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October 14, 2022

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)

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

Three Months Ended August 31, 2022

Listed company name: Pasona Group Inc.
 Listing stock exchange: The Prime Market of the Tokyo Stock Exchange
 Securities code number: 2168
 URL: <https://www.pasonagroup.co.jp>
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Scheduled filing date of quarterly report: October 14, 2022
 Supplemental materials prepared for quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(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	
		%		%		%		%
Three months ended August 31, 2022	92,066	0.2	3,330	(41.6)	3,610	(37.6)	1,293	(47.9)
Three months ended August 31, 2021	91,927	7.2	5,700	(21.8)	5,786	(21.4)	2,481	(38.9)

(Note) Comprehensive income 3M FY2022: ¥2,220 million(37.1%) 3M FY2021: ¥3,531 million(28.6%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended August 31, 2022	33.03	32.99
Three months ended August 31, 2021	63.41	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
August 31, 2022	199,305	63,365	24.7
May 31, 2022	203,746	67,146	24.5

(Reference) Equity As of August 31, 2022: ¥49,238 million As of May 31, 2022: ¥49,986 million

(Note) In total assets as of May 31, 2022 and August 31, 2022, temporary “Deposits received” from customers related to contracted projects is recorded in liabilities, and “Cash and deposits” worth it is recorded in assets. For details, please refer to “1. Information Concerning Quarterly Consolidated Business Results (2) Overview of Consolidated Financial Position”.

2. DIVIDENDS PER SHARE

	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	35.00	35.00
FY2022	—				
FY2022 (Forecast)		0.00	—	35.00	35.00

(Note) Revision to dividend forecast in the current quarter: None

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2023

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
FY2022 First Half	189,000	3.6	7,800	(35.0)	8,000	(34.2)	3,000 (37.5)	76.58
FY2022 Full Fiscal Year	385,000	5.2	22,300	1.0	22,500	0.0	8,700 0.9	222.08

(Note) Revision to forecast of results in the current quarter: None

4. NOTES

- (1) Changes in important subsidiaries during the current period: None
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
 - 2) Changes of accounting principles other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
 - 1) The number of shares issued and outstanding as of the period-end (including treasury shares)
August 31, 2022: 41,690,300 shares May 31, 2022: 41,690,300 shares
 - 2) The number of treasury shares as of the period-end
August 31, 2022: 2,515,520 shares May 31, 2022: 2,516,094 shares
 - 3) Average number of shares for the period (Quarterly cumulative period)
Three months ended August 31, 2022: 39,174,209 shares
Three months ended August 31, 2021: 39,142,058 shares

(Note)

The Company has introduced “Board Benefit Trust (BBT)” and “Employment Stock Ownership Plan (J-ESOP)”. The Company’s shares in the 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 of not including for computing earnings per share.

The Quarterly Financial Report is not subject to a quarterly 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 may differ materially from forecasts for a variety of reasons. Please refer to “Overview of Consolidated Forecasts” on page 9.

Method to obtain supplemental materials for quarterly financial results

Supplemental materials for the quarterly financial results have been posted on the Company’s website (<https://www.pasonagroup.co.jp/ir/>) since October 14, 2022.

Consolidated Financial Report

Three Months Ended August 31, 2021

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1. Qualitative Information Concerning Quarterly Consolidated Business Results

(1) Overview of Consolidated Business Results

i) Business Results for the First Quarter ended August 31, 2022

During the first quarter of the current fiscal year, the Japanese economy continued to pick up as restrictions on actions due to the COVID-19 infection were eased, despite downside risks to the economy such as global monetary tightening and rising raw material prices.

Under these circumstances, the demand for human resources remained strong in our group as business activities recovered. In addition, business expanded as the number of tourists increased due to the easing of restrictions on activities by the COVID-19 infection.

