PASONA

July 15, 2026

# Consolidated Financial Results for the Year Ended May 31, 2026 (Under Japanese GAAP)

Company name: Pasona Group Inc.
Listing: Tokyo Stock Exchange
Securities code: 2168
URL: https://www.pasonagroup.co.jp
Representative: Hirotaka Wakamoto, Representative Director, President and CEO
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Scheduled date of annual general meeting of shareholders: August 28, 2026
Scheduled date to commence dividend payments: August 10, 2026
Scheduled date to file annual securities report: August 14, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: 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 profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2025 | 308,496 | (0.2) | (1,149) | — | 138 | — | (3,388) | — |
| FY2024 | 309,240 | (13.3) | (1,237) | — | (460) | — | (8,658) | — |

(Note) Comprehensive income FY2025: ¥(2,816) million (—%) FY2024: ¥(8,416) million (—%)

| | Net profit per Share | Diluted Net Profit per Share | Return on Equity | Ordinary Profit to Total Assets | Operating Profit to Net Sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FY2025 | (90.07) | — | (2.6) | 0.1 | (0.4) |
| FY2024 | (221.80) | — | (6.1) | (0.2) | (0.4) |

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates FY2025: ¥210 million FY2024: ¥134 million

### (2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| May 31, 2026 | 235,482 | 132,929 | 53.9 | 3,397.06 |
| May 31, 2025 | 265,038 | 141,134 | 50.9 | 3,517.00 |

(Reference) Equity As of May 31, 2026: ¥126,888 million As of May 31, 2025: ¥134,934 million

(Note) 1. Total assets for the fiscal years ended May 31, 2025 and May 31, 2026 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 |
|---|---|---|---|---|
| FY2025 | 2,897 | (27,285) | 101 | 54,577 |
| FY2024 | 4,327 | (47,600) | (15,055) | 78,664 |

## 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 | | | |
| FY2024 | ― | 0.00 | ― | 75.00 | 75.00 | 2,956 | ― | 2.1% |
| FY2025 | ― | 0.00 | ― | 75.00 | 75.00 | 2,870 | ― | 2.2% |
| FY2026(Forecast) | ― | 0.00 | ― | 75.00 | 75.00 | | ― | |

(Note) Breakdown of year-end dividend for the fiscal year ending May 31, 2026:
Ordinary dividend ¥15.00, Special dividend ¥60.00
(Note) Breakdown of year-end dividend for the fiscal year ending May 31,2027 (forecast):
Ordinary dividend ¥15.00, Special dividend ¥60.00

## 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2027

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

| | Net Sales | | Operating Profit | | Ordinary Profit | | Profit attributable to owners of parent | | Net Profit per Share |
|---|---|---|---|---|---|---|---|---|---|
| | | % | | % | | % | | % | Yen |
| FY2026 Full Fiscal Year | 325,000 | 5.3 | 1,500 | ― | 1,500 | 984.8 | (1,000) | ― | (26.58) |

## 4. NOTES

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- ii) Changes in accounting policies due to other reasons: None
- iii) Changes in accounting estimates: None
- iv) Restatement: None

(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, 2026: 40,190,300 shares May 31, 2025: 40,190,300 shares

2) Number of treasuries shares as of the period-end
May 31, 2026: 2,837,873 shares May 31, 2025: 1,823,771 shares

3) Average number of shares for the period
FY2025: 37,626,790 shares FY2024: 39,036,161 shares

(Reference) Overview of Non-Consolidated Financial Results

1. FY2025 (June 1, 2025 to May 31, 2026)

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

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

| | Net Sales | | Operating Profit | | Ordinary Profit | | Net Profit | |
|---|---|---|---|---|---|---|---|---|
| | | % | | % | | % | | % |
| FY2025 | 10,176 | 33.1 | (6,335) | — | (5,013) | — | (6,822) | — |
| FY2024 | 7,645 | (23.6) | (8,679) | — | (9,411) | — | (13,099) | — |

| | Net Profit per Share | Diluted Net Profit per Share |
|---|---|---|
| | Yen | Yen |
| FY2025 | (181.32) | — |
| FY2024 | (335.56) | — |

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

| | Total Assets | Net Assets | Equity Ratio (%) | Net Assets per Share (Yen) |
|---|---|---|---|---|
| May 31, 2026 | 171,319 | 88,930 | 51.9 | 2,380.84 |
| May 31, 2025 | 175,638 | 100,998 | 57.5 | 2,632.46 |

(Reference) Equity as of May 31, 2026: ¥88,930 million As of May 31, 2025: ¥100,998 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 treasuries 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.

*Explanation of appropriate use of earnings forecasts and other special notes.

(Cautionary statement regarding forward-looking statements)

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" for the assumptions used in the forecast of business results.

(Method for obtaining financial results presentation materials)

We are planning to hold a financial results online meeting for analysts and institutional investors on July 16, 2026.
Supplemental materials for the financial results will be posted on the Company's website (https://www.pasonagroup.co.jp/ir/)immediately after the meeting.

# FY2025 Consolidated Financial Report

## INDEX

## 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, 2026

**Consolidated Financial Report (June 1, 2025 – May 31, 2026)**

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 | Increase/ Decrease | YoY |
|---|---|---|---|---|
| Net sales | 309,240 | 308,496 | (744) | (0.2)% |
| Gross profit | 67,958 | 70,278 | +2,319 | +3.4% |
| Selling, general and administrative expenses | 69,196 | 71,428 | +2,231 | +3.2% |
| Operating loss | (1,237) | (1,149) | +88 | — |
| Ordinary profit (loss) | (460) | 138 | +598 | — |
| Loss attributable to owners of parent | (8,658) | (3,388) | +5,269 | — |

During the current consolidated fiscal year (hereinafter referred to as "the current fiscal year"), the Japanese economy experienced a gradual recovery, as consumer spending showed signs of picking up against the backdrop of an improving employment and income environment while corporate earnings and employment conditions continued to improve. On the other hand, toward the end of the fiscal year, uncertainty regarding the economic outlook emerged due to the impact of rising prices on consumer sentiment, developments in U.S. trade policy, fluctuations in crude oil prices stemming from the situation in the Middle East, and volatility in financial and capital markets.

In light of these economic conditions, consolidated net sales declined during the current fiscal year due to the impact of large-scale BPO Solution contracts reaching a peak, as well as a decline in sales efficiency in the Placement/Recruiting business in the Career Solutions segment resulting from the overhaul of internal systems and staff turnover. On the other hand, the Life Solutions segment performed well, driven by steady expansion in child-rearing support services such as childcare and housekeeping services. Additionally, "Nijigen no Mori" on Awaji Island in Hyogo Prefecture—driving growth in the Regional Revitalization and Tourism Solutions segment by attracting popular content and acquiring a core fan base, leading to an increase in tourist numbers—also contributed to the positive results.

In terms of profit, while selling, general, and administrative expenses increased because personnel expenses rose during the current fiscal year due to higher retirement benefit costs, and IT-related costs stemming from revised usage fees for the Group's IT infrastructure increased, this was offset by an increase in gross profit driven by an improvement in the gross profit margin, resulting in an improvement in the consolidated operating loss compared to the previous fiscal year. Furthermore, non-operating income increased year-on-year resulting from sponsorship money income and product sales income from the pavilion exhibition at Expo 2025 Osaka, Kansai, Japan.

