

Note: Regarding “The 18th Fiscal Year Annual Securities Report (From June 1, 2024 to May 31, 2025)” that was provided as reference information through the TSE English Materials Distribution Service, Pasona Group Inc. provides English material in which the content of the “Independent Auditor’s Audit Report and Internal Control Audit Report” and “Independent Auditor’s Audit Report” is omitted.
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Annual Securities Report

18th Fiscal Year From June 1, 2024 to May 31, 2025

Pasona Group Inc.

Annual Securities Report

This document was prepared by outputting and printing the annual securities report prepared based on Article 24, Paragraph 1 of Japan's Financial Instruments and Exchange Act and by adding a Table of Contents and pages to the data submitted by using the electronic data processing system for disclosure (EDINET) set forth in Article 27-30-2 of said act.

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Cover

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| Document submitted: | Annual Securities Report |
| Grounds: | Article 24, Paragraph 1 of Japan's Financial Instruments and Exchange Act |
| Submitted to: | Director-general of the Kanto Finance Bureau |
| Date of submission: | August 20, 2025 |
| Fiscal year: | 18th fiscal year (June 1, 2024 to May 31, 2025) |
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| Places where a copy is to be made available for public inspection: | Tokyo Stock Exchange, Inc. (2-1, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan) |

Part I: Company Information

I-1 Company overview

1. Transition of major management indicators, etc.

(1) Consolidated management indicators, etc.

| Fiscal period | | 14th | 15th | 16th | 17th | 18th |
|---|---------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| Closing month/year | | May 2021 | May 2022 | May 2023 | May 2024 | May 2025 |
| Net sales | (¥, millions) | 334,540 | 366,096 | 372,579 | 356,733 | 309,240 |
| Ordinary profit (loss) | (¥, millions) | 20,379 | 22,496 | 15,366 | 7,152 | (460) |
| Profit (loss) attributable to owners of parent | (¥, millions) | 6,784 | 8,621 | 6,099 | 95,891 | (8,658) |
| Comprehensive income | (¥, millions) | 10,251 | 14,433 | 10,468 | 99,351 | (8,416) |
| Net assets | (¥, millions) | 49,795 | 67,162 | 71,640 | 154,677 | 141,134 |
| Total assets | (¥, millions) | 151,641 | 203,746 | 275,504 | 301,090 | 265,038 |
| Net assets per share | (¥) | 975.26 | 1,276.41 | 1,378.81 | 3,789.83 | 3,517.00 |
| Net profit (loss) per share | (¥) | 173.36 | 220.19 | 155.70 | 2,447.56 | (221.80) |
| Diluted per share amount of profit | (¥) | — | 219.41 | 155.22 | 2,446.80 | — |
| Equity ratio | (%) | 25.2 | 24.5 | 19.6 | 49.3 | 50.9 |
| Return on equity | (%) | 19.4 | 19.6 | 11.7 | 94.7 | (6.1) |
| Price earnings ratio | (times) | 10.9 | 9.5 | 11.2 | 0.9 | — |
| Cash flow from operating activities | (¥, millions) | 18,868 | 10,115 | 5,961 | 7,397 | 4,327 |
| Cash flow from investing activities | (¥, millions) | (9,665) | (29,624) | (12,502) | 94,252 | (47,600) |
| Cash flow from financing activities | (¥, millions) | (5,147) | 23,543 | (2,292) | (12,879) | (15,055) |
| Cash and cash equivalents, end of period | (¥, millions) | 52,298 | 56,578 | 47,919 | 137,047 | 78,664 |
| Number of employees (Average number of temporary workers) | (persons) | 9,498 (12,291) | 10,364 (13,124) | 9,786 (15,132) | 10,001 (15,045) | 8,894 (14,088) |

Note 1: The number of employees is the number of full-time employees and does not include contract employees. The number of employees and average number of temporary employees up to the 17th fiscal year include the number of employees and average number of temporary employees of Benefit One Inc. and its subsidiaries, which were excluded from the scope of consolidation as of the end of the 17th fiscal year.

Note 2: Diluted profit per share for the 14th fiscal years is not shown in the above table, as there are no residual securities with dilutive effects. In addition, although there are potential shares, no information is provided regarding diluted profit per share for the 18th fiscal year because there is a net loss per share.

Note 3: The price-earnings ratio for the 18th fiscal year is not stated because it is a loss attributable to owners of parent.

Note 4: The number of shares remaining in the stock benefit trust (BBT) and the stock benefit trust (J-ESOP), which are recorded as treasury stock in shareholders' equity, is not included in the above table.
The number of shares of treasury stock held by the Company at the end of the fiscal year is used to calculate net assets per share and profit per share, as well as the number of shares outstanding at the end of the fiscal year and the average number of shares outstanding during the fiscal year.
The number of shares of treasury stock is included as a deduction in the calculation of the number of shares of treasury stock.

Note 5: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards have been applied from the beginning of the 15th fiscal year, and the key management indicators and other indicators for the 15th fiscal year onwards are those after the application of these accounting standards.

Note 6: The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) has been applied from the beginning of the 18th fiscal year, and the key management indicators and other indicators for the 14th to 17th fiscal years are those after retrospective application of these accounting standards.

(Reference) Assets and liabilities in the above management indexes include temporary "deposits" from clients related to contracted projects whose use by the Group is restricted, and the corresponding "cash and deposits". Total assets and equity ratio after deduction of these assets and liabilities are as follows.

| Fiscal period | 16th | 17th | 18th |
|----------------------------|----------|----------|----------|
| Closing month/year | May 2023 | May 2024 | May 2025 |
| Total assets (¥, millions) | 200,634 | 246,115 | 229,719 |
| Equity ratio (%) | 26.9 | 60.3 | 58.7 |

(2) Management indicators, etc., of the reporting company

| Fiscal period | 14th | 15th | 16th | 17th | 18th |
|---|--------------|--------------|--------------|--------------|--------------|
| Closing month/year | May 2021 | May 2022 | May 2023 | May 2024 | May 2025 |
| Sales (¥, millions) | 14,477 | 10,060 | 15,646 | 10,004 | 7,645 |
| Ordinary profit (loss) (¥, millions) | 2,846 | (4,231) | 691 | (8,778) | (9,411) |
| Profit (loss) (¥, millions) | 1,295 | 1,338 | 2,033 | 100,843 | (13,099) |
| Share capital (¥, millions) | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Total number of issued shares (shares) | 41,690,300 | 41,690,300 | 41,690,300 | 41,690,300 | 40,190,300 |
| Net assets (¥, millions) | 18,578 | 18,758 | 19,396 | 118,855 | 100,998 |
| Total assets (¥, millions) | 80,170 | 89,955 | 97,963 | 194,284 | 175,638 |
| Net assets per share (¥) | 474.67 | 478.85 | 495.11 | 3,033.18 | 2,632.46 |
| Dividend per share (¥) | 30.00 | 35.00 | 35.00 | 75.00 | 75.00 |
| (Interim dividends per share) (¥) | (—) | (—) | (—) | (—) | (—) |
| Profit per share (¥) | 33.10 | 34.18 | 51.90 | 2,573.96 | (335.56) |
| Diluted profit per share (¥) | — | — | — | — | — |
| Equity ratio (%) | 23.2 | 20.9 | 19.8 | 61.2 | 57.5 |
| Return on equity (%) | 6.7 | 7.2 | 10.7 | 145.9 | (11.9) |
| Price earnings ratio (times) | 57.3 | 61.3 | 33.5 | 0.8 | — |
| Payout ratio (%) | 90.6 | 102.4 | 67.4 | 2.9 | — |
| Number of employees (Average number of temporary workers) (persons) | 645 (324) | 674 (296) | 731 (370) | 770 (479) | 880 (544) |
| Total shareholder return (%) | 150.6 | 168.8 | 143.6 | 184.4 | 197.8 |
| (Comparative indicator: TOPIX including dividends) (%) | (125.6) | (127.9) | (146.4) | (195.0) | (201.9) |
| Highest share price (¥) | 2,283 | 3,860 | 2,215 | 3,030 | 2,479 |
| Lowest share price (¥) | 1,117 | 1,847 | 1,707 | 1,298 | 1,861 |

Note 1: The dividend per share for the 15th fiscal year includes a special dividend of 5 yen per share, and the dividend per share for the 17th fiscal year and 18th fiscal year includes a special dividend of 60 yen per share.

Note 2: The number of employees is the number of full-time employees and does not include contract employees. The number of employees increased by 110 compared to the 17th fiscal year, mainly due to an increase in the number of new employees hired.

Note 3: Diluted profit per share is not stated because there are no dilutive shares.

Note 4: The price-earnings ratio for the 18th fiscal year is not listed because there was a loss for the fiscal year.

Note 5: The shares of the Company remaining in the Stock Benefit Trust (BBT) and the Stock Benefit Trust (J-ESOP), which are recorded as treasury stock in shareholders' equity, are used to calculate net assets per share and profit per share, as well as the total number of shares issued and outstanding at the end of the fiscal year and the average number of shares during the fiscal year.

Note 6: The highest and lowest share prices are those quoted on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.

2. Company history

The predecessor of Pasona Inc. was established in February 1976 with the primary objective of creating employment opportunities for housewives.

Since then, Pasona Inc. has expanded its business to include temporary staffing & contracting, placement, outsourcing, human resources consulting, education and training, and other services (hereinafter “Human Resources-related Business”). On June 1, 2000, Pasona Inc. separated its “Human Resources-related Business” from its other businesses and concentrated its management resources into the Human Resources-related Business. In addition, on the same day, the former Pasona Inc. took over the domestic Human Resources-related Business from Nambu Enterprise Inc. At the same time, Pasona Sunrise Inc. changed its trade name to Pasona Inc.

Pasona Inc. established Pasona Group Inc. (the Company) as its wholly owned parent company through a share transfer on December 3, 2007 and became a wholly owned subsidiary of the Company. On March 1, 2008, the Company transferred its shares to Pasona Inc. through an absorption-type demerger, with the Company as the successor company. The Company took over the affiliate management function and a portion of the business from Pasona Inc.

Company history

(As of May 31, 2025)

| | |
|-----------|--|
| Feb. 1976 | Temporary Center Inc. established in Kita-ku, Osaka City to undertake temporary staffing as its main business |
| Jun. 1993 | Corporate name Temporary Center Inc. changed to Pasona Inc. |
| Jun. 2000 | Pasona Sunrise Inc. obtained operational rights of Human resource-related business from the former Pasona Inc. (currently Nambu Enterprise, Inc.) and changed corporate name to Pasona Inc. |
| Dec. 2001 | Pasona Inc. listed on the Osaka Securities Exchange NASDAQ Japan market |
| Oct. 2003 | Pasona Inc. listed on the First Section of the Tokyo Stock Exchange |
| Mar. 2004 | Pasona Tech, Inc. registered its shares on the over-the-counter market of the Japan Securities Dealers Association (JASDAQ) |
| Sep. 2004 | Benefit One Inc. registered its shares on the over-the-counter market of the Japan Securities Dealers Association (JASDAQ) |
| Mar. 2006 | Benefit One Inc. listed on the Second Section of the Tokyo Stock Exchange |
| Dec. 2007 | Pasona Group Inc. established as a pure holdings company through a share transfer Company listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange Hercules |
| Dec. 2008 | Company delisted from Osaka Securities Exchange Hercules |
| Jul. 2009 | Pasona Inc. merged with MITSUI BUSSAN HUMAN RESOURCES CORPORATION |
| Nov. 2009 | Pasona Tech, Inc. included in the scope of consolidation as a wholly owned subsidiary following the acquisition of shares by way of public tender |
| Feb. 2010 | All shares of AIG Staff Co., Ltd. (currently Pasona Inc.) acquired and made a wholly owned subsidiary |
| Mar. 2010 | Pasona Career Inc. merged with Pasona Inc. and changed its corporate name to Pasona Inc. |
| Mar. 2011 | Acquired shares of KIS Corporation (currently Pasona Inc.) and made it a subsidiary |
| Jun. 2011 | Pasona Inc. acquired all rights and obligations relating to the temporary staffing business of Ricoh Human Creates Co., Ltd. and Ricoh San-ai Life Inc. by succeeding to through an absorption-type demerger |
| Dec 2011 | Acquired shares of International transaction Center Ltd. (currently Pasona Inc.), made it a wholly owned subsidiary Pasona Agri-Partners Inc. established as a wholly owned subsidiary |
| Mar. 2012 | Acquired shares of CAPLAN Corporation (currently Pasona HR Solution Inc.) and made it a wholly owned subsidiary |
| Apr. 2012 | Acquired shares of YASUKAWA BUSINESS STAFF CORPORATION (currently Pasona YBS Inc) and made it a subsidiary |
| May 2012 | Acquired shares of Bewith, Inc. and made it a subsidiary |
| Sep. 2012 | Pasona Furusato Incubation Inc. established as a joint-venture company with Benefit One Inc. |
| Nov. 2012 | Pasona Tequila Inc. (currently circlace Inc.) established as a subsidiary |
| Jan. 2013 | CAPLAN Corporation (currently Pasona HR Solution Inc.) acquired shares of Asahi Beer Communications Co., Ltd. and made it a subsidiary |
| Feb. 2013 | Established Pasona Life Care Inc. as a wholly owned subsidiary |
| Mar. 2013 | Pasona Tequila Inc. (currently circlace Inc.) became joint venture with Tequila International PTE Ltd. and |

| | |
|-----------|---|
| | salesforce.co |
| Dec. 2013 | Acquired shares of Eco LOVE Co. (Currently Pasona art now Co., Ltd.) and made it a wholly owned subsidiary |
| Apr. 2014 | Acquired shares of Medical Associa Inc. (currently Pasona Inc.) and made it a subsidiary |
| Jan. 2015 | Established Tango Kingdom Inc. (currently Tango Kingdom Brewery Inc.) as a subsidiary |
| Apr. 2015 | Pasona Tohoku Sosei Inc. established as a subsidiary |
| | Acquired shares of Panasonic Business Service Co., Ltd. (currently Pasona Nihon Somubu Co., Ltd.) and made it and its subsidiary, Shin Nihon Kogyo Co. Ltd. (currently gotop Co., Ltd.), subsidiaries |
| Aug 2015 | Benefit One Payroll Inc. (currently Pasona HR Solutions Inc.) was established as a joint venture with Benefit One Inc. |
| Oct. 2015 | Acquired shares of PT. Dutagriya Sarana in Indonesia and made it a subsidiary |
| Apr. 2016 | Pasona Inc. acquired shares of Osaka Gas Excellent Agency Co. (currently Pasona Inc.) and made it a subsidiary |
| | Pasona Knowledge Partner Inc. was established as a joint venture with Panasonic IP Management Co. and Japan Employment Creation Organization, Inc. (currently Pasona Masters, Inc.) |
| Dec. 2016 | Nijigennomori Inc. established as a subsidiary |
| Aug. 2017 | Pasona Inc. acquired shares of NTT Human Solutions Corporation (currently Pasona HS Inc.) and Telwell Job Support Inc. (currently Pasona HS Inc.) and made it a subsidiary |
| | Took over of temporary staffing business of NTT-ME Service Corporation, NTT Solco and Hokkaido Telemart Corporation, Telwell West Nippon Corporation and DOCOMO Datacom, Inc. |
| Sep. 2017 | Pasona Inc. acquired shares of Drop System Inc. (currently Pasona Inc.) and made it a subsidiary |
| Feb. 2018 | Acquired shares of Agensi Pekerjaan Pasona Sdn. Bhd. in Malaysia and made it a subsidiary |
| Apr. 2018 | Acquired shares of MHI Diamond Staff Corporation (currently Nagasaki diamond staff), a subsidiary of Mitsubishi Heavy Industries, Ltd. and made it a subsidiary |
| | Job-Hub Inc. (currently Pasona JOB HUB Inc.) established as a subsidiary |
| Nov. 2018 | Benefit One Inc. listed shares on the First Section of the Tokyo Stock Exchange |
| Jun. 2019 | Pasona Advisor Network Inc. (currently Pasona JOB HUB Inc.) established as a subsidiary |
| Jan. 2020 | Pasona HR Consulting (Thailand) Co., Ltd. established as a subsidiary |
| Mar. 2020 | Tango Kingdom Brewery Inc. took over the business of Tango Kingdom Co. |
| | Acquired all shares of Tango Kingdom Brewery Inc. and made it a wholly owned subsidiary |
| Apr. 2020 | Pasona Smile Inc. established as a subsidiary |
| Sep. 2020 | Pasona Knowledge Partners Inc. established Pasona Intellectual Property Trust Inc. |
| Dec. 2020 | Pasona Oversea Recruitment (Thailand) Co., Ltd. established as a subsidiary |
| Jul. 2021 | Established Pasona HR HUB Inc. as a subsidiary |
| Aug. 2021 | Established Kosyunoya Inc. as a subsidiary |
| Sep. 2021 | Established awajishima resort Inc. as a subsidiary |
| Dec. 2021 | Established All Japan Tourism Alliance Inc. as a subsidiary |
| Mar. 2022 | Subsidiary Bewith, Inc. listed on the First Section of the Tokyo Stock Exchange. |
| Apr. 2022 | Benefit One Inc. merged with JTB BENEFIT SERVICE, Inc. |
| | Pasona Group Inc., Benefit One Inc. and Bewith, Inc. moved from First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of the Tokyo Stock Exchange's market classification |
| Jun. 2022 | Pasona Nouentai Inc. establishes Awaji Nature Farm Inc. as a wholly owned subsidiary. |
| Sep. 2022 | Pasona Furusato Incubation Inc. and Nijigennomori Inc. established as a wholly owned subsidiary |
| Oct. 2022 | Bewith, Inc. acquires shares of Doinet Co., Ltd. and made it a subsidiary. |
| Jan. 2023 | Acquired shares of KANDEN JOINUS Co., Ltd. (currently Pasona Joinus Inc.) and made it a subsidiary |
| Jun. 2023 | Kosyunoya Inc. established Japanese Kosyukura Inc. as a subsidiary |
| Apr 2024 | Pasona Panasonic Business Service Co., Ltd. Changed its name to Pasona Nihon Somubu Co., Ltd. |
| May 2024 | Transferred all shares of Benefit One Inc. and made it a non-subsiary company |
| Jun 2024 | Pasona Furusato Incubation Inc. merged with Pasona Smile Inc. |
| | Established Pasona Safety Net Inc. as a subsidiary. |
| Sep 2024 | Merger with Pasona Tech Inc. |
| Feb 2025 | Pasona HR Solutions Inc. established Pasona Sustainability Inc. |

| | |
|----------|---|
| Mar 2025 | Pasona Tech Vietnam Co., Ltd. changed its name to Pasona Vietnam Co., Ltd. |
| Apr 2025 | Established Pasona Furusato Marche Inc. as a subsidiary. Established Pasona Wellness Tourism Inc. as a subsidiary. |

3. Contents of business

The Group consists of the Company as a holding company, 62 consolidated subsidiaries, and five equity-method affiliates. Regarding reporting segments, we have reorganized some segments from the beginning of the current consolidated fiscal year and classified them into six segments: BPO Solutions (Contracting & Outsourcing), Expert Solutions (Temporary Staffing), Career Solutions (Placement/Recruiting, Outplacement), Global Solutions (Overseas Human Resources Services), Life Solutions (Childcare support, Nursing care, etc.), and Regional Revitalization and Tourism Solutions. We are engaged in human resources-related businesses and regional revitalization businesses. In addition, due to the sale of shares in Benefit One Inc., which was a consolidated subsidiary at the end of the previous consolidated fiscal year, the Outsourcing segment has been discontinued from the beginning of the current consolidated fiscal year.