As a result, consolidated net sales for the first quarter of the current fiscal year were ¥92,066 million (up 0.2% year-on-year), the same level as the previous year, due to growth in Outsourcing segment and Regional Revitalization Solutions segment, despite the absence of temporary projects that had accumulated significantly in the same period of the previous year. Gross profit was ¥22,273 million (up 2.5% year-on-year) due to improved gross profit margins in Outsourcing segment and Regional Revitalization Solutions segment, despite the impact of lower sales in Expert Services segment. SG&A expenses increased due to business expansion in Outsourcing segment and higher advertising expenses for large-scale promotions and other related costs. As a result, operating income was ¥3,330 million (down 41.6% year-on-year). Ordinary income was ¥3,610 million (down 37.6% year-on-year), and net income attributable to parent company shareholders was ¥1,293 million (down 47.9% year-on-year), but generally in line with plans.

3M FY2022 Consolidated Financial Report

(June 1, 2022 – August 31, 2022)

	3M FY2021	3M FY2022	YoY
Net sales	91,927	92,066	0.2%
Operating income	5,700	3,330	(41.6)%
Ordinary income	5,786	3,610	(37.6)%
Profit attributable to owners of parent	2,481	1,293	(47.9)%

(Millions of yen)

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

HR Solutions

Expert Services (Temporary staffing), BPO Services (Contracting and outsourcing), etc.

Net sales ¥76,071 million Operating income ¥3,506 million

[Expert Services] Net sales: ¥37,837 million

The Expert Services segment provides expert services (temporary staffing) for a wide range of job types, from new graduates to senior citizens, in the areas of office work, clerical work, engineers requiring highly specialized skills, and sales and marketing positions.

Demand for temporary staffing services continued to recover during the period under review, with an increase in the number of orders received from a wide range of industries, including manufacturers and the financial sector. In the same period of the previous fiscal year, there was temporary special demand for the Tokyo 2020 Olympic and Paralympic Games, but despite steady demand for temporary staffing services in the period under review, this was not enough to make up for the rebound in the same period of the previous fiscal year, resulting in net sales of ¥37,837 million (down 6.9% year-on-year).

[BPO Services] Net sales: ¥33,817 million

In this segment, the Group provides BPO services by accepting contracts for general affairs, accounting and finance, reception, sales administration and order placement, and human resources and labor services, while consolidated subsidiary Bewith, Inc. provides contact center and BPO services using its own digital technology.

Although a large-scale project contracted in the same period of the previous year was terminated, sales in the first quarter of the current fiscal year were at the same level as the same period of the previous year as a result of the accumulation of new projects. In the transition to a "with Corona" social environment, the Company acquired new business from the public sector in the areas of promoting diverse work styles, securing human resources, job placement support, and human resource development. In addition, private-sector companies continued to review their workflows in relation to organizational restructuring and DX promotion.

As a result, net sales amounted to ¥33,817 million (down 1.1% year-on-year).

[HR Consulting, Education/Training, Others] Net sales: ¥2,021 million

This segment provides management support by freelance professionals 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 Work Style Innovation business, in which freelance professional human resources are active, and the advisory consulting business with specialized human resources continued to expand. In the education and training business, an increasing number of companies focused on training the next generation of leaders due to growing interest in human capital management.

As a result, net sales amounted to ¥2,021 million (up 4.9% year-on-year).

[Global Sourcing] Net sales ¥2,395 million Operating income Profit ¥108 million

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

In the North America region, with Corona's economic activity remained strong, and sales in the Placement / Recruiting and BPO business increased year on year. In the Asian region, Taiwan posted year-on-year growth in all business segments, including placement and temporary staffing, while business expanded in India, Thailand, and Malaysia. In addition, during the current fiscal year, the Group is accelerating cross-border transactions that take advantage of the business characteristics offered in each country, and is promoting business collaboration so that IT development work in

Vietnam and Japanese language education programs offered in Hong Kong can be developed horizontally in each country.

As a result, net sales amounted to ¥2,395 million (up 16.5% year-on-year) and operating income amounted to ¥108 million (up 89.0% year-on-year), partly due to the foreign exchange effects of the weaker yen.