As a result, net sales were ¥308,496 million (down 0.2% year-on-year), operating loss was ¥1,149 million (compared to an operating loss of ¥1,237 million in the previous fiscal year), ordinary profit was ¥138 million (compared to an ordinary loss of ¥460 million in the previous fiscal year), and a net loss attributable to owners of the parent was ¥3,388 million (compared to a net loss attributable to owners of the parent of ¥8,658 million in the previous fiscal year)— with all of this amounting to an improvement of ¥5,269 million from the previous fiscal year, despite the recording of Expo exhibit-related expenses as extraordinary losses again this fiscal year.

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

**Segment Information (Figures include intersegment sales)**

**Consolidated Net Sales by Segment**

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 | Increase/ Decrease | YoY |
|---|---|---|---|---|
| **HR Solutions** | 286,552 | 283,241 | (3,310) | (1.2)% |
| BPO Solutions (Contracting, Outsourcing) | 137,236 | 132,928 | (4,307) | (3.1)% |
| Expert Solutions (Temporary staffing) | 134,807 | 136,279 | +1,471 | +1.1% |
| Career Solutions (Placement/Recruiting, Outplacement) | 14,507 | 14,033 | (474) | (3.3)% |
| **Global Solutions (Overseas Human Resource Services)** | 11,407 | 12,128 | +721 | +6.3% |
| **Life Solutions (Childcare support, Life support, etc.)** | 8,623 | 9,684 | +1,060 | +12.3% |
| **Regional Revitalization and Tourism Solutions** | 7,083 | 8,296 | +1,212 | +17.1% |
| Elimination and Corporate | (4,425) | (4,854) | (428) | — |
| Total | 309,240 | 308,496 | (744) | (0.2)% |

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

(Millions of yen)

| | Fiscal year ended May 31, 2025 | Fiscal year ended May 31, 2026 | Increase/ Decrease | YoY |
|---|---|---|---|---|
| **HR Solutions** | 14,808 | 14,235 | (572) | (3.9)% |
| BPO Solutions (Contracting, Outsourcing)<br>Expert Solutions (Temporary staffing) | 9,759 | 9,990 | ＋230 | +2.4% |
| Career Solutions (Placement/Recruiting, Outplacement) | 5,048 | 4,244 | (803) | (15.9)% |
| **Global Solutions (Overseas Human Resource Services)** | 401 | 266 | (134) | (33.5)% |
| **Life Solutions (Childcare support, Life support, etc.)** | (26) | 475 | ＋502 | — |
| **Regional Revitalization and Tourism Solutions** | (1,900) | (1,491) | ＋409 | — |
| Elimination and Corporate | (14,519) | (14,636) | (116) | — |
| Total | (1,237) | (1,149) | ＋88 | — |

**HR Solutions** **Net sales ¥283,241 million** **Operating profit ¥14,235 million**

**[BPO Solutions (Contracting, Outsourcing)]** **Net sales ¥132,928 million**

Although demand for BPO services remains robust supported by companies' digital transformation efforts and increasingly complex management challenges, net sales for the current fiscal year declined year-on-year due to the peak-out in the large-scale contract projects and the completion of certain projects in the public sector.

At the same time, we are working to expand our specialized BPO services. During the current fiscal year, "ProShare"—which is a service where professional talent helps companies solve corporate management challenges—continued to expand. Furthermore, thanks to the success of our ongoing efforts to develop in-house talent, our conversion rates improved in areas such as HR support and technical support. In addition, we launched "Wellness Cloud," a new service that promotes health management in the workplace, and we are working to expand our business by establishing specialized subsidiaries to support corporate digital transformation and system development. As a result of these efforts to expand into specialized fields with high strategic value, the gross profit margin improved by 1.4 percentage points year-on-year to 22.7%.

**[Expert Solutions (Temporary staffing)]** **Net sales ¥136,279 million**

Although the effective job-openings-to-applicants ratio in Japan showed a downward trend, orders for temporary staffing remained stable as companies continued to face labor shortages. As a result of our efforts to improve convenience during registration and through the use of AI tools, the number of new temporary staffing registrants increased by double digits year-on-year. However, due to a decline in the conversion rate, the number of active temporary staff remained at the previous year's level. On the other hand, as a result of our efforts to revise unit rates for temporary staffing fees in line with improved working conditions for temporary staff, net sales slightly increased year-on-year.

**[BPO Solutions, Expert Solutions]** **Operating profit ¥9,990 million**

Regarding the BPO Solutions and Expert Solutions segments mentioned above, although net sales from BPO Solutions declined during the current fiscal year, gross profit increased as we continued our efforts to improve gross profit margins in line with our medium-term vision. Despite an increase in selling, general, and administrative expenses due to higher personnel costs resulting from wage increases for employees, operating profit increased year-on-year, reaching ¥9,990 million (up 2.4% year-on-year).

**[Career Solutions (Placement/Recruiting, Outplacement)]**

**Net sales ¥14,033 million** **Operating profit ¥4,244 million**

In the Placement/Recruiting business, the number of successful placements declined year-on-year. This was due to the impact of the internal system replacement implemented at the beginning of the current fiscal year, lower sales efficiency in the second half caused by staff turnover, hiring restraints and more selective recruitment by some companies, and there is a growing trend among job seekers to take a cautious approach to changing jobs.

In the Outplacement business, demand for our services remained steady, as companies, regardless of their business performance, embarked on structural reforms aimed at future business transformation and workforce restructuring. Furthermore, the number of new client companies for our "Safe Placement Total Service," which supports employees in proactively shaping their own careers, remained robust.

As a result, segment net sales declined due to the negative impact of the Placement/Recruiting business, and operating profit also fell as selling, general, and administrative expenses increased due to factors such as higher costs associated with the new system.

**Global Solutions (Overseas Human Resource Services)**

**Net sales ¥12,128 million** **Operating profit ¥266 million**

In the United States, although the use of recruitment services declined due to the growing trend of direct hiring in the labor market, net sales increased, driven by BPO services such as accounting and payroll processing. In Taiwan, recruitment services continued to expand, particularly in the semiconductor manufacturing sector, and net sales from HR consulting services also increased. In Indonesia, net sales from temporary staffing services increased as a result of acquiring new customers, while in Thailand and Malaysia as well, net sales from recruitment services rebounded, and HR consulting services also grew. As a result, segment net sales increased. However, from a cost perspective, personnel expenses rose, as we continued to hire staff in each country to support sales, consulting, and new business development, leading to a decline in segment profit.

**Life Solutions (Childcare support, Life support, etc.)**

**Net sales ¥9,684 million Operating profit ¥475 million**

In the Childcare Support business, net sales increased due to the expansion of operations for new after-school clubs and other programs in Tokyo from the beginning of the fiscal year. The cost-to-sales ratio also decreased as we strengthened income and expense management at each facility. In addition, the optimization of personnel expenses and other costs, together with the elimination of temporary expenses incurred in the previous fiscal year, contributed to improved profitability.

In the Life Support business including housekeeping services, net sales increased due to the expansion of new clients, including private-sector companies and local governments, as well as longer service usage hours among existing clients. Additionally, thanks to securing a contract for the Expo 2025 Osaka, Kansai, Japan, the segment as a whole saw an increase in both net sales and profit.