The business segments and main group companies as of May 31, 2025 are as follows.

(1) Business Segments and Major Group Companies

| Business Segments | Major Group Companies | |
|---|--|--|
| HR Solutions | | |
| BPO Solutions (Contracting & Outsourcing) | Pasona Inc. Pasona HS Inc. Pasona JOB HUB Inc. PASONA LOGICOM Inc. Pasona art now Inc. Pasona HR Solution Inc. Pasona Masters, Inc. Pasona Knowledge Partner Inc. Pasona Intellectual Property Trust Inc. Pasona Safety Net Inc. Pasona Sustainability Inc. Pasona Heartful Inc. | Bewith, Inc. Pasona Nihon Somubu Co., Ltd. Asahi Beer Communications Co., Ltd. Nagasaki diamond staff gotop Co., Ltd. Pasona Joinus Inc. Pasona Force Inc. Smart Style Co., Ltd. Profelier, Inc. TECHNORESEARCH CO.,LTD. iBRID Co., Ltd. Doinet Co., Ltd. |
| Expert Solutions (Temporary Staffing) | | |
| Career Solutions (Placement/Recruiting, Outplacement) | Pasona Inc. | |
| GLOBAL Solutions (Overseas Human Resources Services) | Pasona N A, Inc. Pasona Canada, Inc. PT. Dutagriya Sarana Pasona Taiwan Co., Ltd. MGR Consulting Co., Ltd. Pasona Asia Co., Limited Pasona Korea Co., Ltd. Pasona Human Resources (Shanghai) Co., Ltd. Pasona Recruitment (Thailand) Co., Ltd. Pasona HR Consulting (Thailand) Co., Ltd. Pasona Oversea Recruitment (Thailand) Co., Ltd. | Pasona India Private Limited Pasona Vietnam Co., Ltd. PT Pasona HR Indonesia Pasona Singapore Pte. Ltd. Pasona Education Co. Limited Pasona HR Malaysia Sdn. Bhd. Agensi Pekerjaan Pasona Sdn. Bhd. |
| Life Solutions (Childcare support, Nursing care, etc.) | Pasona Foster Inc. | Pasona Life Care Inc. |
| Regional Revitalization and Tourism Solutions | Pasona Furusato Incubation Inc. Nijigennomori Inc. Pasona Agri-Partners Inc. Pasona HR Hub Inc. RE BORN Inc. Takumi Sousei Inc. Kosyunoya Inc. Japanese Kosyukura Inc. Tangokura Inc. | Pasona Tohoku Sousei Inc. Chihou Sousei Inc. Tango Kingdom Brewery Inc Pasona Furusato Marche Inc. Pasona Wellness Tourism Inc. All Japan Tourism Alliance Inc. awajishima resort Inc. Awaji Nature Farm Inc. |

(2) Major Segments Details

*The reporting segments of our group were classified as "Expert Services," "BPO Services," "HR Consulting, Education and Training, and Others," "Global Sourcing," "Career Solutions," "Outsourcing," "Life Solutions," and "Regional Revitalization Solutions." However, as of the beginning of the current fiscal year, these have been changed to "BPO Solutions," "Expert Solutions," "Career Solutions," "Global Solutions," "Life Solutions," and "Regional Revitalization and Tourism Solutions." Additionally, the figures for the previous fiscal year have been restated to reflect the new classifications for comparison purposes.

HR Solutions

(i) BPO Solutions (Contracting & Outsourcing)

We accept and undertake work from customers, and our group companies process the work using our group employees and workers employed under employment contracts for the purpose of performing the work. Transactions based on business consignment and subcontracting agreements include forms in which consigned work is performed on-site (at the customer's premises) and forms in which our group owns its own equipment and systems and undertakes the customer's business processes, such as BPO (business process outsourcing) and contact center operations. Both forms are included in BPO services.

Under temporary staffing contracts, the client company issues commands and instructions to temporary staff, whereas under business consignment and subcontracting contracts, our group issues commands and instructions to workers.

(ii) Expert Solutions (Temporary Staffing)

In accordance with the provisions of the Act on Securing the Proper Operation of Worker Dispatching Undertakings and the Protection of Dispatched Workers (hereinafter referred to as the "Worker Dispatching Act"), we conduct "worker dispatching undertakings" in which we recruit and register dispatch staff with the permission of the Minister of Health, Labor and Welfare and dispatch them to companies and other organizations. When our group dispatches workers, we first recruit and register dispatch staff, match their preferences with the conditions of the dispatch destination, conclude employment contracts between the dispatch staff and our group, and then dispatch them to the destination.

(iii) Career Solutions (Placement/Recruiting, Outplacement)

"Recruitment services" are paid employment services that, based on the Employment Security Act and with the permission of the Minister of Health, Labor, and Welfare, recruit and register job seekers and job applicants, while also collecting job listings to match the needs of both parties.

In addition, "outplacement" is a business that provides outplacement services to those that have retired or are scheduled to retire from a company due to company reasons (hereinafter referred to as "service users") by preparing their work history, preparing for job interviews, providing job information, and supporting independence until they find their next new job. When a company implements an early retirement program or transfers an employee to an external company, we enter into a basic contract with such a company and receive compensation from the company to support the career development of the service user.

Global Solutions (Overseas Human Resources Services)

We provide full-line human resource-related services overseas, including placement & recruiting, temporary staffing and outsourcing of contracting, payroll processing, education and training.

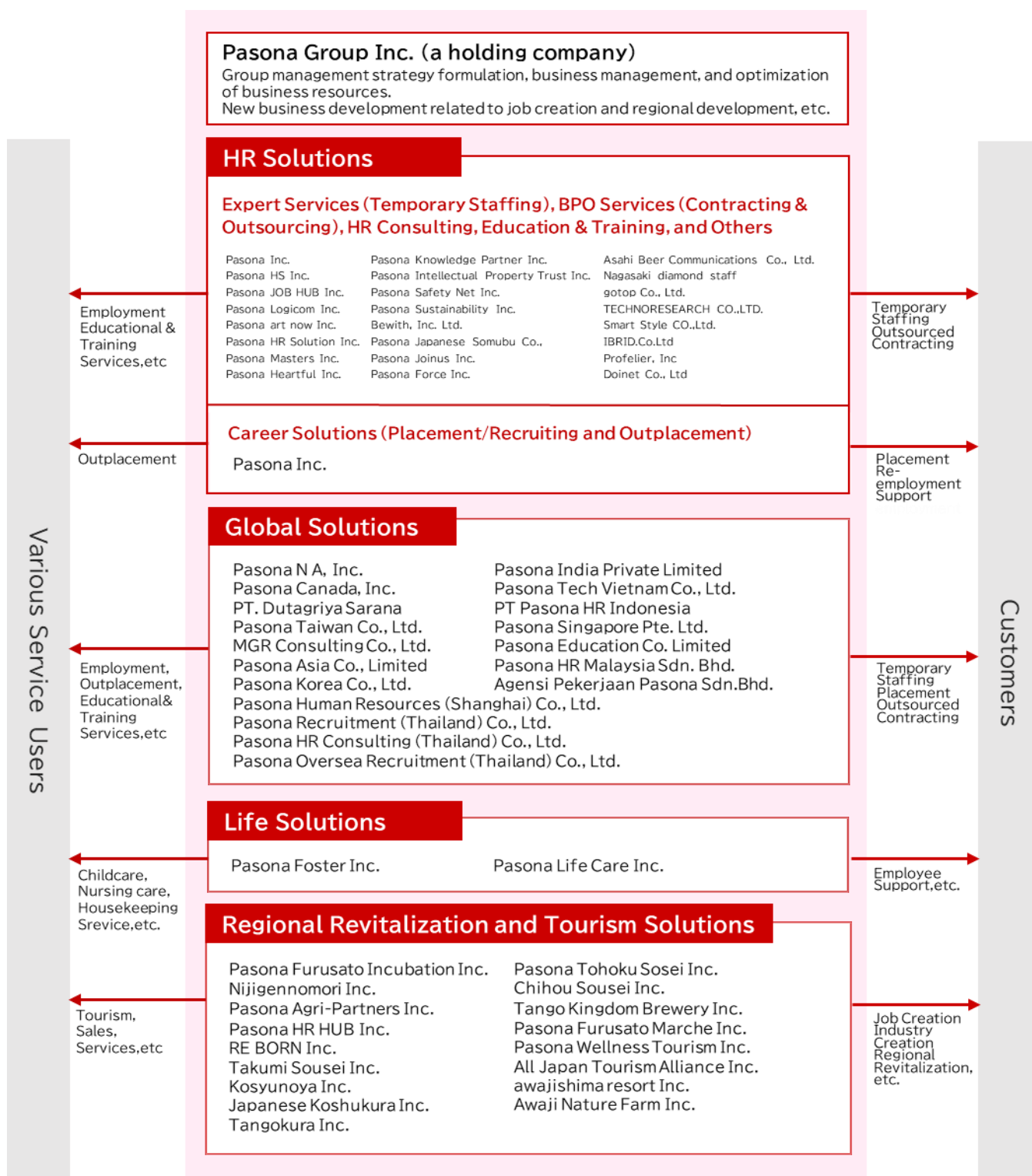
Life Solutions (Childcare support, Nursing care, etc.)

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 services; and the housekeeping service business.

Regional Revitalization and Tourism Solutions

In cooperation and collaboration with local residents, local businesses, and local governments, we conduct regional revitalization projects with the aim of creating new industries and employment opportunities for sustainable regional revitalization. In addition to food & beverages, amusement, and lodging businesses that utilize local specialties, we also conduct projects related to tourism promotion and business attraction to revitalize the region.

Business Overview



4. Status of associated companies

Our group is engaged in BPO Solutions (contracting & outsourcing), Expert Solutions (temporary staffing), Career Solutions (placement/recruiting, outplacement), Global Solutions (overseas human resources services), Life Solutions (childcare support, nursing care, etc.), Regional Revitalization and Tourism Solutions, and other businesses. As of May 31, 2025, we have 62 consolidated subsidiaries and five equity-method affiliates, as follows.

| Company name | Location | Share capital or investments in capital (millions of yen) | Contents of major business | Ratio of voting rights holding or held (%) | Relationship |
|---|------------------------------|--|---|--|---|
| (Consolidated subsidiaries) | | | | | |
| Pasona Inc. (Note 1, 5, 8) | Minato-ku, Tokyo | 100 | Temporary staffing, BPO (contracting and outsourcing), placement and outplacement | 100.00 | Business management Trademark licensing Business consignee Concurrent director 2 Receipt of funds Debt guarantees/guarantees |
| Bewith, Inc. (Note 1, 2, 3, 6, 7) | Shinjuku-ku, Tokyo | 915 | Contact center, BPO (outsourcing & contracting) | 55.52 | Business consignee Concurrent director 1 |
| Pasona Nihon Somubu Co., Ltd. | Osaka City, Osaka | 20 | General administration and office support, production of manuals and promotional materials, digital content production, document services, etc. | 66.50 | Trademark licensing Business consignee Concurrent director 1 Receipt of funds |
| Nijigennomori Inc. | Awaji City, Hyogo Prefecture | 30 | Operation of "Nijigen-nomori" animation park, regional revitalization projects, etc. | 100.00 | Business management Concurrent Director 1 Deposit of funds Guarantee of debt |
| Pasona HS Inc. (Note 4) | Minato-ku, Tokyo | 100 | Temporary staffing, BPO (contracting and outsourcing), placement and outplacement | 100.00 (100.00) | Business management Trademark licensing Receipt of funds |
| Pasona Life Care Inc. | Minato-ku, Tokyo | 100 | Welfare and nursing care services, housekeeping service, etc. | 100.00 | Business management Trademark licensing Concurrent Director 1 Receipt of funds |
| Pasona Joinus Inc. (Note 4) | Osaka City, Osaka | 70 | Temporary staffing, BPO (contracting and outsourcing), placement | 100.00 (0.25) | Business management Trademark licensing Receipt of funds |
| Pasona JOB HUB Inc. | Minato-ku, Tokyo | 50 | BPO (contracting and outsourcing), Advisory consulting business, executive search business, etc. | 100.00 | Business management Trademark licensing Receipt of funds |
| 54 other companies | | | | | |
| (Equity method-applied affiliated companies) 5 companies | | | | | |

Note 1: The company is a specified subsidiary company.

Note 2: The company submits annual securities reports.

Note 3: The following companies are consolidated subsidiaries of the Group that are publicly traded on securities markets in Japan.

Prime Market of the Tokyo Stock Exchange: Bewith, Inc.

Note 4: Figures in parentheses in the "Percentage of voting rights held" column indicate indirect ownership.

Note 5: Pasona Inc. accounts for more than 10% of consolidated net sales (excluding inter-company sales among consolidated companies).

Principal financial information

| | |
|---------------------|------------------|
| (1) Net sales | ¥193,643 million |
| (2) Ordinary profit | ¥8,258 million |
| (3) Profit | ¥5,062 million |
| (4) Net assets | ¥41,617 million |
| (5) Total assets | ¥106,967 million |

Note 6: Although Bewith, Inc. accounts for more than 10% of consolidated net sales (excluding inter-company sales among consolidated companies), the description of major profit & loss information is omitted because the said

consolidated subsidiary is a company that submits annual securities reports.

Note 7: The calculation of the percentage of voting rights held by Bewith, Inc. includes voting rights for 128,000 shares lent under a stock lending agreement.

Note 8: Mr. Yasuyuki Nambu, who also served as a director of Pasona Inc., resigned as Representative Director on May 31, 2025, and as of the date of submission, his concurrent position as a director has been terminated.

5. Status of employees

(1) Status of consolidated companies

As of May 31, 2025

| Segment | Number of employees | |
|---|---------------------|------------|
| BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary Staffing) | 6,299 | (12,784) |
| Career Solution (Placement/Recruiting, Outplacement) | 385 | (109) |
| Global Solutions (Overseas Human Resources Services) | 604 | (56) |
| Life Solutions (Childcare Support, Nursing Care, etc.) | 542 | (473) |
| Regional Revitalization and Tourism Solutions | 247 | (319) |
| Companywide | 817 | (347) |
| Total | 8,894 | (14,088) |

Note 1: The number of employees is the total number of full-time employees of all consolidated companies, and the average number of temporary employees for the year is shown in parentheses.

Note 2: The number of employees decreased by 1,107 compared to the end of the previous consolidated fiscal year. This is mainly due to the exclusion of Benefit One Inc. and its subsidiaries, which were responsible for outsourcing at the end of the previous consolidated fiscal year, from the scope of consolidation. In addition, due to a review of the segment classification of some subsidiaries in the Regional Revitalization and Tourism Solutions segment, the number of employees increased by 130 and the number of temporary employees increased by 131 compared to the end of the previous consolidated fiscal year.

Note 3: Since the segment classification was revised at the beginning of the current consolidated fiscal year, Global Solutions (overseas human resources services) is presented separately.

(2) Status of the reporting company

As of May 31, 2025

| Number of employees | Average age | Average years of service | Average annual salary (¥, thousands) |
|---------------------|-------------|--------------------------|---|
| 880 (544) | 34.9 | 7.7 | 6,289 |

| Segment | Number of employees | |
|---|---------------------|---------|
| BPO Solutions (Contracting & Outsourcing), Expert Solutions (Temporary Staffing) | 63 | (197) |
| Companywide | 817 | (347) |
| Total | 880 | (544) |

Note 1: The number of employees is the number of full-time employees, and the average number of temporary employees for the year is shown in parentheses. The number of employees increased by 110 compared to the end of the previous fiscal year, mainly due to an increase in the number of new employees hired. The Company hires new employees as a group in batches.