Net sales for the segment consisting of the above businesses amounted to ¥76,071 million (down 3.5% from the same period of the previous year). In terms of profit, operating income was ¥3,506 million (down 31.0% year-on-year) as a result of lower gross profit margins in expert services and BPO services in reaction to the temporary termination of operations and an increase in paid work, as well as investments for business expansion.

Career Solutions (Placement / Outplacement)

Net sales ¥3,434 million Operating income ¥919 million

This segment provides the Placement / Recruiting business, which supports companies' mid-career recruiting activities and matches job seekers with job seekers, and the Outplacement business, which supports job transfers based on companies' human resource strategies.

In the Placement / Recruiting business, the number of orders received continued to increase from the same period of the previous fiscal year as companies' willingness to recruit recovered. In this environment, the Group continued to focus on business in specialized fields, and the number of placements in administrative and specialized job categories, which are relatively less susceptible to economic trends, increased, and unit contract prices rose.

In the outplacement business, while companies have settled down from large-scale business restructuring, demand for "Safe Placement Total Service," which supports employees' career development, is steadily increasing due to the implementation of the Revised Law Concerning Stabilization of Employment of Elderly Persons and the growing interest in human capital management.

As a result of these developments, the Placement / Recruiting business recovered steadily, but this was not enough to offset the decline in the Outplacement business, resulting in net sales of ¥3,434 million (down 4.9% year-on-year) and operating income of ¥919 million (down 19.0% year-on-year).

Outsourcing

Net sales ¥10,583 million Operating income ¥2,897 million

In this segment, our consolidated subsidiary Benefit One Inc. provides mainly outsourced employee benefit services to corporations, government agencies, and municipalities.

In the employee benefit business, external growth through M&A, in addition to internal growth, boosted results. Although subsidy expenditures increased from the previous fiscal year due to a recovery trend in the use of services by welfare program members, and approximately ¥140 million in up-front costs were recorded due to large-scale promotional investments, both of these items were within the expected range.

In the healthcare business, both health checkups and health guidance progressed generally as planned, and orders for the third inoculation support for the new corona vaccination program remained strong.

As a result, net sales amounted to ¥10,583 million (up 24.3% year-on-year) and operating income was ¥2,897 million (up 1.9% year-on-year).

Life Solutions

Net sales ¥1,963 million Operating income ¥55 million

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

In the nursing care business, the number of new facility users declined from the same period of the

previous year due to the impact of the seventh wave of the COVID-19 infection, while temporary staffing services to nursing care facilities and other facilities expanded. In the life support business, demand for disinfection and sterilization services from hospitals and lodging facilities continued to grow, while child-rearing home support services to local governments expanded. In the childcare business, the number of children using the service declined slightly from the same period of the previous year due to a decrease in attendance, but is on a recovery track due in part to the opening of school-age children's clubs and an increase in the number of children accepted by licensed nursery schools.

As a result, net sales amounted to ¥1,963 million (up 14.9% year-on-year) and operating income was ¥55 million (up 297.0% year-on-year).

Regional Revitalization Solutions Net sales ¥1,529 million Operating income ¥(667) million

In this segment, the Company is engaged in regional development projects to create new industries and employment in rural areas in cooperation and collaboration with local residents, local companies, and local governments.

During the three months ended June 30, 2022, the flow of people to tourist destinations recovered as the spread of the COVID-19 infection continued but was balanced with socioeconomic activities. On Awaji Island, Hyogo Prefecture, the "Dragon Quest Island: Daimaou Zoma and the Island of Beginnings" attraction at the "Nijjigen-no-mori" Animation Park in Awaji Island Park, Hyogo Prefecture, and the "Kimetsu no Yaiba" anime event held as a limited time event until the end of September 2022, were the main attractions that the event attracted a good number of visitors. At the end of March of the same year, we newly opened "Island of Beginnings: Aman's Table" a pirate restaurant that serves fresh Awaji Island ingredients prepared with gusto. In addition, at the end of April of the same year, we reopened "Craft Circus," a seaside market and restaurant where fresh seafood is prepared on the spot from a barbecue, and began attracting new tourists by promoting local production for local consumption through restaurants where visitors can fully enjoy local ingredients.