**Regional Revitalization and Tourism Solutions**

**Net sales ¥8,296 million Operating profit ¥(1,491) million**

At "Nijigen no Mori" on Awaji Island in Hyogo Prefecture, the limited-time "Demon Slayer: Kimetsu no Yaiba" attraction (running from March 15 to December 14, 2025) has been driving visitor numbers during the current period. Additionally, the internationally popular "NARUTO & BORUTO SHINOBIZATO" has steadily driven inbound tourism with support from enthusiasts. Furthermore, profitability improved by optimizing staff allocation based on forecasts of peak and off-peak periods according to the day of the week and weather conditions, as well as by streamlining promotional expenses. Food and beverage facilities, including "HELLO KITTY SMILE" and "HELLO KITTY SHOW BOX," saw an increase in visitors, driven by the popularity of their immersive Hello Kitty-themed experiences and photogenic spots.

As a result, net sales increased year-on-year, and profitability in our existing businesses improved. Consequently, despite delays in the launch of our new gaming business and new lodging facilities, the net loss narrowed.

**Eliminations and Corporate** **Net sales ¥(4,854) million Operating profit ¥(14,636) million**

During the current fiscal year, while we worked to control costs including via the optimal allocation of personnel, IT-related expenses increased due to revised usage fees for the IT infrastructure implemented across the Group, resulting in higher overall costs.

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

### Status of Assets, Liabilities and Net Assets

As of May 31,2026, the amount of ¥8,802 million (¥35,319 million at the end of the previous fiscal year) of temporary “Deposits received” from customers related to contracted projects, which is restricted in use by the Group, was recorded in liabilities and “Cash and deposits” worth it was recorded in assets.

### Assets

Total assets as of May 31, 2026 stood at ¥235,482 million, a decrease of ¥29,556 million or 11.2%, compared with May 31, 2025. This was due to a ¥15,341 million increase in tangible fixed assets related to Regional Revitalization projects and other initiatives, and a ¥3,551 million increase in intangible fixed assets resulting from the development of a new core system in the HR Solutions domain, among other factors; however, cash and deposits decreased by ¥47,991 million due to the aforementioned decrease in “Deposits Received,” as well as the acquisition of fixed assets and the payment of dividends,

### Liabilities

Total liabilities as of May 31, 2026 stood at ¥102,552 million, a decrease of ¥21,351 million or 17.2%, compared with May 31, 2025. This was due to a ¥7,280 million increase in long-term borrowings resulting from fundraising, while customer deposits related to the aforementioned contracted projects and other factors decreased by ¥26,819 million.

### Net Assets

Net assets as of May 31, 2026 stood at ¥132,929 million, a decrease of ¥8,204 million or 5.8%, compared with May 31, 2025. This was due to a decrease in retained earnings of ¥6,345 million resulting from dividend payments of ¥2,956 million and a net loss attributable to owners of the parent of ¥3,388 million, and an increase in treasury shares of ¥2,264 million resulting from the purchase of treasury shares and other factors.

As a result of the above, the equity ratio as of May 31, 2026 was 53.9% (50.9% at the end of the previous fiscal year). Total assets, after deducting “cash and deposits” associated with “deposits received” related to contracted projects, amounted to ¥226,679 million (¥229,719 million at the end of the previous fiscal year), resulting in an equity ratio of 56.0% (58.7% 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 FY2025 decreased by ¥24,087 million, compared with May 31, 2025, to ¥54,577 million. “Net cash” does not include “Cash and deposits” corresponding to temporary “Deposits received” from customers related to contracted projects.

### Cash Flows from Operating Activities

Net cash provided by operating activities increased to ¥2,897 million (an increase of ¥4,327 million in the previous fiscal year).

Major cash inflows included depreciation and amortization expenses of ¥2,731 million (¥2,756 million in the previous fiscal year), a decrease in accounts receivable-trade and contract assets of ¥4,175 million (a decrease of ¥2,244 million in the previous fiscal year), and an increase of ¥1,123 million in accrued consumption taxes (an increase of ¥371 million in the previous fiscal year).

Major cash outflows included net loss before income taxes of ¥1,006 million (net loss of ¥5,826 million in the previous fiscal year), a decrease in in trade payable of ¥1,104 million (an increase of ¥763 million in the previous fiscal year), a decrease in accounts payable - other of ¥1,160 million (an increase of ¥425 million in the previous fiscal year), and income taxes paid of ¥1,822 million (¥322 million in the previous fiscal year).

**Cash Flows from Investing Activities**

Net cash used in investing activities decreased to ¥27,285 million (a decrease of ¥47,600 million in the previous fiscal year).

Major cash inflows included proceeds the redemption of securities totaling ¥22,500 million (none occurred in the previous fiscal year), among other factors.

Major cash outflows were the purchase of securities totaling ¥24,000 million (¥14,500 million in the previous fiscal year) and purchase of property, plant and equipment totaling ¥18,071 million (¥14,909 million in the previous fiscal year), purchase of intangible assets totaling ¥3,697 million(¥3,421million), among other factors.

**Cash Flows from Financing Activities**

Net cash provided in financing activities increased to ¥101 million (a decrease of ¥15,055 million in the previous fiscal year).

Major cash inflows included long-term borrowings of ¥12,300 million (none in the previous consolidated fiscal year), among other factors.

Major cash outflows included the repayments of long-term borrowings of ¥5,728 million (¥9,099 million in the previous fiscal year), the purchase of treasury shares of ¥2,467 million ¥(1,731 million in the previous fiscal year), and dividends paid of ¥3,514 million (¥3,417 million in the previous fiscal year), among other factors.

(Reference) **Cash Flow Benchmarks**

| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| Equity ratio | 24.5% | 19.6% | 49.3% | 50.9% | 53.9% |
| Equity ratio based on market capitalization | 40.3% | 24.7% | 28.4% | 33.0% | 25.6% |
| Ratio of interest-bearing debt to cash flows (years) | 5.3 | 9.9 | 5.8 | 7.7 | 13.6 |
| Interest coverage ratio (times) | 35.4 | 15.9 | 16.6 | 12.9 | 7.4 |

Notes:

1. 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
2. Each benchmark is calculated based on the consolidated financial statements.
3. 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).
4. Cash flows from operating activities are used in calculations for cash flows.
5. Interest-bearing debt includes all interest-bearing debt under liabilities recorded on the consolidated balance sheets.
   In addition, for interest payments, we use the "Interest Paid" figure from the consolidated statement of cash flows.
6. The equity ratio after deduction of temporary "deposits" from customers related to contracted projects whose use by the Group is restricted and the corresponding "cash and deposits" is as described in the previous section "(2) Summary of Financial Position for the Fiscal Year under Review", and the equity ratio based on market value was 26.5% (38.1% at the end of the previous fiscal year).