Note 2: In calculating average years of service, employees transferred from consolidated subsidiaries of the Company are included in the total number of years of service at the relevant companies.

Note 3: Average annual salary is calculated for employees who have been with the company for at least one year and includes bonuses and non-standard wages.

(3) Status of labor unions

There is nothing special to report.

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and differences in wages between male and female workers.

Since its establishment in 1976, our group has been working toward the realization of a society in which everyone, regardless of age, gender, nationality, or disability, can freely use their talents with hope and pride. Within the company, we promote the creation of a workplace environment where each employee can work with peace of mind, including proposals for diverse work styles that maximize each employee's abilities and support for career building.

Therefore, the same personnel system is applied regardless of gender, and a common system is used for evaluation, promotion, and salary levels. There are no gender differences in salary rules or wage items, and there are no wage differences between men and women in the personnel system at the same qualification level.

Submitting company and consolidated subsidiaries (Note 1)

| Company Name | Percentage of female workers in management positions (%) (Note 2) | Male worker acquisition rate of childcare leave (%) (Note 3) | Difference in wages between male and female workers (%) (Note 2,4) | | |
|--------------------------------------|---|--|--|-----------------------------|----------------------------------|
| | | | All employees | Regular employment laborers | Part-time and fixed-term workers |
| Pasona Group Inc. | 55.7 | 91.7 | 85.6 | 84.8 | 82.8 |
| Pasona Inc. | 59.3 | 82.5 | 72.4 | 80.2 | 69.6 |
| Bewith, Inc. (Note 5) | 19.7 | 66.7 | 79.5 | 86.9 | 90.5 |
| Pasona Nihon Somubu Co., Ltd. * | 15.4 | 100.0 | 74.0 | 88.7 | 55.5 |
| Pasona HS Inc. | 68.2 | — | 85.6 | 77.5 | 85.8 |
| Pasona Fosters Inc. | 65.0 | 66.7 | 117.2 | 81.0 | 112.5 |
| Pasona Life Care Inc. | 76.2 | — | 70.4 | 86.5 | 85.2 |
| Pasona Joinus Inc. * | 25.0 | — | 66.8 | 71.5 | 71.4 |
| Pasona Masters, Inc. * | 70.0 | — | 80.3 | — | 80.3 |
| Pasona HR HUB Inc. | 21.6 | 100.0 | 69.1 | 73.7 | 89.8 |
| Nagasaki diamond staff * | 40.0 | 0.0 | 62.9 | 91.1 | 61.8 |
| Pasona Heartful Inc. | 63.6 | — | 95.8 | 108.6 | 87.3 |
| Pasona HR Solution Inc. * | 67.5 | — | 67.0 | 70.8 | 68.7 |
| Asahi Beer Communications Co.,Ltd. * | 58.8 | — | 94.4 | 92.1 | 121.9 |
| PASONA LOGICOM Inc. | 100.0 | — | 80.4 | — | 77.1 |
| Pasona JOB HUB Inc. | 48.6 | 66.7 | 81.9 | 92.0 | 59.9 |
| gotop Co., Ltd. * | 2.8 | 25.0 | 68.5 | 68.6 | 81.6 |
| Pasona Furusato Incubation Inc. | 6.7 | — | 69.8 | 81.0 | 62.1 |
| Pasona Knowledge Partner Inc. * | 23.1 | — | 84.0 | 65.5 | 88.9 |
| Pasona Safety Net Inc. | 38.5 | — | 77.5 | 70.8 | 85.2 |

Note 1: The periods covered by each are as follows.

- Percentage of female workers in management positions

Period covered: As of May 31, 2025. * as of March 31, 2025

- Ratio of male workers taking childcare leave, wage differences between men and women

Period covered: June 1, 2024 to May 31, 2025. * is from April 1, 2024 to March 31, 2025

Indicators that are not disclosed in cases where there are no employees applicable to the calculation are indicated with "—".

Note 2: Calculated in accordance with the provisions of Japan's Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).

Note 3: Based on the provisions of Japan's Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare

of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentage of employees who took child care leave, etc., as stipulated in Article 71-6-1 of Japan's Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of Ministry of Labor No. 25, 1991) was calculated.

Note 4: The ratio of average annual wages for women to average annual wages for men is calculated.

- Wages include base salary, compensation for overtime work, and bonuses, and exclude retirement and commuting allowances.
- Regular workers: Executive officers, regular employees (including those who work shorter hours or more than 3 days per week)
- Part-time and fixed-term workers: Fixed-term contract employees, contract employees, part-time, etc., temporary staff

The high ratio of women using the shorter work-hour system and the high ratio of men in higher grades, including management positions resulted in differences in per capita wages between men and women.

There is no difference in the salary system between male and female part-time and fixed-term workers, but there is a difference in average salaries due to differences in job types and job descriptions.

Note 5: Bewith, Inc. are listed on the Prime Market of the Tokyo Stock Exchange, so please refer to their annual securities reports for details.

I-2. Status of business

1. Management policies, management environment, challenges to address, etc.

Our group's management policy, business environment, and issues to be addressed are as follows.

Please note that the forward-looking statements in this document are based on our group's judgment as of the date of submission of the securities report (August 20, 2025).

(1) Basic policy for company management

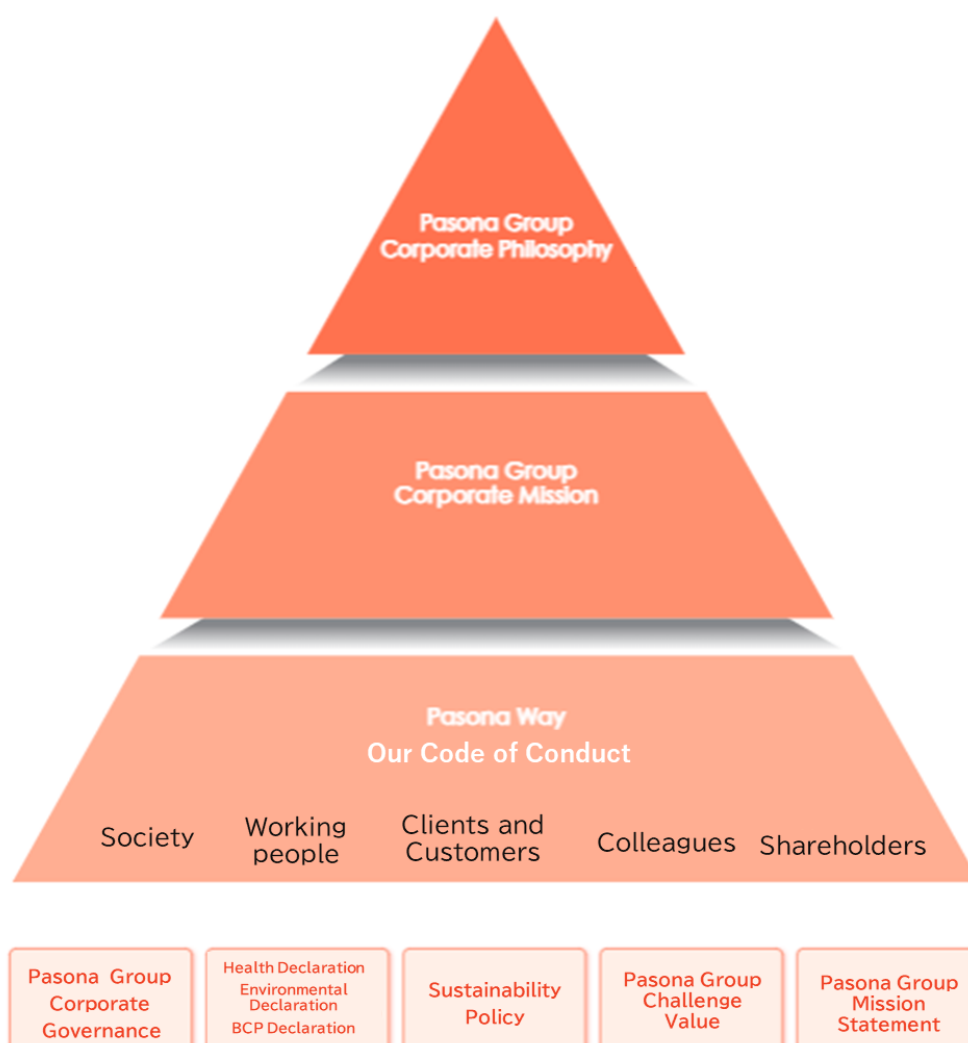
Since its founding, the Pasona Group has been committed to its clear corporate philosophy of providing "Solutions to Society's Problems." We have promoted diversity and built various forms of social infrastructure aimed at creating a society where everyone can freely choose their desired work and have access to employment opportunities.

The Pasona Group's work is "to harness the potential of the individual" which means creating a fulfilling life for people—as a "Life Producer." We believe that our corporate social responsibility (CSR) lies in "Always striving with high aspirations to create a society where those seeking to reintegrate into society, those who seek the challenges of a new life, and those who boldly pursue their life goals can all design a rich life according to their individual lifestyles."

To fulfill this social responsibility, we have established the Pasona Group Corporate Action Charter, which is clearly communicated understood and shared by all executives and employees across all PASONA entities worldwide, from top management down.

We shall further enhance our corporate value for all stakeholders through pursuit of the roles and responsibilities outlined in our Pasona Way philosophy, by actively tackling rapidly changing social issues, and through our Pasona Group efforts to realize SDGs.

As a social solutions company, we will continue to engage in sound corporate activities with social responsibility, aiming to realize a 'NATUREVERSE' based society that creates fulfilling lives for people.



Pasona Group Corporate Philosophy

Solutions to Society's Problems

Our work at Pasona Group is "to harness the potential of the individual" and to support the creation of fulfilling life for people—in other words, to be a "Life Producer." To fulfill this role, we are committed to always maintaining high aspirations and a strong sense of mission, building new social infrastructure, and continuously taking on bold challenges.

1. Building a society where everyone can freely choose their preferred work and design a work style that aligns with their life plans.
2. Aiming to create a society where companies and individuals are connected by an equal relationship, allowing everyone to freely utilize their talents.
3. Promoting diversity and continually creating opportunities where each person can pursue their dreams and take pride in their achievements.

Pasona Group Corporate Mission

Since its founding, Pasona Group has adhered to the unwavering corporate philosophy of providing "Solutions to Society's Problems." As a social solutions company, we are committed to assisting every aspect of people's lives, thereby contributing to a sustainable society capable of realizing the "NATUREVERSE" and enriching the quality of life enjoyed by all.

Creating Jobs

We are committed to building diverse forms of social infrastructure so that everyone that wishes to work can demonstrate their talents and abilities to the fullest and can be active with ways of working that match their own lifestyles.

Enjoying Life

By ensuring that everyone feels a sense of joy and meaning by enjoying their work, living prosperous lives, and contributing to society, we promote a society where it is easy to achieve a work-life balance so people can feel connected to one another.

Developing Careers

We support the dreams of those who boldly challenge themselves with high aspirations and create opportunities for career development.

Creating Culture

To help people lead fulfilling lives, we will create new cultural initiatives filled with inspiration through health, music, art, and food, thereby realizing the "NATUREVERSE".

The Pasona Way

The Pasona Way represents our core values, which indicate how each employee should act and behave, based upon our Corporate Philosophy and Corporate Mission. All executive officers and employees pass along and share these values enshrined at Pasona's establishment, which also serve as a consistent basis for making judgments.

For Society

- | We consider what each individual can do for society and we take on bold challenges with high aspirations, a strong sense of mission, and an entrepreneurial spirit.
- | We aim to create a society where everyone who wishes to work can do so with confidence, envisioning a bright future they can build themselves.
- | We continue to be a company with a long and fruitful history, with relevance and social impact.
- | Embracing the Pasona Group's Challenge Values of Pure, Passion, and Power, we call for meaningful societal changes while making our own contributions to society.

For Working People

- | As Life Producers, we work hand-in-hand with people, helping each individual design a fulfilling life plan.
- | We walk together to realize the rich future that lies beyond dreams, for "Dreams Belong to People."
- | We bring out and encourage each person's talents, abilities, and hidden potential.
- | We support everyone who relies on us with sincerity and compassion.

For Clients and Customers

- | "The strength of Pasona is me." Act with confidence and pride, providing services as a professional that inspire trust and a sense of security.
- | "Hearts Touch Hearts, Hearts Move Hearts." Always approach others with sincerity, putting yourself in their shoes.
- | "Not a Think Tank, but a Do Tank." Don't just think about what you can do for the customer—take action first.
- | "Even the soles of our shoes shine" We work diligently, sparing no effort for our customers.

For Colleagues

- | Our smiles are always bright, our words are always happy and gentle, and our hands and feet are always working hard.
- | We express feelings of gratitude to our workplace colleagues, seniors, bosses, juniors, and those around us.
- | We share our enjoyment in working, and we nurture a healthy environment in which we can work energetically.
- | We honor the Pasona Group's history of meeting challenges and its inherent qualities, and, together with our colleagues, we seek to meet new challenges to realize an ideal future.

For Shareholders

- | We will conduct high-quality management for shareholders who share our corporate philosophy and promote business activities that fulfill our corporate social responsibility.

(2) Management Strategy

This year marks the 50th anniversary of our company's founding. In the fiscal year ending May 2024, we sold shares in our consolidated subsidiaries, which changed the composition of our business portfolio, and we have been working on formulating a new growth strategy with a view to the next 50 years. Looking ahead to the next 50 years, we will build on our business expertise and network to create a new "well-being industry" and aim to realize a world of "NATUREVERSE" (*), where everyone can enjoy physical, mental, and social health.

Currently, the business environment surrounding our company is characterized by a declining working-age population due to the aging and declining birthrate in Japan, as well as increasingly diverse values and lifestyles among the population. In addition, technological advances in AI and other digital technologies are remarkable, and not only the way we work but also the nature of work itself is changing significantly.

Under these circumstances, we will strengthen our profitability by providing higher-value-added services in the business areas that we have cultivated thus far, while also working to reform our revenue structure. As we enter an era of 100-year lifespans, people are working longer throughout their lives, and society is shifting toward flexible working styles that can be adjusted according to lifestyle and career advancement. In this context, efforts to support and maintain the health of individuals will become an important issue for companies, individuals, and society as a whole in Japan, where the population is declining. We will leverage our business expertise to create a new industry around the concept of "well-being" that can solve future social issues and contribute to the growth of our business.

Therefore, we have designated the five-year period beginning in May 2026 as "PASONA GROUP VISION 2030" and will aim for sustainable corporate growth and further enhancement of corporate value through a growth strategy focused on reforming our revenue structure and pursuing new business growth.

Under the "PASONA GROUP VISION 2030," the Group aims to achieve net sales of ¥400 billion yen, ordinary income margin of 5%, ROE of over 8%, and PBR of over 1x as its financial targets for the fiscal year ending May 2030.

(*) NATUREVERSE refers to the truly prosperous world that the Pasona Group aims to achieve, where people, nature, and technology coexist, and people are connected by a spirit of compassion.

2. Approach to sustainability and initiatives

The Group's approach to sustainability and its initiatives are as follows. Forward-looking statements are based on the judgment of the Group as of the end of the current consolidated fiscal year.

Based on our corporate philosophy of "solving society's problems," the Group is committed to business activities aimed at realizing a sustainable society and promoting sustainability management for the sustainable growth of our Group. In order to clarify the significance of our sustainability efforts and the future vision that we are aiming for, we have clearly stated this as "Sustainability Policy " and have made it the common understanding of the Group. For more information on our ESG and sustainability initiatives, please refer to our website.(URL: <https://www.pasonagroup.co.jp/english/ir/esg/>)

(1) Governance and Risk Management

In the Group, various internal meetings and committees play a role in promoting sustainability management. For climate change issues, the "Environmental Management Strategy Board" formulates strategies, policies, and targets for the Group's environmental management and response to climate change, while the Environmental Management Promotion Committee promotes effective action plans for each division and group based on these policies. Regarding human capital, the Group Human Resources Department discusses and promotes initiatives concerning important issues in the area of human resources for the entire Group. Important sustainability-related matters are monitored by each meeting or committee, which reports to the Board of Directors or the Management Meeting, with each providing appropriate advice as necessary.

In addition to climate change risk, the Group has established its Risk Management Regulations and a Risk Management Committee as an organization that oversees risk in order to prevent crises that could have significant impact on management and to minimize losses in the event that such crises should occur.

Various risks related to sustainability in general are identified at various internal meetings and committees, where relevant laws and regulations and matters affecting the business are discussed, and are then integrated into the overall risk management process by the Risk Management Committee. In addition, the contents of these reports are regularly reported to the Board of Directors to enable the Board of Directors to appropriately monitor the status of the Group and its response.

(2) ESG/Sustainability Management

1) Commitment to Sustainable Global Environment

Since the Team Minus 6% project led by the Japanese Government commenced in 2005, Pasona Group established an Environment Committee consisting of the directors of each of the Group companies. We have made every effort to treat limited resources as precious and have engaged in environmental conservation through our corporate activities in order to preserve a beautiful and healthy global environment for future generations.