As a result, net sales doubled to ¥1,529 million (up 100.2% year-on-year). Operating income was ¥(667) million yen (¥(702) million in the same period of the previous year), a slight improvement from the loss in the same period of the previous year, despite upfront expenses from the opening of new facilities.

Eliminations Net sales ¥(1,515) million Operating income ¥(3,381) million yen

It includes intergroup transaction elimination and costs to maximize group synergies, incubation costs for new businesses, and administrative costs as a holding company.

During the three months ended August 31, 2022, as a result of moving expenses and double rent for the period of relocation to PASONA SQUARE, a newly opened Group base in Aoyama, Tokyo, costs related to Group operations, including intergroup eliminations, resulted in an operating. As a result, operating income amounted to ¥(3,381) million (¥(2,668) million in the same period of the previous fiscal year).

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

(Millions of yen)

	3M FY2021	3M FY2022	YoY
<i>HR Solutions</i>	90,958	90,089	(1.0)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	78,835	76,071	(3.5)%
Expert Services (Temporary staffing)	40,650	37,837	(6.9)%
BPO Services (Contracting)	34,202	33,817	(1.1)%
HR Consulting, Education & Training, Others	1,926	2,021	4.9%
Global Sourcing (Overseas)	2,056	2,395	16.5%
Career Solutions (Placement / Recruiting, Outplacement)	3,610	3,434	(4.9)%
Outsourcing	8,513	10,583	24.3%
<i>Life Solutions</i>	1,708	1,963	14.9%
<i>Regional Revitalization Solutions</i>	763	1,529	100.2%
Eliminations and Corporate	(1,504)	(1,515)	—
Total	91,927	92,066	0.2%

Consolidated Operating Income by Segment

(Millions of yen)

	3M FY2021	3M FY2022	YoY
<i>HR Solutions</i>	9,057	7,323	(19.1)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	5,079	3,506	(31.0)%
Expert Services (Temporary staffing)			
BPO Services (Contracting)	5,021	3,398	(32.3)%
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	57	108	89.0%
Career Solutions (Placement/Recruiting, Outplacement)	1,134	919	(19.0)%
Outsourcing	2,843	2,897	1.9%
<i>Life Solutions</i>	14	55	297.0%
<i>Regional Revitalization Solutions</i>	(702)	(667)	—
Eliminations and Corporate	(2,668)	(3,381)	—
Total	5,700	3,330	(41.6)%

(2) Overview of Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

As of August 31, 2022, the amount of ¥17,037 million (¥10,123 million at the end of the previous fiscal year) of temporary “Deposits received” from customers by the Group related to contracted projects was recorded in liabilities, and “Cash and deposits” worth it was recorded in assets, whose use is restricted.

Assets

Total assets as of August 31, 2022 stood at ¥199,305 million, a decrease of ¥4,440 million or 2.2%, compared with May 31, 2022. That was mainly attributable to a decrease of ¥7,142 million in cash and deposits, while notes and accounts receivable, trade and contract assets increased by ¥1,400 million due to an increase in contract projects, and property, plant and equipment such as regional development projects increased by 1,547 million yen.

Liabilities

Total liabilities as of August 31, 2022 stood at ¥135,939 million, a decrease of ¥659 million or 0.5%, compared with May 31, 2022. This was mainly attributable to a decrease of ¥3,399 million in accounts payable due to progress in payments, and a decrease of ¥4,402 million in income taxes payable due to tax payments while deposits received increased by ¥7,692 million.

Net Assets

Net assets as of August 31, 2022 stood at ¥63,365 million, a decrease of ¥3,780 million or 5.6%, compared with May 31, 2022. This was mainly attributable to a decrease of ¥102 million in retained earnings due to dividend payments of ¥1,396 million, and a decrease of ¥3,033 million in non-controlling interests mainly due to dividends paid by a subsidiary, while capital surplus decreased by ¥706 million due to the acquisition of treasury stock by Benefit One Inc., a consolidated subsidiary of the Company, and net income attributable to owners of the parent amounted to ¥1,293 million.