### (4) Future Outlook

**Consolidated Business Results Forecast**

(Millions of yen)

| | FY2025 | FY2026 (Forecast) | Change | YoY |
|---|---|---|---|---|
| Net sales | 308,496 | 325,000 | ＋16,503 | ＋5.3% |
| Operating profit (loss) | (1,149) | 1,500 | ＋2,649 | — |
| Ordinary profit | 138 | 1,500 | ＋1,361 | ＋984.8% |
| Loss attributable to owners of parent | (3,388) | (1,000) | ＋2,388 | — |

As we marked our 50th anniversary, we formulated our medium-term vision, “PASONA GROUP VISION 2030,” as a new growth strategy looking ahead to the next 50 years. Under this five-year plan beginning in the fiscal year ended May 2026, we aim to achieve sustainable corporate growth and further enhance corporate value by advancing reforms to our revenue structure and promoting new business growth.
For the current consolidated fiscal year (hereinafter referred to as "the current fiscal year"), although our BPO Solutions segment will continue to be affected by the peak-out of large-scale contract projects and the contract termination for some projects, as was the case in the current fiscal year, we plan to increase net sales by expanding our strategic focus on specialized fields. Furthermore, by working to improve business efficiency through the overhaul of our core systems, we will continue to strive to achieve the gross profit margin improvement outlined in our medium-term vision. Also, in the current fiscal year, the number of registered temporary staff at the Expert Solutions segment exceeded that of the previous period. In the next consolidated fiscal year (hereinafter referred to as "the next fiscal year"), we aim to increase the number of active temporary staff by accelerating the process from registration to job placement. Furthermore, regarding the Placement/Recruiting business in the Career Solutions segment—which saw a decline in both net sales and profit in the current fiscal year—we will work toward improving our operational efficiency by focusing on high-level professionals and female executives, where demand for talent remains stable. On the other hand, demand for our Outplacement support business continues among companies undergoing structural reforms, and we are planning net sales and profit growth for the two businesses combined.
In addition, the Regional Revitalization and Tourism Solutions segment, which has been working to reduce its losses, will incur costs associated with the initial launch and ongoing operation of “THE PASONA natureverse retreat,” a Long-Stay Proactive Wellness Retreat Facility which opened on Awaji Island in Hyogo this past June. However, by launching our well-being business and attracting a new customer base, we aim to continue to achieve double-digit sales growth.
We are also working to reform our revenue structure in order to achieve our medium-term vision. Regarding company-wide costs, during the current fiscal year, each administrative department has been identifying cost issues and selecting areas for review. In the next fiscal year, we will work to thoroughly implement cost controls by, for example, setting appropriate cost allocations and reduction targets for each specific item in line with business growth. To achieve the target set forth in our medium-term vision—“the ratio of company-wide costs to net sales (3.5% or less for the fiscal year ending May 2030)”—we will work to enhance business efficiency and improve profitability across the entire Group.
As a result, we project net sales for the fiscal year ending May 2027 to be ¥325,000 million (+5.3% compared to the current fiscal year). In addition to the improvement in the aforementioned business revenues, we plan to review company-wide costs, and as a result, we expect operating profit to be ¥1,500 million (+operating loss of ¥1,149 million in the current fiscal year) and ordinary profit to be ¥1,500 million (984.8% compared to the current fiscal year). In the next fiscal year, because profit attributable to non-controlling interests will increase, we plan for net loss attributable to owners of the parent to be ¥1,000 million (net loss attributable to owners of the parent of ¥3,388 million in the current fiscal year).

For details on our medium-term vision, please refer to the “Notice Regarding ‘PASONA GROUP VISION 2030’” dated July 15, 2025, and the presentation materials from the “Financial Results Briefing for the Fiscal Year Ended May 2025” held on July 17, 2025.

## Forecasts by Segment

### Consolidated Net Sales by Segment

(Millions of yen)

| | (reference) FY2025 | (forecast) FY2026 | YoY |
|---|---|---|---|
| **HR Solutions** | 283,241 | 296.,000 | +4.5% |
| BPO Solutions (Contracting, Outsourcing) | 132,928 | 136,000 | +2.3% |
| Expert Solutions (Temporary staffing) | 136,279 | 145,000 | +6.4% |
| Career Solutions (Placement/Recruiting, Outplacement) | 14,033 | 15,000 | +6.9% |
| **Global Solutions (Overseas Human Resource Services)** | 12,128 | 13,000 | +7.2% |
| **Life Solutions (Childcare support, Nursing care, etc.)** | 9,684 | 10,500 | +8.4% |
| **Regional Revitalization and Tourism Solutions** | 8,296 | 10,500 | +26.6% |
| Elimination and Corporate | (4,854) | (5,000) | — |
| Total | 308,496 | 325,000 | +5.3% |

### Consolidated Operating Profit (Loss) by Segment

(Millions of yen)

| | (reference) FY2025 | (forecast) FY2026 | YoY |
|---|---|---|---|
| **HR Solutions** | 14,235 | 15,700 | +10.3% |
| BPO Solutions (Contracting, Outsourcing)<br>Expert Solutions (Temporary staffing) | 9,990 | 11,000 | +10.1% |
| Career Solutions (Placement/Recruiting, Outplacement) | 4,244 | 4,700 | +10.7% |
| **Global Solutions (Overseas Human Resource Services)** | 266 | 700 | +162.3% |
| **Life Solutions (Childcare support, Nursing care, etc.)** | 475 | 600 | +26.1% |
| **Regional Revitalization and Tourism Solutions** | (1,491) | (1,500) | — |
| Elimination and Corporate | (14,636) | (14,000) | — |
| Total | (1,149) | 1,500 | — |

**(5) Policy on the Appropriation of Profits and Dividends for FY2025 and FY2026**

In order to fulfill our role as a sustainably growing company, while securing growth capital for new business investments and capital expenditures, we are working to strengthen our management foundation and profitability, aiming to enhance corporate value and thereby increase shareholder returns.

In addition, based on the basic policy of returning profits to shareholders in line with business performance, we aim to achieve a consolidated dividend payout ratio of 40%. During the period covered by “PASONA GROUP VISION 2030,” which runs until the fiscal year ending May 2030, we will introduce a progressive dividend with a minimum dividend of ¥75 per share to maintain or increase dividends in order to realize continuous and stable dividends without being affected by temporary fluctuations in business performance.

In addition, as announced in the “Resolution to Pay Special Dividends and Revision of Dividend Forecast for the Fiscal Year Ending May 2024” dated April 12, 2024, as a measure to enhance shareholder returns through the sale of shares in consolidated subsidiaries, we have resolved to pay a special dividend of ¥60 per share for each of the five fiscal years from the fiscal year ended May 2024 to the fiscal year ending May 2028.

Although net profit attributable to owners of the parent was negative for the current consolidated fiscal year, in line with our policy of maintaining continuous and stable dividends, we will pay a year-end dividend of ¥75 per share, consisting of a regular dividend of ¥15 and a special dividend of ¥60.

As for the next dividend, in line with our dividend policy, we plan to pay a regular dividend of ¥15 per share, the same amount as in the current consolidated fiscal year, plus a special dividend of ¥60 per share, for a total of ¥75 per share.

**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, 2025 | As of May 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 124,771 | 76,779 |
| Notes receivable - trade | 23 | 1 |
| Accounts receivable - trade | 33,406 | 33,073 |
| Contract assets | 7,842 | 4,397 |
| Securities | 14,500 | 16,000 |
| Inventories | 2,352 | 2,360 |
| Income taxes refund receivable | 120 | 84 |
| Other | 5,980 | 6,595 |
| Allowance for doubtful accounts | (48) | (43) |
| Total current assets | 188,948 | 139,248 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 19,642 | 21,138 |
| Accumulated depreciation | (8,283) | (8,940) |
| Buildings, net | 11,358 | 12,198 |
| Structures | 2,428 | 2,738 |
| Accumulated depreciation | (1,299) | (1,409) |
| Structures, net | 1,128 | 1,328 |
| Land | 9,255 | 9,375 |
| Leased assets | 1,540 | 1,522 |
| Accumulated depreciation | (772) | (897) |
| Leased assets, net | 768 | 625 |
| Construction in progress | 22,103 | 37,217 |
| Other | 8,505 | 8,134 |
| Accumulated depreciation | (5,974) | (6,392) |
| Other, net | 2,531 | 1,742 |
| Total property, plant and equipment | 47,145 | 62,487 |
| Intangible assets | | |
| Goodwill | 815 | 1,292 |
| Software | 5,826 | 8,973 |
| Leased assets | 12 | 8 |
| Customer relation assets | 854 | 787 |
| Other | 109 | 107 |
| Total intangible assets | 7,617 | 11,169 |
| Investments and other assets | | |
| Investment securities | 7,655 | 8,127 |
| Long-term loans receivable | 33 | 33 |
| Retirement benefit asset | 3,518 | 4,551 |
| Deferred tax assets | 1,891 | 1,895 |
| Leasehold and guarantee deposits | 6,864 | 6,584 |
| Other | 1,281 | 1,326 |
| Allowance for doubtful accounts | (11) | (15) |
| Total investments and other assets | 21,233 | 22,503 |