Amidst the increasing severity of global warming, abnormal weather, damage to the ecosystem, and environmental damage in recent years, as a social solutions company, Pasona Group is disseminating its ideal way of sustainable management, and in order to continue to be a successful long-established company trusted by society, the Company determined the Pasona Group Environmental Innovation Strategy in 2021, and announced its support for the Task Force on Climate-Related Financial Disclosures (TCFD) in the same year. The Company has also launched an Environmental Management Promotion Committee, conducted climate change scenario analyses, and clarified the business impact of risks and opportunities related to climate change. In 2023, the Environmental Management Strategy Board was launched, and strategies, policies, and goals for the Group's environmental management and response to climate change were formulated.

a. Major efforts to reduce CO₂ emissions

The entire group is actively promoting energy-saving activities to reduce CO₂ emissions. Company-owned vehicles are being switched to electric and hybrid vehicles, and efforts are being made to make operations paperless through the promotion of digitalization. Furthermore, our group is progressing the switch to electricity derived from renewable energy sources at the facilities that we utilize. For the fiscal year ended May 31, 2025, 32 facilities on Awaji Island, Hyogo Prefecture—including offices, restaurants, cafés, and an anime park—are using electricity derived from renewable energy sources that does not emit greenhouse gases. Furthermore, on Awaji Island, Hyogo Prefecture, we have introduced a large-scale composter to collect food waste from catering facilities and convert it into compost. Currently collecting waste from nine facilities on the island, it generates approximately 500 kg of compost monthly. This circular resource utilization approach reduces waste disposal while cutting CO₂ emissions from incineration.

b. Environmental Conservation initiatives

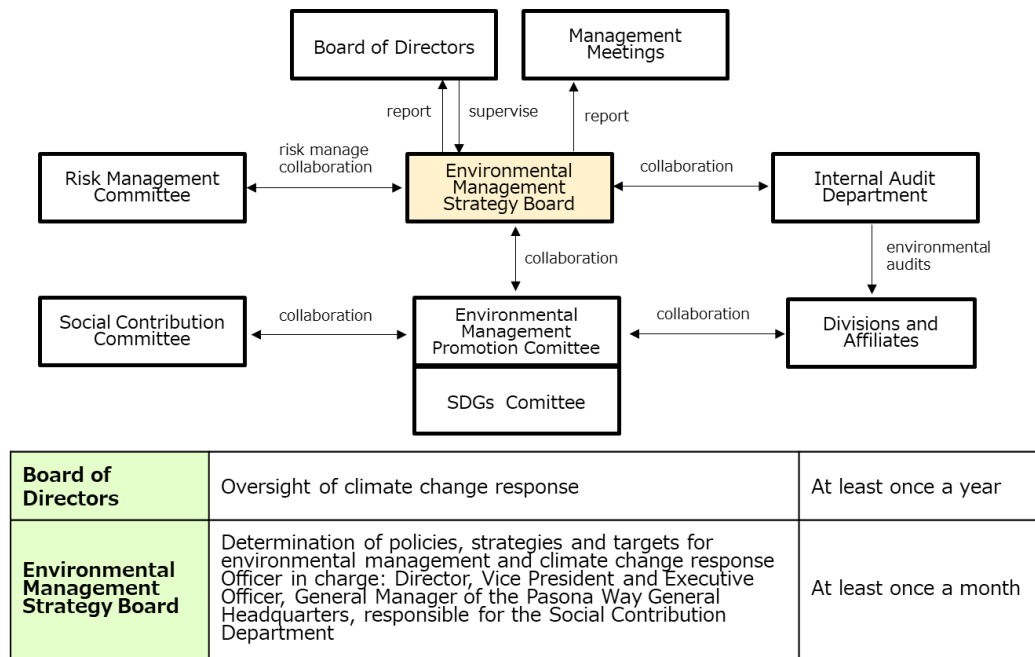
With the aim of raising Group-wide awareness of environmental issues and encouraging behavioral change, we held study sessions with internal and external experts, attended by 3,300 executives and employees from all over Japan in the fiscal year ended May 31, 2025. In addition, as part of our efforts to protect the environment, we are promoting activities to preserve satoyama through tree planting and tree raising in every region of Japan, as well as environmental beautification activities in Japan and overseas in conjunction with Earth Day (April) and World Clean Up Day (September), which were adopted by the UN. In the fiscal year ended May 31, 2025, we conducted 276 such activities in Japan and overseas, with a total of 6,788 employees.

In April 2024, Pasona Inc. acquired ISO 14001:2015 certification, the international standard for environmental management systems, at its headquarters office, promoting voluntary environmental conservation efforts.

c. Compliance with the Task Force on Climate-related Financial Disclosure (TCFD)

Governance

The Environmental Management Strategy Board formulates strategies, policies, and targets for the Group's environmental management and climate change response. Based on this policy, the Environmental Management Promotion Committee promotes effective action plans for each division and group company and conducts environmental education to raise the environmental awareness of each employee. The Risk Management Committee deliberates on matters related to climate change risk management, and the Internal Audit Department conducts environmental audits of each department and each affiliated company. The Board of Directors monitors important matters related to climate change by receiving reports and providing appropriate advice from the Environmental Management Strategy Board.



Strategies

The Group analyzed risks and opportunities for 2030 based on several climate change scenarios (1.5–2°C and 4°C global increases). The scenario analysis is based on reports issued by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and Japan's Ministry of the Environment, and other organizations. The process of analysis and the main risks and opportunities identified in the scenario analysis are as follows.

Analytical Process



Risk/Opportunity Items



For each risk and opportunity identified, we drew up specific scenarios and examined the financial impact on our business, quantitatively and qualitatively. As a result, the major risks and opportunities identified by the Group through this scenario analysis and our policy for dealing with them are as follows. No significant risks affecting the business were identified. We will continue to review our assessments and enhance information disclosure.

| Risk/Opportunity Items | | Potential Impact | Our Response Policy |
|------------------------|--------------------------|--|---|
| Risk | Transition risk | greenhouse gas emission regulations | Increase in procurement costs of electricity, etc. |
| | | higher carbon prices | <ul style="list-style-type: none"> • Increase in fossil fuel use costs • Negative impact on our temporary staffing and BPO businesses due to deteriorating client performance |
| | Physical Risk | severe extreme weather events | Awaji Island facilities cease operations |
| | | increase in average temperature | Increased heating and cooling costs |
| Opportunity | Transition Opportunities | CO2 emissions visualization | <ul style="list-style-type: none"> • Promote use of renewable energy for office and facility electricity • Realization of micro-grids at Awaji Island facilities |
| | | environmental education | Monitor portfolio of client industries, as there may be transactional impact with customers that have little direct risk to the Company, but a high impact |
| | Physical Opportunities | administrative support to municipalities and insurance companies | Continuation of BCP measures currently underway |
| | | | <ul style="list-style-type: none"> • Greening of offices and creation of energy-efficient facilities • Realization of microgrids at Awaji Island facilities |
| | | | CO2 emissions visualization BPO services and CO2 emissions offsetting services for companies working on decarbonization management |
| | | | Development of digital solutions after visualization |
| | | | Developing environmental training programs for corporations and environmental human resource development programs utilizing fieldwork on Awaji Island, based on our own training programs |
| | | | Strengthen BPO business |

Strategies (Opportunities)

As the movement toward decarbonization accelerates in Japan and abroad, listed companies are required to disclose climate-related financial information and take actions to achieve carbon neutrality, including in their supply chains. However, many companies lack not only the know-how to visualize CO2 emissions, but also the resources to perform the complicated tasks involved. Another challenge is educating employees about the SDGs.

The Group offers diverse services to support environmental management for companies, municipalities, and others pursuing GX (Green Transformation), including consulting and BPO solutions for disclosing climate-related risks and reducing CO2 emissions.

Environmental management support and sustainability human resources development

Pasona Sustainability Co., Ltd. provides environmental management support services, including BPO services for visualizing CO2 emissions and calculating electricity usage, as well as strategic planning for decarbonization management. We also support companies in advancing their Sustainability Transformation (SX) through human capital management support, including consulting on human capital data collection and human capital management, and by providing training programs to develop sustainability human resources.

Support for sustainable management by professional human resources

Pasona JOB HUB Inc. provides professional advisors who are well-versed in various fields to support the formulation of SDGs and ESG management strategies, planning of circular economy business strategies, and establishment of recycling-oriented supply chain business models to promote sustainable management.

Energy-Saving Consulting Services to Reduce Environmental Impact

Pasona Nihon Somubu Co., Ltd.'s "Energy Conservation Consulting Service" provides comprehensive support for resolving corporate environmental issues, from the visualization of CO2 emissions to initiatives for decarbonization, leveraging our expertise in facility management. Based on the results of the simplified energy efficiency and conservation diagnosis, we will conduct a detailed analysis, formulate improvement measures, estimate their effects, and support the implementation of measures to resolve issues.

Sustainable training program for co-creation, circulation, and diversity

Pasona Agri-Partners Inc. offers training programs on Awaji Island, Hyogo Prefecture, for companies, organizations, and educational institutions to learn about "SDGs" such as those involving food safety and the natural environment. The program offers agricultural experiences to learn about soil cultivation, food safety, and production processes, as well as classroom training to learn about issues related to abandoned farmland and de-plasticized materials, with approximately 5,900 participants in the fiscal year ending May 31, 2025.

Risk management

The Group has established Risk Management Regulations to prevent crises that could have serious impact on management and to minimize losses if such crises should occur.

Risks due to climate change are identified by the Environmental Management Strategy Board, where relevant laws and regulations and natural disasters that can affect business are discussed.

In addition, the Board of Directors is regularly informed of the details of these measures, the status of response is monitored, and progress is managed and reviewed. We are building a management system for climate change risk.

Indicators and Targets

The Group calculates and measures greenhouse gas emissions from its business activities and has set a reduction target of "achieving carbon neutrality* in FY2030." In addition to actively using electricity derived from renewable energy sources in our offices and the facilities we operate, we are also switching to electric and hybrid vehicles for company vehicles.

(*) "Scope 1" and "Scope 2" of greenhouse gas emissions from the Group's business activities are covered.

The following table shows greenhouse gas emissions associated with business activities. (Unit: t-CO₂)

| Item | Fiscal year 2024 (ending May 31, 2025) |
|---------|---|
| Scope 1 | 2,094 |
| Scope 2 | 4,015 |
| Scope 3 | 128,848 |
| Total | 134,957 |

Notes: 1 The scope of our group includes the results of our company alone and the results of 11 consolidated companies that account for a large percentage of consolidated net sales.

2 Scope 3 refers to emissions in categories 1, 2, 3, 4, 5, 6, 7 and 8.

3 Actual results may vary due to the refinement of the aggregation method.

2) Initiatives for human capital

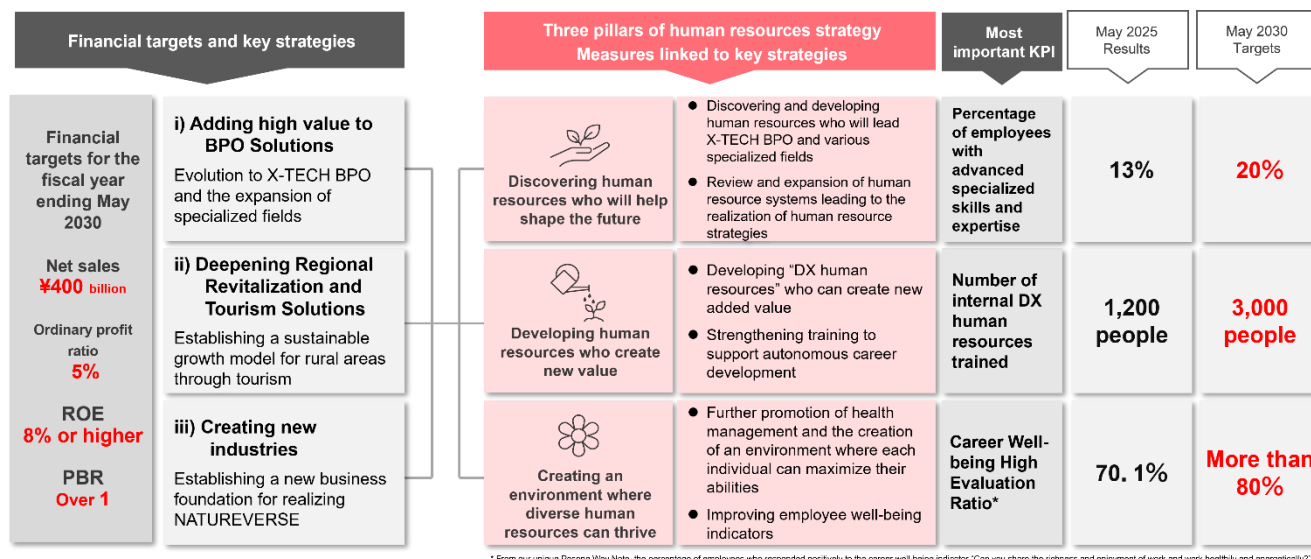
Since our founding in 1976, we have worked to realize a society in which everyone, regardless of age, gender, nationality, or disability, can freely use their talents to fulfill their dreams and take pride in their work. Within the company, we promote the creation of a workplace environment where employees can work with peace of mind, including proposing diverse work styles that maximize each employee's abilities and providing support for career building, thereby leading to the sustainable development and value enhancement of the Group.

Human resources development policy and the internal environmental improvement policy, indicators, and targets

Our group's job is to "harness the potential of the individual." That is, to "Life Produce" and to support the creation of a comfortable lifestyle for people everywhere. To fulfill this role, under our human resources development policy of "Creating your own future by yourself," we have put in place various personnel systems and measures that encourage the exercise of talent and ability, and we support employees' autonomous career-building so that each employee can have high aspirations and a sense of purpose, while continuing to boldly take on challenges.

Based on our medium-term vision, "PASONA GROUP VISION 2030," we have established a human resources strategy to realize our key strategies, focusing on the following three pillars: "Discovering human resources who will help create the future," "Developing human resources who will create new value," and "Creating an environment where diverse human resources can thrive." By supporting the growth of our employees, we are promoting the development of human resources who will contribute not only to the growth of our group but also to the realization of a sustainable society.

In addition, based on a corporate philosophy that has remained unchanged since the company's founding, "the Pasona Way," which represents the core of the Pasona Group, serves as a guideline for action, carrying on the spirit of the Company's founding and providing an unwavering axis for decision-making at all times. Every year, the two-month period beginning on February 16—the anniversary of Pasona Group's founding—is designated as "Pasona Way Week" as a month of reinforcement, during which all executives and employees share the corporate philosophy by reflecting on the Group's business history and the role that it plays, along with holding discussions and setting individual action goals under the theme of the corporate philosophy.

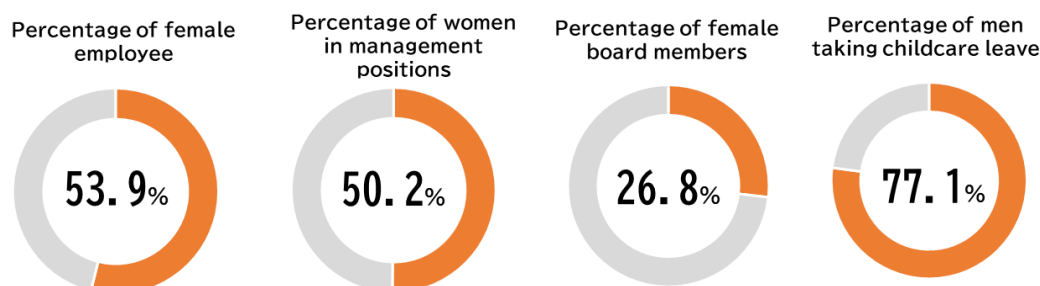


• Promotion of women's activities

The Group, which was founded with the desire to "support housewives in finding new employment," has been practicing human resource development and placement of the right person in the right job without gender bias, with the aim of realizing a society with no gender disparities, with all employees joining the Company as career-track employees since its establishment. In order to enable employees to work through milestones in their lives such as childbirth, child-rearing, and nursing care, Pasona has established flexible work systems since the 1990s, including "telecommuting," "short-time work," and "flextime," and has set up on-site childcare facilities at Minami-Aoyama office, currently, and Pasona Family Office on Awaji Island in Hyogo Prefecture. Pasona has also established an on-site daycare center at the Group's headquarters and a Pasona Family Office on Awaji Island, Hyogo Prefecture, where employees can work in the same space as their children. In the area of human resource development and career development support for women, the "Wonder Woman Training," a next-generation female leadership development program launched in 2014, has produced positive results, with 3 of its graduates promoted to Group company presidents, 24 to executive officers, 14 to deputy directors, and 54 to higher positions of responsibility.

As a result of these activities, we have produced many female managers and female executives, with women accounting for 53.9% of all employees, 50.2% of all managers, and 26.8% of directors and executive officers.

In addition, the rate of male employees taking childcare leave is 77.1%, with an average of 86.1 days taken. We will continue to improve and expand our measures to further promote participation in childcare, such as strengthening internal awareness and information dissemination, with the aim of creating an environment where both men and women can balance work and childcare.



※Calculation target: The company and all domestic consolidated subsidiaries

- **Support for families raising children**

We provide a variety of support services to help employees balance work and child rearing. We hold “IDOBATA meetings” to support information exchange and career development among employees, targeting fathers, mothers, and those with caregiving experience, as well as seminars and employee roundtable discussions on various topics tailored to children's growth. At our Minami-Aoyama Office, we operate the Pasona Family Nursery School within the office premises, and during long breaks such as summer vacation, we run the Miracle Kids holiday daycare program, offering various activities such as English lessons taught by native speakers and programming classes using drones. More than 600 children participate in these programs each year.



In Awaji Island, Hyogo Prefecture, we have partnered with an international school to offer an educational program called “Awaji Island International School,” which focuses on communication in English and brings out the diverse talents of children. We also offer “Awaji Kids Garden,” where children are exposed to English from an early age and nurture their rich sensibilities in a natural environment, as well as a variety of programs such as ballet, karate, piano, and violin, tailored to the interests and preferences of each child.