As a result, equity ratio as of August 31, 2022 was 24.7% (24.5% at the end of the previous fiscal year). Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥182,267 million, and equity ratio 27.0%.

(3) Overview of Consolidated Forecasts

Since the first quarter results are generally in line with plans, we maintain the forecast announced on July 15, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2022	As of August 31, 2022
ASSETS		
Current assets		
Cash and deposits	66,951	59,809
Notes and accounts receivable-trade, and contract assets	50,982	52,382
Inventories	3,560	3,359
Other	9,719	10,333
Allowance for doubtful accounts	(89)	(112)
Total current assets	131,123	125,772
Non-current assets		
Property, plant and equipment	27,336	28,883
Intangible assets		
Goodwill	6,833	6,664
Other	16,361	16,933
Total intangible assets	23,195	23,597
Investments and other assets		
Other	21,952	20,917
Allowance for doubtful accounts	(10)	(11)
Total investments and other assets	21,941	20,906
Total non-current assets	72,473	73,388
Deferred assets	149	144
Total assets	203,746	199,305

(Millions of yen)

	As of May 31, 2022	As of August 31, 2022
LIABILITIES		
Current liabilities		
Accounts payable-trade	8,735	5,336
Short-term loans payable	9,611	9,131
Accrued expenses	16,016	16,959
Income taxes payable	5,877	1,474
Deposits received	13,051	20,743
Provision for bonuses	4,741	3,541
Provision for directors' bonuses	19	13
Asset retirement obligations	43	43
Other	25,458	25,909
Total current liabilities	83,555	83,153
Non-current liabilities		
Bonds payable	3,810	3,810
Long-term loans payable	38,779	37,487
Provision for directors' stock benefit	598	600
Provision for employees' stock grant	571	551
Net defined benefit liability	2,300	2,325
Asset retirement obligations	2,280	2,446
Other	4,704	5,563
Total non-current liabilities	53,044	52,785
Total liabilities	136,599	135,939
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	17,786	17,080
Retained earnings	28,238	28,135
Treasury shares	(2,378)	(2,378)
Total shareholders' equity	48,646	47,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,131	978
Foreign currency translation adjustment	197	414
Remeasurements of defined benefit plans	10	8
Total accumulated other comprehensive income	1,339	1,400
Share acquisition rights	4	4
Non-controlling interests	17,155	14,122
Total net assets	67,146	63,365
Total liabilities and net assets	203,746	199,305

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	3M FY2021	3M FY2022
Net sales	91,927	92,066
Cost of sales	70,207	69,793
Gross profit	21,720	22,273
Selling, general and administrative expenses	16,020	18,943
Operating income	5,700	3,330
Non-operating income		
Interest income	8	8
Subsidy	82	287
Real estate rent	183	146
Other	97	135
Total non-operating income	372	577
Non-operating expenses		
Interest expenses	68	92
Share of loss of entities accounted for using equity method	16	31
Commitment fee	11	14
Rent expenses on real estates	156	118
Other	34	40
Total non-operating expenses	286	297
Ordinary income	5,786	3,610
Extraordinary income		
Gain on change in equity	—	211
Gain on sale of non-current assets	2	6
Gain on sale of subsidiaries and associates	24	—
Total extraordinary income	27	217
Extraordinary loss	—	
Loss on sale and retirement of non-current assets	11	9
Other	2	—
Total extraordinary loss	13	9
Income before income taxes	5,799	3,819
Income taxes-current	1,472	1,162
Income taxes-deferred	863	360
Income taxes	2,336	1,522
Profit	3,463	2,296
Profit attributable to non-controlling interests	981	1,002
Profit attributable to owners of parent	2,481	1,293