(Millions of yen)

| | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Total non-current assets | 75,997 | 96,160 |
| Deferred assets | | |
| Bond issuance costs | 92 | 73 |
| Total deferred assets | 92 | 73 |
| Total assets | 265,038 | 235,482 |

(Millions of yen)

| | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 2,771 | 2,670 |
| Short-term borrowings | 6,043 | 5,739 |
| Lease liabilities | 311 | 256 |
| Accounts payable - other | 7,184 | 6,944 |
| Accrued expenses | 18,596 | 17,996 |
| Income taxes payable | 1,621 | 2,166 |
| Accrued consumption taxes | 3,484 | 3,976 |
| Contract liabilities | 3,162 | 3,462 |
| Deposits received | 38,741 | 11,921 |
| Provision for bonuses | 4,217 | 4,112 |
| Provision for bonuses for directors (and other officers) | 20 | 15 |
| Asset retirement obligations | 66 | 3 |
| Other | 1,506 | 910 |
| Total current liabilities | 87,728 | 60,177 |
| Non-current liabilities | | |
| Bonds payable | 2,100 | 1,570 |
| Long-term borrowings | 23,671 | 30,952 |
| Lease liabilities | 551 | 428 |
| Provision for share awards for directors (and other officers) | 253 | 253 |
| Allowance for stock benefit for employee | 278 | 277 |
| Retirement benefit liability | 2,359 | 2,333 |
| Deferred tax liabilities | 1,333 | 1,492 |
| Asset retirement obligations | 2,923 | 2,962 |
| Other | 2,703 | 2,102 |
| Total non-current liabilities | 36,175 | 42,374 |
| Total liabilities | 123,904 | 102,552 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,000 | 5,000 |
| Capital surplus | 15,963 | 16,046 |
| Retained earnings | 115,788 | 109,443 |
| Treasury shares | (2,577) | (4,842) |
| Total shareholders' equity | 134,174 | 125,647 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 95 | (25) |
| Foreign currency translation adjustment | 530 | 711 |
| Remeasurements of defined benefit plans | 133 | 556 |
| Total accumulated other comprehensive income | 760 | 1,241 |
| Share acquisition rights | 2 | 0 |
| Non-controlling interests | 6,196 | 6,041 |
| Total net assets | 141,134 | 132,929 |
| Total liabilities and net assets | 265,038 | 235,482 |

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

Consolidated Statements of Income

(Millions of yen)

| | For the fiscal year ended May 31, 2025 | For the fiscal year ended May 31, 2026 |
|---|---|---|
| Net sales | 309,240 | 308,496 |
| Cost of sales | 241,281 | 238,217 |
| Gross profit | 67,958 | 70,278 |
| Selling, general and administrative expenses | 69,196 | 71,428 |
| Operating loss | (1,237) | (1,149) |
| Non-operating income | | |
| Interest income | 159 | 402 |
| Share of profit of entities accounted for using equity method | 134 | 210 |
| Sponsorship money income | 234 | 542 |
| Subsidy income | 198 | 179 |
| Expo product sales income | 117 | 540 |
| Other | 501 | 528 |
| Total non-operating income | 1,346 | 2,404 |
| Non-operating expenses | | |
| Interest expenses | 331 | 420 |
| Expo cost of product sales | 49 | 294 |
| Commitment fees | 30 | 181 |
| Other | 156 | 220 |
| Total non-operating expenses | 568 | 1,116 |
| Ordinary profit (loss) | (460) | 138 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 96 | 1 |
| Gain on receipt of donated non-current assets | - | 726 |
| Gain on sale of investment securities | 76 | 181 |
| Gain on change in equity | 5 | 8 |
| Total extraordinary income | 178 | 918 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 190 | 320 |
| Impairment losses | 237 | 498 |
| Loss on valuation of investment securities | 50 | 168 |
| Expo exhibit related expenses | 4,821 | 1,075 |
| Loss on litigation | 246 | - |
| Total extraordinary losses | 5,545 | 2,063 |
| Loss before income taxes | (5,826) | (1,006) |
| Income taxes - current | 1,989 | 2,337 |
| Income taxes - deferred | 126 | (16) |
| Total income taxes | 2,115 | 2,321 |
| Loss | (7,942) | (3,328) |
| Profit attributable to non-controlling interests | 716 | 60 |
| Loss attributable to owners of parent | (8,658) | (3,388) |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended May 31, 2025 | For the fiscal year ended May 31, 2026 |
|---|---|---|
| Loss | (7,942) | (3,328) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (25) | (113) |
| Foreign currency translation adjustment | (84) | 197 |
| Remeasurements of defined benefit plans, net of tax | (364) | 426 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | 1 |
| Total other comprehensive income | (474) | 511 |
| Comprehensive income | (8,416) | (2,816) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (9,125) | (2,907) |
| Comprehensive income attributable to non-controlling interests | 709 | 91 |

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

FY2024 (For the fiscal year ended May 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,000 | 17,495 | 127,465 | (2,685) | 147,276 |
| Changes during period | | | | | |
| Dividends of surplus | | | (3,018) | | (3,018) |
| Loss attributable to owners of parent | | | (8,658) | | (8,658) |
| Purchase of treasury shares | | | | (1,731) | (1,731) |
| Cancellation of treasury shares | | (1,825) | | 1,825 | - |
| Disposal of treasury shares by stock payment trust | | | | 12 | 12 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 293 | | | 293 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | (1,532) | (11,677) | 107 | (13,101) |
| Balance at end of period | 5,000 | 15,963 | 115,788 | (2,577) | 134,174 |

| | 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 period | 121 | 604 | 501 | 1,228 | 2 | 6,171 | 154,677 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | - | | | (3,018) |
| Loss attributable to owners of parent | | | | - | | | (8,658) |
| Purchase of treasury shares | | | | - | | | (1,731) |
| Cancellation of treasury shares | | | | - | | | - |
| Disposal of treasury shares by stock payment trust | | | | - | | | 12 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | - | | | 293 |
| Net changes in items other than shareholders' equity | (26) | (73) | (367) | (467) | - | 25 | (442) |
| Total changes during period | (26) | (73) | (367) | (467) | - | 25 | (13,543) |
| Balance at end of period | 95 | 530 | 133 | 760 | 2 | 6,196 | 141,134 |