In addition, since 2020, we have been working on a project in Awaji Island, Hyogo Prefecture, to provide comprehensive support in terms of employment, housing, and education to single-parent families facing difficult circumstances in both employment and living situations. Awaji Island offers a safe environment in which to work, as well as a natural setting in which to raise children and receive a fulfilling education. To date, 39 households comprising 90 individuals have moved to Awaji Island.

- **Diverse nationalities play an active role**

The Group has approximately 1,000 foreign employees from 51 countries in Japan and abroad, and the percentage of foreign nationals among the employees of domestic consolidated subsidiaries is 2.6% (8.9% when including overseas consolidated subsidiaries). By having personnel of various nationalities with diverse values interact with each other, and by assigning and appointing the right people to the right positions, we can respond to changes in our business and to develop new ideas.

The Awaji Youth Federation, a human resources development program launched in 2017 that aims to create new industries and realize regional development, has accepted 118 talented young people and social entrepreneurs from 50 countries and regions around the world to date. After completing the program, they continue to work on creating new innovations to solve local issues on Awaji Island.

In the fiscal year ended May 31, 2025, we will sign MOUs (Memorandums of Understanding) with six new organizations, including governments, the United Nations, and educational institutions such as universities, to promote the creation of employment opportunities in Japan and the development of human resources for regional revitalization. In addition, we accept 49 foreign students from nine countries from universities and other educational institutions in Japan and overseas as interns in Tokyo and at Awaji Island, providing them with opportunities to build their careers.

- **Supporting the dual careers of entertainment and athletic talent**

Since 2006, our group has been supporting musicians in balancing their music and artistic activities with their work through our “Music Mate” program, which supports the activities of entertainment professionals engaged in cultural creation. In 2020, we launched the “Music Island” project on Awaji Island in Hyogo Prefecture, bringing together musicians from across Japan to promote regional revitalization through music. In 2022, we hosted the “Pasona Awaji World Ballet” performance, featuring professional ballet dancers and instructors from around the world, including Ukrainian ballet dancers. Both domestic and international entertainment talent are contributing to cultural creation initiatives at our group facilities, not only through performances but also through music activities on the island that enrich people's hearts and lives.



In the fiscal year ending May 2025, approximately 160,000 people attended performances held at our group facilities on the island.

In 2005, the company launched its “Sports Mate” business to support athletes in balancing work and athletic activities, helping active and retired athletes, coaches and others to realize hybrid careers that combine athletic activities and work, as well as second careers. In addition to providing work opportunities at locations nationwide, the company supports the long-term career development of each individual, with 22 athletes currently working as employees.

- **Promotion of middle and senior human resources**

Since the 1980s, the Group has promoted the creation of new employment infrastructures and skill development support for seniors with abundant experience and abilities. Currently, our Group has a 100% re-employment rate from the retirement age of 60, and over 1,000 employees is over the age of 60, of which over 500 are over the age of 65, making a large number of senior personnel active in the Group.

We believe that creating an environment in which senior employees can remain active and vigorous for a long time will lead to further growth of the company, and we provide comprehensive support for their career development, including a "Career Discovery Program" for employees in their 40s and 50s to reaffirm their own values and potential and to design their future career and way of life. We also provide support for comprehensive and continuous career development. Furthermore, in order to further enrich professional lives, which are becoming longer with the advent of a period in Japan where people commonly live to 100 years old, we have also established a benefit program that provides employees with cost subsidies and leaves of absence when they need recurrent education as they take stock of their careers.

Externally, Pasona will leverage its accumulated expertise to offer "Safe Placement Total Service" (introduced by approximately 930 companies), which provides support for autonomous career development for all generations, including middle and senior citizens, from 2021, and the "Pasona Recurrent" (number of courses: 2,100, number of participants: 3,500) reskilling program, which provides learning opportunities suited to individual career and life plans, from 2022.

- **Employment of disabled persons**

We have also created an environment where people with disabilities that are willing to work but find it difficult to do so can work vigorously and a place of "symbiosis" where they can participate in society with able-bodied people, based on the concept of "Disability is Individuality, and Talent Knows No Handicap!"

In addition to office work, we have created an "art village," where artist employees work in order to expand the field of employment through "art," and we have also established a professional agriculture business that produces safe and assured vegetables (using no agricultural chemicals) and organics. "Yume Farm" grows safe and assured vegetables, rice, and herbs using organic and nonagricultural methods, and the "Bakery" produces and sells additive-free bread and baked goods under the guidance of top-class craftsmen. Members of Pasona Heartful, a special subsidiary, are expanding their fields of activity by making the most of their individual abilities at Pasona Heartful and other group companies. In addition, we also focus on consulting and CSR activity support for companies that are proactive in employing people with disabilities, utilizing our accumulated know-how in various aspects of employment of people with disabilities.



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- **"Hybrid Career Program" to support multilayered career building**

In order to develop human resources who can contribute to society by acquiring the human skills necessary to respond flexibly to changes in the social environment, we launched the Hybrid Career Program in 2022, and to date, 850 people have participated in hybrid careers.

New employees are given the opportunity to spend one day a week challenging themselves with tasks unrelated to their assigned duties, such as "sales × agriculture," "human resources × new business development," and "management planning × entrepreneurship." This allows them to gain new perspectives and build networks inside and outside the company that they would not otherwise be able to obtain through their assigned duties. In 2024, we developed "Awajiku Beer" using figs, a specialty of Awaji Island, and expanded our sales channels by offering it at our facilities on Awaji Island.

In addition to new employees, employees in their fourth and fifth years of employment also undergo one year of training (in communication, digital technology, English, etc.). We have created an environment where employees can build multiple career paths through concurrent positions within the group or within the company.

- **Supporting Employees' Career Challenges**

Since 1989, we have had an "open position system" that allows employees to raise their hands and take on the challenge of open positions within the company. In the fiscal year ended May 2025, 56 employees took on new career challenges through this program. In addition, since 1993, we have been supporting employees' autonomous career development through "My Career Bank," a program that allows employees to report their own career plans directly to the Human Resources Department each year.

- **Respect for human rights initiatives**

Our group has established respect for human rights in the Pasona Group Code of Conduct.

In addition, we conduct human rights due diligence at each group company in order to identify any negative impact that our business activities may have on human rights and to prevent and mitigate such impact. In the fiscal year ended May 31, 2025, we conducted human rights due diligence at 56 group companies in Japan and overseas, using evaluation steps to identify business areas with significant risks, identify the process by which human rights violations occur, and evaluate and prioritize responses to human rights violations.

For more information on our efforts to respect human rights, please refer to our website.

(URL: <https://www.pasonagroup.co.jp/ir/esg/humanrights.html>)

- **Developing DX human resources to create new added value**

In order to realize the three key strategies of our medium-term vision, “PASONA GROUP VISION 2023,” we are focusing on developing DX human resources who can use digital technology to solve problems, and we are working to strengthen the competitiveness and innovative power of our organization.

In the fiscal year ended May 31, 2025, we cultivated approximately 1,200 DX human resources internally and 12,461 across our organization. This included developing internal talent through tiered DX training programs and launching a new initiative. This program, based on our internal training success, brings together customers from diverse industries, including manufacturing, finance, and chemicals to learn about advancing DX through cross-industry exchange.

Going forward, for realization of “DX VISION 2030,” we will implement reskilling for all employees while actively promoting the placement of DX specialists through new roles. By the fiscal year ending May 31, 2030, we aim to recruit and develop 3,000 employees internally and 17,000 externally. This will strengthen our management foundation and create new added value in our services. Furthermore, Pasona Inc. has launched “Code; Without Barriers in Japan” in partnership with Microsoft Corporation. This initiative focuses on developing digital talent for 10,000 temporary staff, aiming to enhance human capital by providing opportunities to learn AI utilization.

- Corporate university "Pasona 'Kokorozashi' University"

We have systematized and implemented a training and education program for all Pasona Group employees via the “Pasona ‘Kokorozashi’ University,” an in-house university. We offer a variety of education and training programs to support the autonomous career development of each employee, including the acquisition of abilities and expertise required for each grade, position, and function, selective training to maximize the talents and potential of each individual, diverse training to acquire digital skills, and the development of management personnel that will lead the next generation of the Group.

- | | |
|--|----------------------------|
| • Training cost per employee/person*1: 2 | ¥558 million/6,940 persons |
| • Average training hours per employee*1: 2 | 59.2 hours |
| • Number of participants in annual, position-, and function-specific training* 2 | 6,906 in total |
- *1:Including personnel, utilities, transportation, and other expenses related to the implementation of the training
 *2:Calculated for: The Company and its 28 domestic consolidated subsidiaries

| | Hierarchical/Yearly Master's Programs | | Selection Training and Development | | Common training | Job Specific Training |
|-----------------------------------|---|---------------------------|--------------------------------------|--------------------------------|---------------------------------------|--------------------------|
| Professional and Management Level | Director Training | Training for new managers | Expert Officer System | Global Leader Training | Pasona Way Week | Communication Training |
| | Senior Manager Training | | Secondary Officer System | | Professional Testing | Appearance Training |
| | Manager Training | | Wonder Woman Training | | Environmental Management Study Group | Basic Service Training |
| | | | Junior Board | | Eco Test | Leadership Training |
| Mid-career and Career level | Senior Leader Training | Career Discovery Programs | CoE Board | Center of Excellence Committee | Pasona Shadow Cabinet Graduate School | Management Training |
| | Leader Training | | CBO Board | | Challenge Day | Facilitation Training |
| | Assistant Leader Training | | Instructor | | Health Care Program | Business skills training |
| younger members of the group | | | Social Contribution Committee Member | Reskilling Initiative Training | Diversity Training | RPA Training |
| | Hybrid Career Program | | | | Compliance training | DX Training |
| | Follow-up training by year | | | | Information security training, etc. | Engineer training |
| | New employee training/career on-boarding training | | | | | Language training, etc. |

• Providing a wide variety of "career" and "life" counseling services

Our nationally certified career consultants work with each individual to help them build a clear career vision, and we support a total of 198,200 people in creating their careers each year. Pasona also offers the Pasona Career College, which offers 8,800 specialized courses to help students improve their skills and acquire qualifications, and 115,000 people have taken these courses.

Work-Life Facilitators, who are nationally certified career consultants, provide a wide range of consultation services, including work, health, childcare, nursing care, and money planning, to help working people build autonomous careers and design life plans.

- Career Consulting Technician Level 1: 15
- Nationally Qualified Career Consultants: 641
- Second-class career consulting technician: 407
- Other career consulting related qualifications such as industrial counselor: 601
- Work-Life Facilitator Training Course 380 participants 283 certified participants



• Developing next generation leaders

To develop human resources and identify talent, we have various personnel training and selection systems, including the "Junior Board System," which was started in 1993 to develop the next generation of senior managers. We have a total of eight selection systems for identifying next-generation leaders, including the "Deputy Officer System" for developing candidates for executive officers at Group companies, the "Wonder Woman Training Program" for developing female executive candidates, the "CBO Board System" for promoting Group-wide business and ensuring cross-functional alignment, and the "Instructor System" for training new employees.

- Expert Board 16
- Vice Board 16
- Wonder Woman 18
- Junior Board 15
- CBO Board 21
- CoE Board 14
- Instructors 35
- Social Contribution Committee 39

• Developing human resources for regional revitalization

We are developing unique regional revitalization businesses by "attracting human resources" in cooperation with local governments, companies, and residents in Tohoku, Kyotango, Okayama, Awaji Island, Kotohira, and other areas throughout Japan.

In 2024, we renovated the former Toshima Elementary School, which had been closed down in Awaji City, Hyogo Prefecture, and established "Toshima Scuola" to hire and train personnel in the food sector, one of the well-being industries. At this base, we have launched the Awaji Chef's Scuola program to train "local revitalization chefs" who will create new value from local resources and food culture while working as employees of our group, and



promote the appeal of the region. In 2024, we trained eight chefs, and in 2025, 19 chefs are participating in the program. After the program ends, we will utilize our nationwide network of locations to provide employment and entrepreneurship support so that participants can play an active role in various regions as the next generation of chefs contributing to regional revitalization.

- **In-house venture program "Challenge Day"**

In order to carry on the spirit of the company's founding, which since its establishment has been committed to solving social issues through its business activities based on the corporate philosophy of "solving society's problems," the company has designated February 16, the anniversary of its founding, as "Challenge Day" since 1995, and solicits new business and business improvement proposals from all employees. We are promoting the creation of an autonomous organization for innovation creation, while providing opportunities for all employees to return to the spirit of our founding and realize the "dreams" and "aspirations" of each and every employee. In the fiscal year ended May 31, 2025, we received approximately 1,800 applications from new employees to employees of overseas subsidiaries.

- **Fostering a corporate culture of solving social issues "Pasona Shadow Cabinet"**

The "Social Issues Discussion Group" was established in 2007 as an internal organization for the purpose of having executives and employees of our group, regardless of their year of employment, discuss "social issues" and propose specific measures to society. The Group deepens discussions on various social issues that change with the times, and employees participating in the discussions vote on bills (new business proposals, social proposals, etc.). In the fiscal year ending May 2025, a new company called Pasona Sustainability Inc. was established to provide comprehensive support for corporate sustainability transformation (SX).

- **Health management promotion systems**

Under the top management's policy on health management, industrial physicians, the Health Promotion Office, and the Human Resources Department promote health management that enables employees to be active and vigorous based on periodic health checkup data and lifestyle surveys in the Group. In addition, together with public health nurses, nutritionists, sports trainers, and other specialists, we have developed unique programs to support employees' physical and mental health. The health committee members are located at each site and area throughout Japan.

- **Health management initiative policy**

The Group's policy on health promotion is set forth in the Pasona Group Health Declaration. The Group is promoting various measures in line with its five health management policies: "promotion of healthy behaviors," "fostering a common understanding of gender differences," "health support for those who are high risk" "mental health measures," and "promotion of a social work-life balance."

In addition, we have formulated a "strategy map" for health management to organize and understand the linkage between specific initiatives and expected effects and management issues to be resolved.

For more information, please refer to our website (URL <https://www.pasonagroup.co.jp/company/health.html>).

- **Conducting lifestyle surveys**

In addition to regular health checkups and stress checks, we conduct a unique "lifestyle survey" of all employees to score their lifestyle habits in the categories of exercise, diet, sleep, and preferences (drinking, snacking, smoking). By providing feedback on individual results and the position of one's own health within the entire company, we help employees review their lifestyle habits and improve the health literacy of every employee. In 2024, 7,050 employees from 32 Group companies responded to the lifestyle survey.

- **Promoting healthy behaviors to improve lifestyle**

The results of the lifestyle survey showed that approximately 60% of employees indicated that they needed to improve their lifestyles, with many employees facing challenges with exercise and diet. The survey results showed that the worse the lifestyle, the worse the job performance, indicating a correlation between "lifestyle" and "job performance." to improve their lifestyle, we made it mandatory for them to participate in training sessions to learn how to take action to improve their own health issues. We also implemented measures such as distributing health information via LINE through our independently developed "Online Health Promotion Office" and accepting consultations via chat, web, and telephone.

As a result of supporting the improvement of work performance through daily lifestyle improvements, there was an improvement trend in indicators such as



Training gym where you can work out in a suit for a short period of time.
(at PASONA SQUARE, Minami Aoyama,, Tokyo).

presenteeism (a situation in which employees are at work but are unable to perform at full capacity due to health problems) and absenteeism (absenteeism due to injury or illness).

- **Promote mutual understanding of gender differences in health**

We are promoting “improved health literacy” not only for women but also for men, and creating an “environment conducive to consultation” where people can easily seek advice. Obstetricians and gynecologists gave lectures on women's health to all employees. We provided opportunities to deepen understanding of women's health by holding a series of 12 lectures for all employees on topics such as learning about differences in health issues between men and women.

The Group's efforts have been highly evaluated externally, and we have been recognized as a company that practices excellent health management. We have been selected as a “2025 KENKO Investment for Health Stock,” and both our company and Pasona Inc. have been selected as “2025 Outstanding Organizations of KENKO Investment for Health White 500” (large enterprise category). Pasona HS Inc., Pasona JOB HUB Inc., Asahi Beer Communications Co., Ltd., Pasona Foster Inc., and Pasona Life Care Inc. have been certified as “2025 Outstanding Organizations of KENKO Investment for Health” (large enterprise category), and Pasona Nihon Somubu Co., Ltd. and Pasona Safety Net Inc. have been certified as “2025 Outstanding Organizations of KENKO Investment for Health Bright 500” (SME category).



- **Realizing a truly fulfilling lifestyle and work style**

In order to resolve various social issues caused by the concentration of population in Tokyo and to realize a truly enriching lifestyle and work environment for our employees, we are relocating part of our headquarters and administrative functions to Awaji Island in Hyogo Prefecture. Many employees working on Awaji Island have commented that “it is wonderful to be able to raise children in such a rich natural environment” and “living close to work has eliminated the physical and mental fatigue caused by rush hour commuting,” expressing that their lives have become richer than before they moved. In addition, many local residents and people from both inside and outside the region have joined our group and are actively contributing to our business, helping to create approximately 2,000 jobs on the island and contributing to employment creation in the region.



Going forward, we will continue to strive to create an attractive environment for our employees and other workers, with the aim of realizing a truly rich lifestyle and work style on Awaji Island, our “Well-being Island.” Through these efforts, we will attract a diverse range of talent and promote regional revitalization initiatives aimed at creating a sustainable society.

