regarding Impairment Loss on fixed assets by reporting segment)

FY2021 (For the fiscal year ended May 31, 2022)

Because an impairment loss on fixed assets has been already disclosed in the segment information, it is omitted in this report.

FY2022 (For the fiscal year ended May 31, 2023)

None

[Information regarding Unamortized Balance of Goodwill by reporting segment]

FY2021 (For the fiscal year ended May 31, 2022)

(Millions of yen)

	Reporting segments					Adjustment	Total
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing	Life Solutions	Regional Revitalization Solutions		
Balance at the end of the period	1,008	—	5,824	—	—	—	6,833

FY2022 (For the fiscal year ended May 31, 2023)

(Millions of yen)

	Reporting segments					Adjustment	Total
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing	Life Solutions	Regional Revitalization Solutions		
Balance at the end of the period	1,823	—	5,529	—	—	—	7,353

(Information regarding Gain on Bargain Purchase by reporting segment)

FY2021 (For the fiscal year ended May 31, 2022)

None

FY2022 (For the fiscal year ended May 31, 2023)

None

**(Per Share Information)**

(Yen)

	FY2021	FY2022
Net assets per share	1,276.00	1,378.40
Net income per share	220.19	155.70
Diluted net income per share	219.41	155.22

(Notes)

- The Company's shares in BBT and J-ESOP, which are reported as treasury shares under Shareholders' equity, are not counted toward the number of treasury shares as of the period-end and the average number of shares outstanding for the period, for the purpose of computing earnings and net assets per share. The number of treasury shares deducted for calculation of net assets per share was 424,862 in FY2021 and 424,862 in FY2022, in terms of BBT, and was 298,114 in FY2021 and 297,514 in FY2022 in terms of J-ESOP (year-end basis). The number of treasury shares deducted for calculation of net income per share was 443,070 in FY2021 and 424,862 in FY2022, in terms of BBT, and was 299,370 in FY2021 and 299,664 in FY2022 in terms of J-ESOP (year-average basis).
- The following shows the basis for calculating net income per share and diluted net income per share.

(Millions of yen)

Items	FY2021	FY2022
Profit attributable to owners of the parent	8,621	6,099
Amount not applicable to shareholders of common stock	—	—
Profit attributable to owners of the parent applicable to common stock	8,621	6,099
Average number of shares for the period (shares)	39,154,774	39,174,636
Diluted net income per share		
Adjustment to net income attributable to owners of the parent	(30)	(18)
(Adjustment due to latent shares of consolidated subsidiaries)	((30))	((18))
Overview of diluted shares excluded from the calculation of net income per share after adjusting for diluted share because of lack of diluting effect	—	—

- The following shows the basis of calculating net assets per share.

(Millions of yen)

Items	As of May 31, 2022	As of May 31, 2023
Total net assets	67,146	71,624
Amount deducted from total net assets	17,160	17,625
Net assets applicable to common stock as of the fiscal period-end	49,986	53,998
Number of common stock shares used to calculate net assets per share (shares)	39,174,206	39,174,780

**(Important Subsequent Events)**

None