FY2025 (For the fiscal year ended May 31, 2026)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,000 | 15,963 | 115,788 | (2,577) | 134,174 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,956) | | (2,956) |
| Loss attributable to owners of parent | | | (3,388) | | (3,388) |
| Purchase of treasury shares | | | | (2,467) | (2,467) |
| Disposal of treasury shares by stock payment trust | | | | 165 | 165 |
| Restricted stock | | 8 | | 36 | 44 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 94 | | | 94 |
| Capital increase of consolidated subsidiaries | | (20) | | | (20) |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 82 | (6,345) | (2,264) | (8,527) |
| Balance at end of period | 5,000 | 16,046 | 109,443 | (4,842) | 125,647 |

| | 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 period | 95 | 530 | 133 | 760 | 2 | 6,196 | 141,134 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | - | | | (2,956) |
| Loss attributable to owners of parent | | | | - | | | (3,388) |
| Purchase of treasury shares | | | | - | | | (2,467) |
| Disposal of treasury shares by stock payment trust | | | | - | | | 165 |
| Restricted stock | | | | - | | | 44 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | - | | | 94 |
| Capital increase of consolidated subsidiaries | | | | - | | | (20) |
| Net changes in items other than shareholders' equity | (121) | 180 | 422 | 481 | (2) | (155) | 323 |
| Total changes during period | (121) | 180 | 422 | 481 | (2) | (155) | (8,204) |
| Balance at end of period | (25) | 711 | 556 | 1,241 | 0 | 6,041 | 132,929 |

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended May 31, 2025 | For the fiscal year ended May 31, 2026 |
|---|---|---|
| Cash flows from operating activities | | |
| Loss before income taxes | (5,826) | (1,006) |
| Depreciation | 2,756 | 2,731 |
| Impairment losses | 237 | 498 |
| Amortization of goodwill | 336 | 207 |
| Increase (decrease) in allowance for doubtful accounts | (14) | (7) |
| Increase (decrease) in provision for bonuses | 3 | (110) |
| Increase (decrease) in retirement benefit liability | (24) | (6) |
| Decrease (increase) in retirement benefit asset | (939) | (427) |
| Increase (decrease) in provision for share awards for directors (and other officers) | (165) | - |
| Increase (decrease) in provision for employee stock ownership plan trust | 8 | 0 |
| Interest and dividend income | (173) | (421) |
| Interest expenses | 331 | 420 |
| Subsidy income | (198) | (179) |
| Sponsorship income | (234) | (542) |
| Share of loss (profit) of entities accounted for using equity method | (134) | (210) |
| Loss (gain) on sale and retirement of non-current assets | 93 | 318 |
| Loss (gain) on sale of investment securities | (76) | (181) |
| Loss (gain) on valuation of investment securities | 50 | 168 |
| Decrease (increase) in accounts receivable - trade, and contract assets | 2,244 | 4,175 |
| Decrease (increase) in inventories | (552) | 28 |
| Decrease (increase) in other assets | 1,190 | 915 |
| Increase (decrease) in trade payables | 763 | (1,104) |
| Increase (decrease) in accrued consumption taxes | 371 | 1,123 |
| Increase (decrease) in deposits received | 2,094 | (246) |
| Increase (decrease) in accounts payable - other | 425 | (1,160) |
| Increase (decrease) in contract liabilities | 976 | 164 |
| Increase (decrease) in other liabilities | 902 | (1,294) |
| Other, net | (6) | 100 |
| Subtotal | 4,439 | 3,951 |
| Interest and dividends received | 112 | 439 |
| Interest paid | (335) | (393) |
| Subsidies received | 198 | 179 |
| Support money received | 234 | 542 |
| Income taxes paid | (322) | (1,822) |
| Net cash provided by (used in) operating activities | 4,327 | 2,897 |

(Millions of yen)

| | For the fiscal year ended May 31, 2025 | For the fiscal year ended May 31, 2026 |
|---|---|---|
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | (10,536) | (2,468) |
| Purchase of securities | (14,500) | (24,000) |
| Proceeds from redemption of securities | - | 22,500 |
| Purchase of property, plant and equipment | (14,909) | (18,071) |
| Proceeds from sale of property, plant and equipment | 197 | 4 |
| Purchase of intangible assets | (3,421) | (3,697) |
| Purchase of investment securities | (4,454) | (713) |
| Proceeds from sale of investment securities | 245 | 305 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (1,307) |
| Loan advances | (7) | (7) |
| Proceeds from collection of loans receivable | 6 | 20 |
| Payments of leasehold and guarantee deposits | (660) | (597) |
| Proceeds from refund of leasehold and guarantee deposits | 1,108 | 898 |
| Payments for asset retirement obligations | (127) | (133) |
| Payments for acquisition of businesses | (491) | - |
| Other, net | (50) | (18) |
| Net cash provided by (used in) investing activities | (47,600) | (27,285) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 120 | 86 |
| Proceeds from long-term borrowings | - | 12,300 |
| Repayments of long-term borrowings | (9,099) | (5,728) |
| Repayments of finance lease liabilities | (345) | (312) |
| Redemption of bonds | (594) | (530) |
| Proceeds from share issuance to non-controlling shareholders | 45 | 274 |
| Purchase of treasury shares | (1,731) | (2,467) |
| Purchase of treasury shares of subsidiaries | (0) | - |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (34) | (5) |
| Dividends paid | (3,016) | (2,955) |
| Dividends paid to non-controlling interests | (400) | (559) |
| Net cash provided by (used in) financing activities | (15,055) | 101 |
| Effect of exchange rate change on cash and cash equivalents | (55) | 198 |
| Net increase (decrease) in cash and cash equivalents | (58,384) | (24,087) |
| Cash and cash equivalents at beginning of period | 137,047 | 78,664 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 2 | - |
| Cash and cash equivalents at end of period | 78,664 | 54,577 |

## (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: 66 companies

b. Major consolidated subsidiaries: Pasona Inc.
Bewith, Inc.
Pasona Nihon Somubu Co., Ltd.
Nijigennomori Inc.

c. New consolidated subsidiaries: 5 companies

Establishment: Pasona Future Gateway Inc.
Pasona Heartful West Inc.
PASONA NATIVE Design Inc.
PASONA VIV JAPAN Inc.

Acquisition of shares: Radiant Communication Sdn. Bhd.

d. Exclusion from the scope of consolidation: 1 company
Pasona YSB Inc. (note)

(note) Excluded from the scope of consolidation due to the completion of liquidation.

2) Non-consolidated subsidiary

a. No. of non-consolidated subsidiaries: 3 companies

b. Major non-consolidated subsidiaries: IHATOV TOUHOKU 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 4 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 the scope of consolidation: 1 company
Shadow consulting Inc.(note)

(note) Since our consolidated subsidiary, Bewith, Inc. sold all of its shares, we have excluded it from the scope of the equity method.

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:
4 companies

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

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.

**(Changes in Presentation Method)**

**[Consolidated statement of income]**

In the previous consolidated fiscal year, "Expo product sales income" was included in "Other" under "Non-operating income", while "Expo cost of product sales" was included in "Other" under "Non-operating expenses".
However, due to the increased significance of the amount, they are presented separately from the current consolidated fiscal year.
In order to reflect this presentation method, the consolidated statement of income for the previous consolidated fiscal year has been reclassified.
As a result of the above, in the consolidated statement of income for the previous consolidated fiscal year, "Other" of ¥618 million in "Non-operating income" has been reclassified and presented as "Expo product sales income" of ¥117 million, while "Other" of ¥501 million and "Other" of ¥206 million in "Non-operating expenses" has been reclassified and presented as "Expo cost of product sales" of ¥49 million and "Other" of ¥156 million.