- **"Wellness Farm" to support the development of mental and physical health**

The "Wellness Farm," which opened in 2022 within the Awaji Nature Lab & Resort, a sustainable garden on Awaji Island, Hyogo Prefecture, provides employees with a place to “think about food” and to develop “mental and physical health.”

Employees can experience “farming” that takes into consideration their physical health and the environment by cultivating soil and vegetables using the power of nature at the “Wellness Farm” and can also taste the freshly picked vegetables they have grown themselves at the restaurant attached to the farm.

By creating opportunities to experience new lifestyles and an environment where people and nature coexist in harmony, we are helping to improve the well-being of our employees.



- **Expansion of life design support**

One of our welfare programs is the cafeteria plan system, which grants employees cafeteria points that can be used for a variety of purposes, such as self-improvement, health promotion, refreshment, savings plans, and home ownership support. In order to increase utilization rates, we increased the number of points awarded and expanded the range of available services, resulting in a more than 10% increase in utilization rates compared to the previous year. In addition, to improving the financial well-being of our employees, we held an “Life Design Seminar from a Financial Perspective” to support them in building assets tailored to their respective life stages with an eye toward the future. We will continue to implement further measures to improve employee engagement.

- **Social contribution activities in which employees nationwide participate**

To clarify the Group's corporate stance, we established the "Social Contribution Office" in 2005. As a leadership role in the Group's social contribution activities, approximately 40 "Social Contribution Committee members" have been appointed from Group companies in Japan and overseas. A total of 18,080 employees participated in activities in various locations during the fiscal year ended May 31, 2025.

3. Risk of business, etc.

(1) Our Group's risk management system

To prevent crises that could have serious impact on management and to minimize losses in the event that such crises should occur, the Group has established Risk Management Regulations and a Risk Management Committee as organizations that oversees risk. The Risk Management Committee is in charge of each major risk and of predicting crises, including new risks, through continuous monitoring during normal times, and has established a system to take appropriate measures on a daily basis and in the event of an emergency, based on the Crisis Management Manual. In addition, the status of major activities of the committee is regularly reported to the Board of Directors to enable them to appropriately monitor the status of the Group and its response. In addition, day-to-day risks arising in the course of business operations are properly handled by the department in charge of compliance and reported at management meetings as appropriate, while the Corporate Auditor's Office and the Group Internal Audit Department monitor the day-to-day risk management status through internal audits.

| Classification | Risk factors | Impact | Possibility of occurrence |
|------------------------|--|--------|---------------------------|
| Business strategy risk | (i) Impact of economic trends and other macroeconomic conditions | high | low |
| | (ii) Business approvals and contracts with public agencies, etc., and compliance with labor-related laws and regulations | high | low |
| | (iii) Litigation, scandals, and reputation risk | middle | middle |
| | (iv) Securing human resources | middle | low |
| | (v) Risks in childcare and nursing care businesses | low | middle |
| Operational risk | (vi) Management of personal information and confidential information | high | middle |
| | (vii) Risk of system failures and cyber-attacks | high | middle |
| Financial risk | (viii) Business investment | high | middle |
| | (ix) Fund procurement | high | low |
| | (x) Holding of investment securities | middle | middle |
| Hazard risk | (xi) Business continuity risks due to natural disasters, pandemics, etc. | high | low |
| | (xii) Climate change risks | middle | low |

(2) Major risks that may affect our group's operating results, etc.

In the course of such risk management, the following are the major risks that management identifies as having the potential to materially affect the financial position, operating results, and cash flows of the consolidated companies, among the matters related to business and accounting conditions, etc., as described in the Annual Securities Report. In addition to the major crises and threats identified as important, risks as uncertainties related to the realization of management strategies and matters considered important for understanding the Group's business activities and management policies are also described.

Unless otherwise indicated, forward-looking statements in the text are based on our judgment as of the end of the current fiscal year and do not cover all risks associated with an investment in our shares.

(i) Impact of economic trends and other macroeconomic conditions

The Group's businesses provide a variety of solution services related to the utilization of human resources by companies and organizations, as well as outsourcing services that contribute to improved productivity, and provide individuals with a work infrastructure that supports the way they work according to their individual lifestyles. These services are affected by changes in the business environment, including economic fluctuations and technological innovations in Japan and overseas, as well as regulations under labor-related laws.

The Group is developing a comprehensive business portfolio that is not biased toward any particular area, including BPO Solutions (outsourcing, contracting), Expert Solutions (Temporary staffing), Career Solutions (placement/Recruiting, Outplacement), Global Solutions (Overseas Human Resource Services), Life Solutions (Childcare support, Nursing care, etc.), and Regional Revitalization and Tourism Solutions. We are also actively engaged in information dissemination, proposals, and educational activities related to new ways of working and work-life balance. However, should the market environment, employment situation, or customer demand change rapidly in the future due to various factors, the performance

of each business and the earnings structure of our group could be affected.

In the long term, we anticipate further labor shortages or market contraction due to population changes in Japan. As part of efforts to achieve sustainable growth, the Group will continue to diversify risks by developing and expanding various new businesses and services based on its corporate philosophy of "solving society's problems," while constantly monitoring signs of social change and taking controllable risks.

(ii) Business approvals and contracts with public agencies, etc., and compliance with labor-related laws and regulations

The Group's BPO Solutions segment provides outsourcing and contracting services for general affairs, accounting and finance, reception, sales administration, order receipt and placement, and personnel and labor management for a wide range of clients, including private companies, public agencies, local governments, and various organizations. In particular, in executing projects commissioned by public agencies and local governments, it is necessary to conduct appropriate business operations in accordance with the instructions of the authorizing entities. In recent years, these projects have become larger and more complex, and there has been an increase in the number of projects undertaken jointly with subcontractors in addition to the Group. The Group strives for proper business operations in accordance with guidelines such as compliance with relevant laws and regulations, thorough employee training, and the implementation of investigations related to the selection of subcontractors. However, in the event of violations of relevant laws and regulations, serious errors, or other inappropriate operations by the Group or its subcontractors, the Group's credibility may be damaged and its social reputation may be harmed, and its performance and financial position may be affected by suspension of bidding or other disciplinary actions in accordance with the regulations of the outsourcing source.

In addition, Expert Solution's temporary staffing business is conducted primarily as a worker dispatching business licensed by the Minister of Health, Labour and Welfare under the "Act for Securing Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers" (hereinafter referred to as the "Worker Dispatching Act"). The Worker Dispatching Act stipulates that in order to ensure the proper operation of worker dispatching undertakings, if a person carrying out a dispatching undertaking (dispatching business operator) falls under any disqualification as a dispatching business operator or violates any law or regulation, the license for the undertaking shall be revoked or the undertaking shall be ordered to be suspended. The Pasona Group has established guidelines for appropriate temporary staffing transactions under the leadership of the Corporate Governance Division of Pasona Group Inc. and strives to thoroughly educate employees, as well as to prevent violations of laws and regulations by routinely monitoring compliance with relevant laws and regulations through internal audits and other means. However, in the unlikely event of a serious violation of laws and regulations by our group companies or their officers and employees, we may not be able to engage in the worker dispatching business if our business license is revoked or we are ordered to suspend our business.

Career Solutions' placement business is a fee-charging employment agency business licensed by the Minister of Health, Labour and Welfare under the Employment Security Law. Similar risks can be assumed for the placement and recruiting business as well, since measures such as revocation of business licenses or suspension of business operations are stipulated in the same manner as for the temporary staffing business if certain requirements are not met.

Similarly, Career Solution's outplacement business is a fee-charging employment placement business licensed by the Minister of Health, Labour and Welfare under the Employment Security Law. Although its revenue structure and business model are different from those of the placement and recruiting business, it is subject to the same regulations, guidance, and supervision as the aforementioned placement and recruiting business in that it introduces job seekers to employers, and therefore, similar risks can be assumed.

In addition, because the relevant laws and regulations are subject to revision in response to changes in the labor market environment and other factors, the Group takes various measures to ensure appropriate business operations by responding to each revision as appropriate. However, there is a possibility that further revisions could have a significant impact on the Group's business operations and performance.

(iii) Litigation, scandals, and reputation risk

Although the Group conducts its business activities in compliance with laws and regulations, it might not be able to eliminate the risk of becoming a party to various lawsuits, disputes, or claims for damages, as well as scandals, slander, and other risks. These occurrences could result in a deterioration of the Group's social credibility and corporate image, which could lead to a decline in sales and other negative effects on the Group's business performance.

(iv) Securing human resources

Since its establishment in 1976, the Group has been engaged in a variety of businesses with the aim of realizing a society in which everyone, regardless of age, gender, nationality, or disability, can freely and with pride make the most of their talents and dreams. In order to respond to changes in the business environment and achieve sustainable growth, it is necessary to continue to secure and develop human resources to create the future.

Therefore, if the Group is unable to secure the necessary human resources in a timely and sufficient manner, the Group's business performance may be affected. For details on human capital management, including policies and measures to address such risks, please refer to "2. Approach to sustainability and initiatives (2)ESG/Sustainability Management."

(v) Risks in the childcare and nursing care business

The Group operates childcare facilities such as local childcare facilities, in-house childcare facilities, and children's clubs, and also provides nursing care services such as in-home nursing care (day service) and home-visit nursing care. While every effort is made to ensure safety management in the operation of the facilities and business, there is a possibility that unexpected accidents specific to the business may occur. In the unlikely event of an accident, the Group's credibility could be damaged, and its business performance and financial position could be affected.

(vi) Management of personal information and confidential information

In the course of operating each of its businesses, the Group holds a large amount of personal and confidential information of temporary staff, job seekers, users of each service, client companies, employees, and other related parties. The handling of personal information by the Group is governed not only by the "Act on the Protection of Personal Information" in Japan, but also by the "European Union General Data Protection Regulation (GDPR)," which came into effect in May 2018, and other laws regarding personal information in the relevant countries. These laws and regulations tend to be applied across borders, and this could increase the costs of compliance and business operations.

The Group has established a personal information protection policy that also complies with the GDPR to ensure the appropriate acquisition, use, and provision of personal information and has taken necessary and appropriate security control measures in terms of technology and organization to prevent the leakage or loss of personal information. All officers and employees are thoroughly trained in the management of personal information protection.

In addition, the Company has established an information management system and management methods that should prevent the leakage of trade secrets and important information related to the Group and its business partners and strives to thoroughly disseminate and implement such information management systems and methods. Specifically, the aforementioned various confidentiality obligations are stipulated in respective employment regulations and confidential information retention rules, and we implement technical measures to protect against information security threats such as ransomware and targeted attacks, as well as periodic training and drills for employees.

Despite these measures, our group's operations and services may be disrupted due to the unavailability of computer systems and communication networks caused by human error, cyber-attacks, widespread natural disasters, or problems with outside vendors, etc. If such a situation persists for a long period of time, our group's credibility may be damaged, and our financial position and performance may be affected.

(vii) Risk of system failures and cyber-attacks

Our group's business, both in Japan and overseas, relies heavily on computer systems and related communication networks. In addition, we recognize that these risks have become even more significant in recent years due to the expansion of our group's remote work. In addition, a portion of the system infrastructure and its maintenance, etc., is outsourced to external vendors, including cloud system vendors. With the expansion of the scope of system use and the diversification of operation styles, the Company has been preparing for unforeseen circumstances. In response to the expansion of the scope of system use and the diversification of operation modes, we are taking various measures to prepare for unforeseen events, including the development of a system for failure, the strengthening of system security, and the enhancement of communication lines and hardware. In particular, to further strengthen company-wide information security systems, we have established PASONA-CSIRT in accordance with the cybersecurity guidelines set by Japan's Ministry of Economy, Trade, and Industry. Despite of these measures, the Group's operations and services can be suspended due to the unavailability of computer systems and communication networks as a result of human error, cyber-attacks, extensive natural disasters, or problems with external vendors.

If this situation persists for a prolonged period of time, it could have severe impacts, such as a loss of confidence in the Group and a negative effect on our financial status and performance.

(viii) Business investment

This year marks the 50th anniversary of our company's founding. In the fiscal year ending May 2024, we sold shares in our consolidated subsidiaries, resulting in changes to our business portfolio. We have been working to formulate a new growth strategy with an eye toward the next 50 years. Looking ahead to the next 50 years, we will build on our accumulated business expertise and network to create a new "Well-being Industry," aiming to realize a world where "physical health, mental health, and social health" are achieved for all people—a world we envision as "NATUREVERSE" (※).

Therefore, we have positioned the five-year period beginning in May 2026 as "PASONA GROUP VISION 2030" and will strive to achieve sustainable corporate growth and further enhance corporate value through a growth strategy aimed at reforming our revenue structure and achieving new business growth. Various business investments associated with this growth strategy may give rise to the following risks.

(※) NATUREVERSE refers to the vision that the PASONA Group strives to achieve: a truly prosperous world where people, nature, and technology coexist, and where people are connected by compassion.

(a) Impairment accounting

The Group owns business real estate, tangible and intangible fixed assets such as goodwill, and software, including commercial facilities related to Regional Revitalization and Tourism Solutions business, which are recorded on the consolidated balance sheets. Such assets may be subject to impairment accounting depending on the future cash flow situation generated by the assets. Future cash flows in determining the impairment of fixed assets are based on business plans for each cash-generating unit. However, these future projections are subject to uncertainty, and if the business does not progress as expected, the Group's financial position and operating results may be affected by impairment losses on fixed assets.

(b) Regional Revitalization and Tourism Solutions business

In the Group's Regional Revitalization and Tourism Solutions business, we operate several commercial facilities as bases for revitalizing rural areas and developing human resources and creating jobs, and we anticipate the following inherent risks. Currently, the Regional Revitalization Solutions segment continues to incur operating losses.

- Large-scale commercial facilities require a large amount of capital to open. There are also many fixed costs such as personnel expenses. The cost burden tends to precede the opening of new facilities until the number of users reaches a certain level, and this could put pressure on the Group's profits in the short term.
- Weather, disasters, pandemics, and other factors could cause a decrease in the number of users or force the suspension of operations. In addition, if measures to increase the appeal to users are insufficient, or if the number of users does not reach the plan due to lack of user satisfaction, revenues could fall below the plan or additional investment might be required.
- We pay close attention to safety management of attractions at our facilities, quality and safety of services at our accommodation facilities, and quality control and food hygiene in the provision of meals and sale of food products. However, in the event of an accident, there is a possibility that the credibility of our group may be damaged, lawsuits may arise, or we may be forced to suspend operations.

(c) Corporate Acquisitions

The Group sometimes acquires companies as an effective means of strengthening and reinforcing its business. Such acquisitions can require a large amount of capital and amortization of goodwill. However, these acquisitions might not necessarily contribute to consolidated earnings or generate synergies as anticipated by the Group, and the Group might not be able to achieve its respective operating results as anticipated due to significant changes in the business environment or business conditions. If the respective business results do not progress as expected due to significant changes in the business environment or business conditions, the Group's performance and financial position could be affected by impairment losses on goodwill or valuation losses on stocks.

(d) Investment in Subsidiaries and Affiliates

The Group intends to invest in new business investments that will help solve social issues in order to expand its service areas to meet the diverse needs of companies and workers, as well as to realize its growth strategy for the next 50 years. In addition, new business investments may require significant capital, and there is no guarantee that earnings will necessarily be as initially planned, and it is possible that the anticipated scale of earnings will not be secured. We will monitor the progress of the business in a timely manner and work to nurture it as quickly as possible while also utilizing our existing business infrastructure and sales network. However, if, despite these efforts, the business does not generate the expected earnings, the Group's performance may be affected.

We may make such business investments through investments in subsidiaries and affiliates. However, depending on

market trends and the business environment, our holdings of stocks of subsidiaries and affiliates may suffer a valuation loss due to a significant decline in their real value, which may affect our business performance and the amount of assets in our non-consolidated financial statements. In addition, should the net asset value become negative, provisions for estimated losses may need to be recorded to cover losses related to claims and debt guarantees, including loans to the company, as well as losses incurred by the company that exceed these amounts. This could impact our company's performance and financial condition.

(ix) Fund procurement

The Group makes effective use of internal and external funds to ensure stable funding necessary for the maintenance and expansion of business activities. Regarding group funds, we have introduced a group CMS (Cash Management System) to ensure effective use of funds among group companies and centralized fund procurement. In addition to establishing commitment lines with financial institutions primarily to meet short-term working capital needs, we also procure long-term working capital and capital investment funds through long-term loans, bonds, and other means. However, if the Group is unable to procure the necessary funds or if procurement costs increase due to future changes in business conditions, credit contraction, rising interest rates, or other financial conditions, the Group's business execution and performance may be affected.

(x) Holding of investment securities

The Group holds investment securities, including listed and unlisted stocks, for the purpose of strengthening and maintaining relationships of trust with customers and business partners, expanding transactions, and creating collaboration and business synergies in order to enhance corporate value over the medium-to-long term, or securities for which market prices and other market values are available, trends in the stock and bond markets, etc., while, for securities without market prices, the financial position and performance trends of investees may affect the Group's performance and financial position by, for example, recording valuation losses due to a significant decline in the actual value of the securities. The Group's performance and financial position may be affected by such factors.

(xi) Business continuity risk due to natural disasters, pandemics, etc.