(3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	3M FY2021	3M FY2022
Profit	3,463	2,296
Other comprehensive income		
Valuation difference on available-for-sale securities	82	(307)
Foreign currency translation adjustment	(6)	232
Remeasurements of defined benefit plans	(8)	(1)
Share of other comprehensive income of entities accounted for using equity method	—	0
Total other comprehensive income	68	(75)
Comprehensive income	3,531	2,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,521	1,355
Comprehensive income attributable to non-controlling interests	1,009	865

(4) Notes to Going Concern Assumption

None

(5) Notes on Significant Changes in the Shareholders' Equity

During the first quarter of the current consolidated fiscal year, capital surplus decreased by ¥706 million mainly due to the acquisition of treasury stock by the consolidated subsidiary Benefit One Inc. As a result, capital surplus amounted to ¥17,080 million at the end of the first quarter of the current fiscal year.

(6) Additional Information

Accounting estimates with the spread of COVID-19 infections

There are no significant changes to the assumption including future spread and convergence time of COVID-19 infections, which is described in “Significant accounting estimates” of “Annual Securities Report FY2021 (June 1, 2021 to May 31, 2022).

(7) Segment Information

i) Three months ended August 31, 2021

Information regarding net sales, segment income (loss) by reporting segment and revenue decomposition

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	40,503	—	—	—	—	40,503	—	40,503
BPO Services	33,982	—	—	—	—	33,982	—	33,982
HR Consulting, Education & Training, Others	1,588	—	—	—	—	1,588	—	1,588
Global Sourcing	2,009	—	—	—	—	2,009	—	2,009
Career Solutions	—	3,599	—	—	—	3,599	—	3,599
Outsourcing	—	—	8,097	—	—	8,097	—	8,097
Life Solutions	—	—	—	1,560	—	1,560	—	1,560
Regional Revitalization Solutions	—	—	—	—	586	586	—	586
Revenue from contract with customers	78,083	3,599	8,097	1,560	586	91,927	—	91,927
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	78,083	3,599	8,097	1,560	586	91,927	—	91,927
Intersegment sales and transfers	751	10	415	148	177	1,504	(1,504)	—
Total	78,835	3,610	8,513	1,708	763	93,431	(1,504)	91,927
Operating income (loss)	5,079	1,134	2,843	14	(702)	8,368	(2,668)	5,700

Notes:

- Adjustments of ¥(2,668) million with Operating income (loss) includes corporate expenses of ¥(2,698) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥29 million.
- Operating income (loss) is adjusted with operating income under consolidated statements of income.

ii) Three months ended August 31, 2022

Information regarding net sales, segment income (loss) by reporting segment and revenue decomposition

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales					—			
Expert Services	37,722	—	—	—	—	37,722	—	37,722
BPO Services	33,181	—	—	—	—	33,181	—	33,181
HR Consulting, Education & Training, Others	1,761	—	—	—	—	1,761	—	1,761
Global Sourcing	2,355	—	—	—	—	2,355	—	2,355
Career Solutions	—	3,422	—	—	—	3,422	—	3,422
Outsourcing	—	—	10,431	—	—	10,431	—	10,431
Life Solutions	—	—	—	1,846	—	1,846	—	1,846
Regional Revitalization Solutions	—	—	—	—	1,344	1,344	—	1,344
Revenue from contract with customers	75,021	3,422	10,431	1,846	1,344	92,066	—	92,066
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	75,021	3,422	10,431	1,846	1,344	92,066	—	92,066
Intersegment sales and transfers	1,050	11	151	116	184	1,515	(1,515)	—
Total	76,071	3,434	10,583	1,963	1,529	93,581	(1,515)	92,066
Operating income (loss)	3,506	919	2,897	55	(667)	6,711	(3,381)	3,330

Notes:

1. Adjustments of ¥(3,381) million with Operating income (loss) includes corporate expenses of ¥(3,430) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥49 million.
2. Operating income (loss) is adjusted with operating income under consolidated statements of income.

(8) Important Subsequent Events

None