**[Consolidated cash flows]**

In the previous consolidated fiscal year, "Increase (decrease) in accounts payable - other" was included in "Increase (decrease) in other liabilities" under "cash flows from operating activities."
However, due to the increased significance of the amount, they are presented separately from the current consolidated fiscal year.
In order to reflect this presentation method, the consolidated cash flow statement for the previous consolidated fiscal year has been reclassified.
As a result of the above, in the consolidated cash flow statement for the previous consolidated fiscal year, "Increase (decrease) in other liabilities" of ¥1,328 million in "Cash flows from operating activities" has been reclassified and presented as "Increase (decrease) in accounts payable - other" of ¥425 million and "Increase (decrease) in other liabilities" of ¥902 million.

**(Business Combinations, etc.)**

Business combination through acquisition

At a meeting of its Board of Directors held on April 27, 2026, our consolidated subsidiary, B-With Inc. resolved to acquire 85% of the shares of Radiant Communication Sdn. Bhd. (headquarters: Kuala Lumpur, Malaysia) and to make it a consolidated subsidiary of the Company. In addition, the Company entered into a share transfer agreement with that company on April 27, 2026, and acquired the shares as of May 29, 2026.

(1) Overview of the business combination

i. Name of the acquired company and its business description

Name of the acquired company: Radiant Communication Sdn. Bhd.

Business description: Omnichannel customer experience (CX) solutions, artificial intelligence (AI), software development, system integration
Sales, rental, and maintenance of communication equipment including IP-PBX

ii. Main reason for the business combination

Bewith, Inc. has positioned external sales of "Omnia LINK," its in-house-developed Cloud PBX, as its strategy for growth. Through this share acquisition, we will bring Radiant Communication Sdn. Bhd., which possesses expertise and a network in the contact center business in the Malaysian market, into the Group. This, in turn, will enable the Company to enhance the localization and multilingual capabilities of Omnia LINK as it begins to make inroads into the global market. Furthermore, by leveraging that company's AI solutions and its other technologies and expertise to enhance the value of services in the Japanese market, we aim to drive growth in the Omnia LINK external sales business and sustainably heighten the Group's corporate value.

iii.Business combination date

May 29, 2026 (Deemed acquisition date: March 31, 2026)

iv. Legal format of business combination

Acquisition of shares for cash consideration

v. Name after business combination

No change

vi. Acquired voting rights ratio

85.0%

vii. Main grounds leading to determination of acquiring company

Because Bewith, Inc. acquired the shares for cash consideration.

(2) Period of business performance of acquired company included in consolidated financial statements

Because the acquisition took place at the end of the current fiscal year, the acquired company's results are not included in the results for the current fiscal year.

(3) Cost of acquiring the acquired company and breakdown by type of consideration

| | | |
|---|---|---|
| Acquisition consideration | Cash | 1,373 million yen（33 million MYR/Malaysian ringgit） |
| Acquisition cost | | 1,373 million yen（33 million MYR） |

(4) Details of contingent consideration provided for in the business combination agreement and future accounting policies

i. Details of contingent consideration

The acquisition consideration does not include contingent consideration. Bewith, Inc. has included an earn-out provision that provides for the payment of additional consideration based on the extent to which the acquired company achieves its cumulative earnings target (EBITDA) from January 2026 through December 2027. Under the terms of this agreement, a contingent consideration (earn-out) of up to 9.5 million MYR will be payable upon fulfillment of certain conditions.

ii. Future accounting policies

In the event of a change in the consideration paid for the acquisition, the acquisition cost will be adjusted as if the change had occurred at the time of acquisition, and the amount of goodwill and the amount of goodwill amortization will be adjusted accordingly.

(5) Details and amounts of major acquisition-related costs

Advisory fees, etc.　146 million yen

(6) Amount of goodwill generated, cause of generation, amortization method, and amortization period

i. Amount of goodwill generated

684 million yen

The amount listed above is a provisionally calculated figure, as the period from the business combination date to the balance sheet date was short, and the identification and fair value estimation of identifiable assets and liabilities as of the business combination date have not yet been completed. As such, the allocation of the acquisition cost has not been finalized.

ii. Cause of generation

This is on account of the expected future excess earning power resulting from our future business expansion.

iii. Amortization method and amortization period

Straight-line depreciation over five years is expected.

(7) The amounts of assets acquired and liabilities assumed as of the business combination date, and their main breakdowns

| | |
|---|---|
| Current assets | 631 million yen |
| Non-current assets | 722 million yen |
| Total assets | 1,354 million yen |
| Current liabilities | 323 million yen |
| Non-current liabilities | 219 million yen |
| Total liabilities | 543 million yen |

(8) Approximate amounts and their calculation method of impact on the Consolidated Statements of Income for the current fiscal year, assuming that the business combinations had been completed on the commencement date of the fiscal year

An estimate of the financial impact is not presented as it is difficult to reasonably calculate.

**(Segment Information, etc.)**

**[Segment Information]**

1. Overview of reportable segments

(1) Method of determining 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 is engaged in comprehensive human resources-related businesses, and based on the characteristics of the services we provide, we have divided our reporting segments into five categories: “BPO Solutions/Expert Solutions,” “Career Solutions,” “Global Solutions,” “Life Solutions,” and “Regional Revitalization and Tourism Solutions.” As a holding company, we also formulate and support the execution of group management strategies, implement management control and optimal allocation of management resources, and develop new businesses related to job creation.

2. Method of computing net sales, profit (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 profit is based on operating profit.

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, profit (loss), assets, liabilities, and other items by reporting segment

FY2024 (For the fiscal year ended May 31, 2025)

(Millions of yen)

| | Reporting segments | | | | | Total | Adjustment (Note 1) | Figures in consolidated statements of income (Note 2) |
|---|---|---|---|---|---|---|---|---|
| | HR Solutions | | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | | | |
| | BPO Solutions, Expert Solutions | Career Solutions | | | | | | |
| Net sales | | | | | | | | |
| BPO Solutions | 135,029 | — | — | — | — | 135,029 | — | 135,029 |
| Expert Solutions | 134,320 | — | — | — | — | 134,320 | — | 134,320 |
| Career Solutions | — | 14,487 | — | — | — | 14,487 | — | 14,487 |
| Global Solutions | — | — | 11,121 | — | — | 11,121 | — | 11,121 |
| Life Solutions | — | — | — | 8,105 | — | 8,105 | — | 8,105 |
| Regional Revitalization and Tourism Solutions | — | — | — | — | 6,176 | 6,176 | — | 6,176 |
| Revenue from contract with customers | 269,349 | 14,487 | 11,121 | 8,105 | 6,176 | 309,240 | — | 309,240 |
| Other revenue | — | — | — | — | — | — | — | — |
| Sales to outside customers | 269,349 | 14,487 | 11,121 | 8,105 | 6,176 | 309,240 | — | 309,240 |
| Intersegment sales and transfers | 2,694 | 20 | 285 | 517 | 907 | 4,425 | (4,425) | — |
| Total | 272,044 | 14,507 | 11,407 | 8,623 | 7,083 | 313,666 | (4,425) | 309,240 |
| Operating profit (loss) | 9,759 | 5,048 | 401 | 26 | (1,900) | 13,281 | (14,519) | 1,237 |
| Segment assets | 117,615 | 28,230 | 5,304 | 2,926 | 21,556 | 175,634 | 89,403 | 265,038 |
| Other items | | | | | | | | |
| depreciation | 1,247 | 93 | 199 | 58 | 510 | 2,108 | 647 | 2,756 |
| Amortization of goodwill | 324 | — | — | — | 12 | 336 | — | 336 |
| Impairment loss | 237 | — | — | — | — | 237 | — | 237 |
| Increase in tangible and intangible fixed assets | 4,051 | 524 | 181 | 21 | 7,876 | 12,655 | 7,040 | 19,695 |