The Group has group companies and sales offices throughout Japan. In the event of a major natural disaster such as earthquake or flood, pandemic, incident, accident, or other event that threatens the survival of the company (hereinafter referred to as "natural disasters, etc."), the Group has established measures in its crisis management manual to confirm the safety of employees and temporary staff and to ensure their safety. In addition, as measures for business continuity, the Company has formulated a BCP manual and has established a BCP for business sites and information. In addition to countermeasures against infectious diseases, from September 2020, as part of BCP measures to deal with risks such as natural disasters, the Group dispersed its head office and headquarters functions and relocated them to Awaji Island, Hyogo Prefecture, in stages. Although we intend to respond promptly and appropriately in the event of a crisis, natural disasters and other natural disasters on a much larger scale than anticipated could affect our group's business operations, financial condition, and earnings.

(xii) Climate change risks

Our group formulates strategies, policies, and targets for environmental management and climate change response at our Environmental Management Strategy Meeting. Based on this policy, the Environmental Management Promotion Committee promotes effective action plans for each department and group company, and conducts environmental education to foster environmental awareness among each and every employee. The Risk Management Committee deliberates on matters related to climate change risk management, and the Internal Audit Department conducts environmental audits of each department and affiliated company. The Board of Directors monitors important matters related to climate change by receiving reports from the Environmental Management Strategy Committee and providing appropriate advice.

For details on measures to address risks associated with climate change, please refer to "2. Approach to sustainability and initiatives (2)ESG/Sustainability Management."

4. Analysis of financial position, operating results, and cash flow status by the management

The following is a summary of the status of the Group's financial position, operating results, and cash flows (hereinafter "Operating Results, etc.") during the current consolidated fiscal year, as well as the recognition, analysis, and discussion of the Group's operating results, etc., from the management perspective.

Matters regarding the future described in this report are assessments of the Group as of the end of the current consolidated fiscal year.

(1) Business Results

i) Business results for the fiscal year ended May 31, 2025

During the consolidated fiscal year under review, the Japanese economy recovered gradually as personal consumption continued to pick up and corporate earnings and employment conditions continued to improve. However, the economic outlook became uncertain toward the second half of the year due to rising prices and trends in the U.S. tariff policy.

The environment surrounding our business remained solid, with steady demand for human resources against the backdrop of economic recovery. In addition, structural reforms at companies and the acceleration of digital transformation (DX) utilizing digital technologies such as AI led to solid demand for BPO services. In addition, tourism demand continued to recover, as the number of tourists, including inbound tourists, increased.

Under these circumstances, the Group discontinued its Outsourcing segment at the beginning of the current consolidated fiscal year due to the sale of shares in a consolidated subsidiary in the previous fiscal year. In addition, large-scale BPO solution projects peaked, resulting in a decrease in consolidated net sales compared to the previous fiscal year. On the other hand, in BPO Solutions, we worked to improve gross profit margins by promoting X-TECH BPO, which utilizes digital technology. Excluding the Outsourcing segment, gross profit increased due to an improvement in gross profit margin, but this was not enough to offset the negative impact of the outsourcing segment. Consolidated gross profit decreased, and although selling, general, and administrative expenses also decreased, consolidated operating profit was negative.

As a result, consolidated net sales for the current fiscal year were ¥309,240 million (down 13.3% year-on-year), and gross profit was ¥67,958 million (down 19.9% year-on-year). Operating loss was ¥1,237 million (operating profit of ¥6,794 million for the previous fiscal year), and ordinary loss was ¥460 million (ordinary profit of ¥7,152 million for the previous fiscal year).

In addition, we have exhibited our "PASONA NATUREVERSE" pavilion at Expo 2025 Osaka, Kansai, communicating to the world how a truly affluent society can be achieved, where physical, mental, and social health is realized and where everyone can flourish in a spiritually rich and vigorous manner. Since its opening, our pavilion has been a popular attraction, welcoming over 1 million visitors and receiving daily coverage in many mass media outlets, significantly contributing to the enhancement of our brand value.

After the closing of the Expo, we plan to relocate our pavilion to Awaji Island in Hyogo Prefecture. Regarding temporary expenses, such as those not expected to be relocated or used after the closing of the Expo, we recorded extraordinary losses of ¥2,571 million as Expo exhibit-related expenses during the interim period. In the second half of the current fiscal year, we also carefully examined facility-related, operation-related, and other expenses incurred since the interim period, and we decided to record extraordinary losses for temporary expenses, totaling Expo exhibit-related expenses of ¥4,821 million in the current fiscal year as extraordinary losses. As a result of the above, net loss attributable to owners of the parent amounted to ¥8,658 million (net profit attributable to owners of the parent of ¥95,891 million in the previous fiscal year, partly due to the sale of shares in consolidated subsidiaries).

Consolidated Business Results

(Millions of yen)

| | FY2023 | FY2024 | YoY |
|--|-----------------|-----------------|--------|
| | Millions of yen | Millions of yen | % |
| Net sales | 356,733 | 309,240 | (13.3) |
| Operating profit (loss) | 6,794 | (1,237) | — |
| Ordinary profit (loss) | 7,152 | (460) | — |
| Profit (loss) attributable to owners of parent | 95,891 | (8,658) | — |

***Excluding the Outsourcing segment from the previous financial results**

| | FY2023 | FY2024 | YoY |
|-------------------------|-----------------|-----------------|------------|
| | Millions of yen | Millions of yen | % |
| Net sales | 318,301 | 309,240 | (2.8) |
| Operating profit (loss) | (821) | (1,237) | — |

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

* The Group's reportable segments were "Expert Services," "BPO Services," "HR Consulting, Education c& Training, Others," "Global Sourcing" "Career Solutions," "Outsourcing," "Life Solutions," and "Regional Revitalization Solutions" in the previous consolidated fiscal year, but effective from the beginning of the current consolidated fiscal year under review, they have been renamed "BPO Solutions," "Expert Solutions," "Career Solutions," "Global Solutions," "Life Solutions," and "Regional Revitalization and Tourism Solutions." Figures for the nine months period of the previous fiscal year are compared based on the reclassified figures after the change.

HR Solutions Net sales ¥286,552 million Operating profit ¥14,808 million

[BPO Solutions (Contracting, Outsourcing)] Net sales ¥137,236 million

In this business, the Group provides BPO services by accepting contracts from our clients for such tasks as general affairs that consolidate and streamline complicated clerical work, accounting and finance that handle expense reimbursement according to the demand for business, reception, sales administration and order placement, personnel and labor affairs, payroll, education, and training, and more. In addition, we are developing various BPO solution businesses for corporate management issues, including an advisory consulting business that provides consulting and management support by professional personnel such as freelancers and former executives of listed companies.

In the BPO Solutions, demand for BPO services related to corporate structural reforms and the promotion of DX utilizing digital technologies, such as AI, remained strong. In the X-TECH BPO field, there was an increase in DX support projects involving cloud implementation and low-code/no-code implementation, as well as expansion in recruitment support, human resources and labor management, and payroll calculation services due to labor shortages. In addition, we expanded the provision of new high-value-added BPO services, such as the "AIO" (abbreviation for "AI BPO") AI agent-combined BPO service and "Pro Share Mentor," which supports the development of next-generation managers.

However, in addition to the impact of the peaking-out of large-scale consignment projects, it was not possible to offset the impact of reduced transactions with certain companies at some subsidiaries, and net sales amounted to ¥137,236 million (down 7.0% year-on-year).

[Expert Solutions (Temporary staffing)] Net sales ¥134,807 million

In this business, the Group provides temporary staffing services for a wide range of job types and ages, from office work to highly skilled professionals, engineers, sales and marketing professionals, and young adults to senior citizens. Due to the economic recovery and improvement in the employment situation, companies continued to experience a shortage of human resources, and orders for temporary staffing increased in a wide range of industries, including trading companies, manufacturers, and service industries. In the Group, the number of temporary workers continued to decline year on year due to the end of temporary staffing operations in response to COVID-19 infections and the reduction of temporary staffing contracts at some companies. However, since April 2025, the number of temporary workers has exceeded the previous year's figures, indicating a recovery trend. In addition, in the current fiscal year, the treatment of temporary staff improved, and the unit price of temporary staffing fees also rose.

However, due to fewer business days compared to the previous fiscal year, net sales for the current consolidated fiscal year were ¥134,807 million (down 1.7% year-on-year).

Sales of the above BPO Solutions and Expert Solutions amounted to ¥272,044 million (down 4.4% year-on-year). Although the gross profit margin of BPO improved from the previous fiscal year, operating profit decreased to ¥9,759 million (down 15.7% year-on-year) due to a decrease in gross profit accompanying a decline in net sales and an increase in selling, general, and administrative expenses, such as personnel expenses, due to rising employee wages.

[Career Solutions (Placement/Recruiting, Outplacement)]

Net sales ¥14,507 million **Operating profit** ¥5,048 million

In this business, The Group provides the Placement / Recruiting business, which supports companies' mid-career recruiting activities and matches job applicants with new jobs, and the Outplacement business, which supports job transfers based on companies' human resource strategies.

In the Placement / Recruiting business, we increased our workforce, improved operational productivity, and developed new members into productive assets. In addition, stable demand continued in the high-level career field, which is a strategic focus area, and the average referral fee increased. On the other hand, due to increased uncertainty about the future caused by trends in tariff policy, some companies temporarily suspended hiring or delayed the start of mid-career hiring. The Company is working to launch new services such as introducing female managers and alumni recruitment, utilizing the know-how that we have cultivated and our connections with companies.

In the Outplacement business, we saw significant market growth in 2024 and continue to perform well in 2025. In this environment, the number of requests made with the Company has increased, and in addition, with the rise of human capital management, demand for the "Safe Placement Total Service," which supports employees in forming their own careers, remained strong.

As a result, net sales increased to ¥14,507 million (up 11.1% year-on-year) and operating profit increased to ¥5,048 million (up 24.9% year-on-year).

Net sales in the HR Solutions segment, which consists of the above businesses, amounted to ¥286,552 million (down 3.7% year-on-year). In terms of profit, although the Career Solutions segment saw an increase in profits, it was unable to offset the impact of decreased revenues in the BPO Solutions and Expert Solutions segments, and the HR Solutions segment's overall operating profit was ¥14,808 million (down 5.2% year-on-year).

Global Solutions (Overseas Human Resource Services)

Net sales ¥11,407 million **Operating profit** ¥401million

In this segment, the Group 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, we reviewed our business portfolio and expanded our BPO services, such as accounting and payroll processing, as well as our HR consulting services, including human resource system design, which we have been focusing on, and our recruitment services also grew. In the Asian region, the manufacturing industry, particularly in Taiwan, remained strong, leading to an expansion in recruitment services, and the HR consulting field also grew. In India, temporary staffing and recruitment services increased revenue, as did recruitment services in Singapore. On the other hand, in Indonesia, where price competition is fierce, temporary staffing revenue declined. In addition, selling, general, and administrative expenses increased due to new hiring and improved treatment of employees at many locations, including in the United States and Taiwan.

As a result of these developments, the ratio of high-margin recruitment and HR consulting services increased, leading to net sales amounted to ¥11,407 million (up 3.5% year-on-year), and operating profit amounted to ¥401 million (up 48.3% year-on-year).

Life Solutions (Childcare support, Nursing care, etc.)

Net sales ¥8,623 million **Operating profit** ¥(26) million

This segment includes childcare support services, such as the operation of licensed and certified childcare centers, in-house childcare facilities, and childcare facilities for children, as well as childcare education; nursing care services, which provide daycare services and home-visit nursing care; and life support services, such as housekeeping services.

In the childcare support business, the market remained strong, particularly in metropolitan areas. Although the number of small after-school clubs decreased compared to the previous term, revenue increased due to the opening of facilities with larger capacity and an increase in subsidy income based on fixed prices.

On the other hand, in terms of expenses, in addition to an increase in personnel expenses due to increase in the number of personnel and improvements in the treatment of childcare workers, there was an increase in expenses related to system investment and quality control enhancements.

In the Life Support business, revenue from nursing care services declined due to the closure of day service nursing care facilities. However, various childcare support services were expanded mainly in urban municipalities, and the acquisition of contracted projects from local governments, such as housekeeping services and nursing care training for nursing care providers and family caregivers, remained strong.

As a result, net sales amounted to ¥8,623 million (up 10.7% year-on-year) and operating profit amounted to ¥(26) million (¥128 million in the previous fiscal year).

Regional Revitalization and Tourism Solutions

Net sales ¥7,083 million Operating profit ¥(1,900) million

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

At “Nijigen no Mori” Anime Awaji Island Park (acquired naming rights sponsorship for Awaji Island Park in Hyogo Prefecture from May 20, 2025), despite the impact of extreme heat and typhoons, inbound visitors reached 60,000 for the year. The increase in the number of visitors from the U.S. and Europe, mainly for the attractions such as “NARUTO & BORUTO Shinobizato” and “Godzilla Intercept Operation ~ National Godzilla Awaji Island Research Center,” resulted in a new record for annual sales. Additionally, the business expanded through merchandise sales related to Expo 2025 Osaka, Kansai. In addition, at restaurants and other dining facilities, the number of visitors, mainly female customers and inbound tourists, increased at HELLO KITTY SMILE and HELLO KITTY SHOW BOX, where visitors can enjoy the world of Hello Kitty, which is popular around the world. In terms of costs, there was a decrease in depreciation expenses, but some facilities were closed for renovations, and raw material prices rose, increasing cost ratios, while personnel expenses also increased.

As a result, net sales were ¥7,083 million (up 7.2% year-on-year), and operating profit was ¥(1,900) million (¥(2,671)) million in the previous fiscal year), resulting in a smaller deficit than in the previous fiscal year.

Eliminations and Corporate Net sales ¥(4,425) million Operating profit ¥(14,519) million

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 current fiscal year, in addition to upfront investments such as personnel expenses due to improved treatment and recruitment of human resources associated with the launch of new businesses, IT-related expenses to promote DX across the entire group increased.

As a result, net sales after eliminating intergroup transactions were ¥(4,425) million (¥(5,372)million in the previous fiscal year) and operating profit was ¥(14,519) million (¥(14,174) million in the previous fiscal year).

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

(Millions of yen)

| | FY2023 | Fy2024 | YoY |
|---|---------|---------|---------|
| HR Solutions | 297,715 | 286,552 | (3.7)% |
| BPO Solutions (Contracting, Outsourcing) | 147,579 | 137,236 | (7.0)% |
| Expert Solutions (Temporary staffing) | 137,082 | 134,807 | (1.7)% |
| Career Solutions (Placement/Recruiting, Outplacement) | 13,054 | 14,507 | +11.1% |
| Global Solutions (Overseas Human Resource Services) | 11,024 | 11,407 | +3.5% |
| Outsourcing | 38,962 | — | — |
| Life Solutions (Childcare support, Nursing care, etc.) | 7,792 | 8,623 | +10.7% |
| Regional Revitalization and Tourism Solutions | 6,610 | 7,083 | +7.2% |
| Elimination and Corporate | (5,372) | (4,425) | — |
| Total | 356,733 | 309,240 | (13.3)% |
| Total (excluding Outsourcing) | 318,301 | 309,240 | (2.8)% |

Consolidated Operating Profit by Segment

(Millions of yen)

| | FY2023 | FY2024 | YoY |
|---|----------|----------|---------|
| HR Solutions | 15,625 | 14,808 | (5.2)% |
| BPO Solutions (Contracting, Outsourcing) | 11,582 | 9,759 | (15.7)% |
| Expert Solutions (Temporary staffing) | | | |
| Career Solutions (Placement/Recruiting, Outplacement) | 4,042 | 5,048 | +24.9% |
| Global Solutions (Overseas Human Resource Services) | 270 | 401 | +48.3% |
| Outsourcing | 7,615 | — | — |
| Life Solutions (Childcare support, Nursing care, etc.) | 128 | (26) | — |
| Regional Revitalization and Tourism Solutions | (2,671) | (1,900) | — |
| Elimination and Corporate | (14,174) | (14,519) | — |
| Total | 6,794 | (1,237) | — |
| Total (excluding Outsourcing) | (821) | (1,237) | — |

* Since the Outsourcing segment was abolished from the beginning of the current consolidated fiscal year due to the sale of shares of Benefit One Inc., which was a consolidated subsidiary at the end of the previous consolidated fiscal year, the total excluding the Outsourcing segment is shown as reference information.

(2) Status of production, orders, and sales

(i) Production results

The Group is engaged in BPO Solutions (Contracting, Outsourcing), Expert Solutions (Temporary staffing), Career Solutions (Placement/Recruiting, Outplacement), Global Solutions (Overseas Human Resource Services), Life Solutions (Childcare support, Nursing care, etc.), Regional Revitalization and Tourism Solutions, etc. Due to the nature of the services it provides, it is not appropriate to state production performance, and therefore such information is not provided.

(ii) Orders received

For the same reason as production, this item is omitted.

(iii) Sales

Sales results by segment for the current consolidated fiscal year are as follows.

| Segment | Net sales (millions of yen) | Composition (%) | Year-on-Year change(%) |
|---|--------------------------------|--------------------|---------------------------|
| HR Solutions | 283,837 | 91.8 | 96.3 |
| BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary staffing) | 269,349 | 87.1 | 95.7 |
| BPO Solutions (Contracting, Outsourcing) | 135,029 | 43.7 | 93.1 |
| Expert Solutions (Temporary staffing) | 134,320 | 43.4 | 98.4 |
| Career Solutions (Placement/Recruiting, Outplacement) | 14,487 | 4.7 | 111.2 |
| Global Solutions (Overseas Human Resource Services) | 11,121 | 3.6 | 103.1 |
| Life Solutions (Childcare support, Nursing care, etc.) | 8,105 | 2.6 | 112.1 |
| Regional Revitalization and Tourism Solutions | 6,176 | 2.0 | 108.6 |
| Total | 309,240 | 100.0 | 86.7 |

(Note) Inter-segment transactions were offset and eliminated.