Notes:

1. The following are included in the adjustment item.
   (1) Adjustment of segment loss totaling ¥(14,519) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(14,505) million, as well as intersegment sales and transfers totaling ¥(14) million.
   (2) Adjustment of segment assets totaling ¥89,403 million includes the Company's cash and deposits and assets relating to Group management totaling ¥137,067 million, as well as intersegment sales and transfers totaling ¥(47,663) million.
   (3) Adjustment of depreciation and amortization totaling ¥647 million is mainly comprised of depreciation and amortization of assets relating to Group management.
   (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥7,040 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥7,040 million, as well as intersegment sales and transfers totaling ¥(0) million.
2. Segment profit is adjusted with operating profit under consolidated statements of income.

FY2025 (For the fiscal year ended May 31, 2026)

(Millions of yen)

| | Reporting segments | | | | | Total | Adjustment (Note 1) | Figures in consolidated statements of income (Note 2) |
|---|---|---|---|---|---|---|---|---|
| | HR Solutions | | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | | | |
| | BPO Solutions, Expert Solutions | Career Solutions | | | | | | |
| Net sales | | | | | | | | |
| BPO Solutions | 130,459 | — | — | — | — | 130,459 | — | 130,459 |
| Expert Solutions | 135,751 | — | — | — | — | 135,751 | — | 135,751 |
| Career Solutions | — | 14,010 | — | — | — | 14,010 | — | 14,010 |
| Global Solutions | — | — | 11,717 | — | — | 11,717 | — | 11,717 |
| Life Solutions | — | — | — | 9,195 | — | 9,195 | — | 9,195 |
| Regional Revitalization and Tourism Solutions | — | — | — | — | 7,362 | 7,362 | — | 7,362 |
| Revenue from contract with customers | 266,211 | 14,010 | 11,717 | 9,195 | 7,362 | 308,496 | — | 308,496 |
| Other revenue | — | — | — | — | — | — | — | — |
| Sales to outside customers | 266,211 | 14,010 | 11,717 | 9,195 | 7,362 | 308,496 | — | 308,496 |
| Intersegment sales and transfers | 2,996 | 22 | 411 | 488 | 934 | 4,854 | (4,854) | — |
| Total | 269,207 | 14,033 | 12,128 | 9,684 | 8,296 | 313,350 | (4,854) | 308,496 |
| Operating profit (loss) | 9,990 | 4,244 | 266 | 475 | (1,491) | 13,486 | (14,636) | (1,149) |
| Segment assets | 94,549 | 29,096 | 5,609 | 3,235 | 32,174 | 164,665 | 70,816 | 235,482 |
| Other items | | | | | | | | |
| Depreciation | 1,052 | 124 | 204 | 56 | 676 | 2,115 | 615 | 2,731 |
| Amortization of goodwill | 207 | — | — | — | — | 207 | — | 207 |
| Impairment loss | 161 | — | — | — | 336 | 498 | — | 498 |
| Increase in tangible and intangible fixed assets | 4,921 | 621 | 139 | 320 | 12,429 | 18,431 | 6,266 | 24,698 |

Notes:

1. The following are included in the adjustment item.
   (1) Adjustment of segment profit totaling ¥(14,636) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(14,568) million, as well as intersegment sales and transfers totaling ¥(67) million.
   (2) Adjustment of segment assets totaling ¥70,816 million includes the Company’s cash and deposits and assets relating to Group management totaling ¥120,888 million, as well as intersegment sales and transfers totaling ¥(50,072) million.
   (3) Adjustment of depreciation and amortization totaling ¥615 million is mainly comprised of depreciation and amortization of assets relating to Group management.
   (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥6,266 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥6,277 million, as well as intersegment sales and transfers totaling ¥(11) million.
2. Segment profit is adjusted with operating profit under consolidated statements of income.

[Related information]

FY2024 (For the fiscal year ended May 31, 2025

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.

FY2025 (For the fiscal year ended May 31, 2026

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]

FY2024 (For the fiscal year ended May 31, 2025)

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

FY2025 (For the fiscal year ended May 31, 2026.)

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

[Information regarding unamortized balance of goodwill by reporting segment]

FY2024 (For the fiscal year ended May 31, 2025)

(Millions of yen)

| | Reporting segments | | | | | Adjustment | Total |
|---|---|---|---|---|---|---|---|
| | BPO Solutions, Expert Solutions | Career Solutions | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | | |
| Balance at the end of the period | 815 | — | — | — | — | — | 815 |

FY2025 (For the fiscal year ended May 31, 2026)

(Millions of yen)

| | Reporting segments | | | | | Adjustment | Total |
|---|---|---|---|---|---|---|---|
| | BPO Solutions, Expert Solutions | Career Solutions | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | | |
| Balance at the end of the period | 1,292 | — | — | — | — | — | 1,292 |

[Information regarding Gain on Bargain Purchase by reporting segment]

FY2024 (For the fiscal year ended May 31, 2025)

None

FY2025 (For the fiscal year ended May 31, 2026)

None

**(Per Share Information)**

(Yen)

| | FY2024 | FY2025 |
|---|---|---|
| Net assets per share | 3,517.00 | 3,397.06 |
| Net profit per share | (221.80) | (90.07) |
| Diluted net profit per share | — | — |

(Notes)

1. Although there are potential shares, no potential shares per share are stated for the current fiscal year's net income per share after adjustment for potential shares, as there is a net loss per share.
2. 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 treasuries shares deducted for calculation of net assets per share was 601,862 in FY2024 and 467,725 in FY2025, in terms of BBT, and was 451,803 in FY2024 and 451,242 in FY2025 in terms of J-ESOP (year-end basis). The number of treasury shares deducted for calculation of net profit per share was 601,862 in FY2024 and 489,775 in FY2025, in terms of BBT, and was 453,584 in FY2024 and 451,655 in FY2025 in terms of J-ESOP (year-average basis).
3. The following shows the basis for calculating net profit per share.

(Millions of yen)

| Items | FY2024 | FY2025 |
|---|---|---|
| Profit attributable to owners of the parent | (8,658) | (3,388) |
| Amount not applicable to shareholders of common stock | — | — |
| Profit attributable to owners of the parent applicable to common stock | (8,658) | (3,388) |
| Average number of shares for the period (shares) | 39,036,161 | 37,626,790 |

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

(Millions of yen)

| Items | As of May 31, 2025 | As of May 31, 2026 |
|---|---|---|
| Total net assets | 141,134 | 132,929 |
| Amount deducted from total net assets | 6,199 | 6,041 |
| Net assets applicable to common stock as of the fiscal period-end | 134,934 | 126,888 |
| Number of common stock shares used to calculate net assets per share (shares) | 38,366,529 | 37,352,427 |

**(Important Subsequent Events)**

None

**4. Other**

**(Investigation by the Japan Fair Trade Commission)**

Our subsidiary, Pasona Inc., is currently subject to an investigation by the Japan Fair Trade Commission regarding the pricing structure for its temporary staffing services. The Company is in earnest cooperation with this investigation.