The table below shows net sales by region for the consolidated fiscal year under review as indicated above.

| Classification | FY2024 | | |
|------------------------|----------------------------|-----------------------|-------------------------|
| | Net sales(millions of yen) | Composition ratio (%) | Year-on-year change (%) |
| Hokkaido/Tohoku | 12,417 | 4.0 | 92.8 |
| Kanto (outside Tokyo) | 36,575 | 11.8 | 96.0 |
| Tokyo | 127,519 | 41.3 | 75.7 |
| Tokai / Hokushinetsu | 20,132 | 6.5 | 100.7 |
| Kansai | 69,905 | 22.6 | 96.0 |
| Chugoku/Shikoku/Kyushu | 31,516 | 10.2 | 96.2 |
| Overseas | 11,173 | 3.6 | 98.9 |
| Total | 309,240 | 100.0 | 86.7 |

(3) Financial position

Status of Assets, Liabilities and Net Assets

Assets and liabilities as of May 31, 2025 included ¥35,319 million (¥54,975 million as of May 31, 2024) in temporary “deposits received” from customers related to contract projects for which use by the Group is restricted, along with a corresponding amount of “cash and deposits.”

Assets

Total assets as of May 31, 2025 decreased ¥36,052 million (down 12.0%) from the end of the previous fiscal year to ¥265,038 million. Cash and deposits decreased by ¥67,510 million due to the decrease in “deposits received” mentioned above, along with the acquisition of fixed assets. On the other hand, securities increased by ¥14,500 million due to fund management, tangible fixed assets such as Regional Revitalization projects increased by ¥11,677 million, and investment and other assets increased by ¥4,370 million due to investments in venture companies expected to generate synergies in areas such as well-being and fund management.

Liabilities

Total liabilities as of May 31, 2025 decreased ¥22,508 million (down 15.4%) from the end of the previous fiscal year to ¥123,904 million. This was mainly due to a decrease of ¥17,632 million in deposits received for the above-mentioned consignment projects and a decrease of ¥5,756 million in long-term borrowings due to the repayment of borrowings.

Net Assets

Net assets as of May 31, 2025 amounted to ¥141,134 million, a decrease of ¥13,543 million or 8.8%, compared with May 31, 2024. This was mainly attributable to a decrease of ¥11,677 million in retained earnings due to net loss attributable to owners of the parent of ¥8,658 million, along with dividend payment of ¥3,018 million. In addition, while the Company has been purchasing treasury shares since January 2025, it retired 1.5 million shares of treasury shares on April 30, 2025, resulting in no significant change in treasury shares compared to the end of the previous fiscal year.

As a result of the above, the equity ratio as of May 31, 2025 was 50.9% (49.3% at the end of the previous fiscal year). Total assets, after deducting “cash and deposits” associated with “deposits received” for commissioned projects, amounted to ¥229,719 million (¥246,115 million at the end of the previous fiscal year), resulting in an equity ratio of 58.7% (60.3% at the end of the previous fiscal year).

(4) Cash Flows

Cash and cash equivalents (hereafter “net cash”) in FY2024 decreased by ¥58,382 million, compared with May 31, 2024, to ¥78,664 million. “Net cash” does not include “cash and deposits” corresponding to temporary “deposits received” from customers related to contract projects.

Cash Flows from Operating Activities

Net cash provided by operating activities increased to ¥4,327 million (an increase of ¥7,397 million in the previous fiscal year).

Major cash inflows included depreciation and amortization expenses of ¥2,756 million (¥5,569 million in the previous fiscal year), a decrease in accounts receivable and contract assets of ¥2,244 million (¥4,177 million in the previous fiscal year), an increase in deposits received (due to a holiday on the last day of the period) of ¥2,094 million (a decrease of ¥1,281 million in the previous fiscal year), and an increase in contract liabilities of ¥976 million (a decrease of ¥909 million in the previous fiscal year).

Major cash outflows includes net loss before taxes and other adjustments of ¥5,826 million (net profit of ¥106,251 million).

Cash Flows from Investing Activities

Net cash used in investing activities decreased to ¥47,600 million (an increase of ¥94,252 million in the previous fiscal year).

Major cash outflows were mainly due to deposits into time deposits of ¥10,536 million (¥60 million in the previous fiscal year), the acquisition of tangible fixed assets of ¥14,909 million (¥15,244 million in the previous fiscal year), and the acquisition of securities of ¥14,500 million (none in the previous fiscal year).

Cash Flows from Financing Activities

Net cash used in financing activities decreased to ¥15,055 million (a decrease of ¥12,879 million in the previous fiscal year). Major cash outflows included the repayment of long-term borrowings of ¥9,099 million (¥10,325 million in the previous fiscal year), the acquisition of treasury shares ¥1,731 million (¥597 million in the previous fiscal year) and the payment of dividends of ¥3,417 million (¥4,568 million in the previous fiscal year).

(Reference) Cash Flow Benchmarks

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|--|-----------|-----------|-----------|-----------|-----------|
| Equity ratio | 25.2% | 24.5% | 19.6% | 49.3% | 50.9% |
| Equity ratio based on market capitalization | 49.0% | 40.3% | 24.7% | 28.4% | 33.0% |
| Ratio of interest-bearing debt to cash flows | 1.8 years | 5.3 years | 9.9 years | 5.8 years | 7.7 years |
| Interest coverage ratio | 64.5 | 35.4 | 15.9 | 16.6 | 12.9 |

Notes:

- Equity ratio: Shareholders' equity / Total assets
Equity ratio based on market capitalization: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest payments
- Each benchmark is calculated based on the consolidated financial statements.
- Market capitalization is calculated by multiplying the period-end closing share price with the number of outstanding shares at period-end (after deducting treasury shares).
- Cash flows from operating activities are used in calculations for cash flows.
- Interest-bearing debt includes all interest-bearing debt under liabilities recorded on the consolidated balance sheets.
- 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 " (3)Financial position, Status of Assets, Liabilities and Net Assets," and the equity ratio based on market value was 38.1% (34.8% at the end of the previous fiscal year).

(5) An analysis of the financial resources for capital and the liquidity of funds

(i) Approach to Financial Strategy

The basic policy of the Group's financial strategy is to appropriately procure and allocate funds to enhance corporate value while strengthening its financial position and improving capital efficiency. The Company efficiently secure funds necessary for the Group's growth and enhancement of corporate value, including IT-related investments to optimize business processes in the area of HR solutions, capital investments to improve profitability of regional development and tourism solutions, and human capital investments such as training DX human resources, as well as ordinary working capital. Furthermore, the Company has introduced a cash management system (CMS) with its group companies to effectively utilize surplus funds at each group company.

(ii) Basic Fund Procurement Policy

In order to secure stable and flexible funds necessary for the maintenance and expansion of the Group's business activities, the Company strives to effectively utilize internal and external funds. For short-term working capital needs during the month, we flexibly utilize commitment lines and overdraft facilities that we have established with financial institutions. For long-term borrowings, the Company formulates a funding plan for the fiscal year and procures funds from correspondent financial institutions, while taking into consideration contractual repayment amounts and investment plans. In procuring funds, we determine whether to do so while also paying attention to our financial strength and cost of capital. We strive to reduce the cost of capital and improve capital efficiency by effectively utilizing bank loans, bonds, and other liabilities, while keeping an eye on the capital adequacy ratio, EBITDA-to-debt ratio, and other factors.

(iii) Approach to fund allocation

Funds obtained by the Group as a whole are allocated to growth investments, shareholder returns, and cash-on-hand. With regard to growth investments, the Company makes decisions on whether or not to invest by examining the significance of the investment as a group in light of management strategies, the possibility of recovering invested funds, and the expected returns. In addition, we have adopted a basic policy of returning profits to shareholders in accordance with our business performance. With regard to our dividend policy, we will strive to maintain continuous and stable dividends, with a target consolidated dividend payout ratio of 40%. Furthermore, during the period of "PASONA GROUP VISION 2030" through the

fiscal year ending May 31, 2030, we will introduce a progressive dividend policy to maintain or increase dividends, with a minimum of ¥75 per share, regardless of temporary fluctuations in performance. Regarding cash-on-hand, we are striving to improve the capital efficiency of the Group as a whole by utilizing commitment lines and other arrangements with financial institutions so as to keep it at an appropriate level.

(6) Material Accounting Estimates and Assumptions Used in Making Such Estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. The accounting policies used in the preparation of these consolidated financial statements are described in "I-5. Status of accounting, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Note to Material Matters, which serve as the basis for preparing consolidated financial statements,".

In preparing these consolidated financial statements, it is necessary to make estimates and judgments that affect the reported values of assets and liabilities at the balance sheet date and the reported values of revenues and expenses during the reporting period. Estimates and judgments are made based on various factors that are considered reasonable in light of past experience and current conditions. However, because of the uncertainties inherent in estimates, actual results might differ from these estimates.

Significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are described in "I-5. Status of accounting, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes, Material matters that serve as the basis for preparing consolidated financial statements."

5. Important business contracts, etc.

(Construction contract with Obayashi Corporation)

The Company resolved to enter into a construction contract between the Company and Obayashi Corporation for the "Awaji Island Iwaya Area Hotel Development Project" (total construction cost ranging from ¥13 billion to ¥14 billion) at its Board of Directors meeting held on January 26, 2023. At a meeting of the Board of Directors held on March 27, 2024, the Company resolved to sign the construction contract with Obayashi Corporation. At a meeting of the Board of Directors held on May 29, 2024, the Board of Directors resolved the details of the construction work and the contract amount to be ¥13.3 billion, and the contract was concluded on May 31, 2024.

Furthermore, at a meeting of the Board of Directors held on May 29, 2025, it was resolved to increase the total construction cost by ¥1.6 billion to ¥14.9 billion, and the contract was signed on May 30, 2025.

(Important loan agreements with financial covenants)

- | | |
|--|-----------------------|
| (1) Contract date: | March 31, 2022 |
| (2) Balance at the end of the current fiscal year: | ¥15,621 million |
| (3) Maturity date: | March 31, 2032 |
| (4) Counterparty: | Financial institution |
| (5) Collateral: | None |

(6) Content of financial covenants

- (i) Maintain the amount of net assets on the consolidated balance sheet as of the end of each fiscal year at or above 75% of the larger of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year immediately preceding the current fiscal year or the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ending in May 2021.
- (ii) With respect to the ordinary income or loss on the consolidated income statement for each fiscal year, the borrower must not report an ordinary loss for two consecutive fiscal years.

6. R&D activities

There were no significant matters to be noted during the current fiscal year.

I-3. Status of equipment

1. Outline of capital investment, etc.

Total capital investment for the current consolidated fiscal year amounted to ¥18,623 million, which was used for the establishment of commercial facilities in the Regional Revitalization and Tourism Solutions segment, the opening of business facilities in the Corporate segment, and the development of core systems in the BPO Solutions and Expert Solutions segment.

(Millions of yen)

| Segment | Buildings, Structure Lease assets, etc. | Land | Software | Total |
|---|--|-------|----------|--------|
| BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary Staffing) | 389 | 17 | 2,681 | 3,088 |
| Career Solutions (Placement/Recruiting, Outplacement) | 1 | — | 511 | 512 |
| Global Solutions (Overseas Human Resource Services) | 170 | — | 3 | 173 |
| Life Solutions (Childcare support, Nursing care, etc.) | 2 | — | 18 | 21 |
| Regional Revitalization and Tourism Solutions | 7,702 | 105 | 45 | 7,853 |
| Corporate | 5,422 | 1,170 | 382 | 6,974 |
| Total | 13,688 | 1,293 | 3,642 | 18,623 |

2. Status of major equipment

Major equipment and employees of the Company as of May 31, 2025 are as follows:

(1) Reporting company

| Business site (Location) | Segment | Equipment | Book value (millions of yen) | | | | | | Number of employees (persons) |
|---|--|-------------------------------|------------------------------|------|------------------|----------|-------|-------|-------------------------------------|
| | | | Buildings & structures | Land | Leased assets | Software | Other | Total | |
| PASONA SQUARE (Minato-ku, Tokyo) and 5 other offices | Corporate | Business site equipment | 176 | — | — | 425 | 35 | 637 | 274 (61) |
| GLOBAL HUB SQUARE (Awaji City, Hyogo Prefecture) and 10 other offices | Corporate | Business site equipment | 3,712 | 229 | — | — | 416 | 4,358 | 422 (175) |
| ZENBO SEINEI (Awaji City, Hyogo Prefecture) and 10 other offices | Regional Revitalization Solution | Commercial facilities | 1,594 | 123 | 6 | — | 315 | 2,040 | — |

Notes

1 "Other" in book value includes structures, tools, furniture, and fixtures, etc.

2 The above amounts do not include consumption tax, etc.

3 Currently, there is no idle equipment.

4 The number in parentheses in the "Number of employees" column represents the average number of contract employees and part-timers during the year.

5 In addition to the above table, there is a security deposit and guarantee money of ¥2,268 million.

(2) Subsidiaries in Japan

| Company name (location) | Segment | Equipment | Book value (millions of yen) | | | | | | Number of employees (persons) |
|---|--|---------------------------------------|------------------------------|------|------------------|----------|-------|-------|-------------------------------------|
| | | | Buildings & structures | Land | Leased assets | Software | Other | Total | |
| Pasona Inc. (Minato-ku, Tokyo) | BPO Solutions, Expert Solutions, Career Solutions | Business- related systems, etc. | 240 | 0 | — | 3,920 | 96 | 4,257 | 3,620 (5,671) |
| Bewith, Inc. (Shinjuku-ku, Tokyo) | BPO Solutions, Expert Solutions | Office facilities, etc. | 1,077 | — | — | 506 | 389 | 1,973 | 860 (5,365) |
| Nijigennomori Inc. (Awaji City, Hyogo Prefecture) | Regional Revitalization and Tourism Solutions | Commercial facilities, etc. | 807 | — | 39 | 171 | 620 | 1,638 | 11 (16) |
| Pasona Agri- Partners Inc. (Minato-ku, Tokyo) | Regional Revitalization and Tourism Solutions | Commercial facilities, etc. | 234 | — | — | 0 | 455 | 690 | 16 (10) |
| Pasona Nihon Somubu Co., Ltd. (Osaka City, Osaka) | BPO Solutions | Office facilities, etc. | 152 | 65 | 22 | 275 | 25 | 542 | 944 (703) |
| Pasona Foster Inc. (Minato-ku, Tokyo) | Life Solutions | Office facilities, etc. | 236 | — | — | 8 | 16 | 261 | 471 (339) |
| gotop Co., Ltd. (Matsuzaka City, Mie Prefecture) | BPO Solutions | Office facilities, etc. | 32 | 201 | 12 | 5 | 24 | 277 | 140 (17) |
| Chihou Sousei Inc. (Minato-ku, Tokyo) | Regional Revitalization and Tourism Solutions | Commercial facilities, etc. | 178 | 22 | — | — | 32 | 234 | 3 (6) |
| Pasona JOB HUB Inc. (Minato-ku, Tokyo) | BPO Solutions, Expert Solutions | Business- related systems, etc. | 17 | — | — | 130 | 2 | 150 | 158 (29) |
| Tango kingdom Brewery Inc. (Kyotango-City, Kyoto) | Regional Revitalization and Tourism Solutions | Commercial facilities, etc. | 49 | — | 61 | — | 39 | 150 | 15 (30) |
| TECHNORESEA RCH CO., LTD. (Hamamatsu City, Shizuoka Prefecture) | BPO Solutions, Expert Solutions | Office facilities, etc. | 22 | 84 | — | — | 0 | 106 | 27 (0) |

Notes

- 1 "Other" in book value includes structures, machinery and equipment, vehicles, tools, furniture, and fixtures, telephone subscription rights, and construction in progress.
- 2 Of the book value of Pasona Inc., ¥3 million is related to office facilities leased to the Company and its consolidated subsidiaries.
- 3 In addition to the above table, there are lease and guarantee deposits totaling ¥4,252 million.
- 4 The above amounts do not include consumption tax, etc.
- 5 Currently, there is no idle equipment.
- 6 The number in parentheses in the "Number of employees" column represents the average number of contract employees and part-timers during the year.

(1) Overseas subsidiaries

| Company name (location) | Segment | Equipment | Book value (millions of yen) | | | | | | Number of employees (persons) |
|---|---------------------|----------------------------|------------------------------|-----------------------------------|------------------|----------|-------|-------|-------------------------------------|
| | | | Buildings & structures | Land (Area in m ²) | Leased assets | Software | Other | Total | |
| Pasona N A, Inc. (New York, U.S.A.) | Global Solutions | Office facilities, etc. | 3 | — | 255 | — | 13 | 272 | 139 (3) |
| PT. Dutagriya Sarana (Jakarta, Indonesia) | Global Solutions | Office facilities, etc. | 10 | 91 | 3 | — | 12 | 118 | 26 (32) |

Note 1: "Other" in book value includes vehicles, tools.

Note 2: The above amounts do not include consumption tax, etc.

Note 3: Currently, there is no idle equipment.

Note 4: The number in parentheses in the "Number of employees" column represents the average number of contract employees and part-timers during the year.

3. Plans for new equipment, equipment retirement, etc.

(1) Important new equipment, etc.

| Company name (location) | Segment | Equipment | Investment plan amount (millions of yen) | | Financing method |
|---|--|-------------------------------|---|-------------|---------------------|
| | | | Total amount | Paid amount | |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Regional Revitalization and Tourism Solutions | Commercial facilities | 14,900 | 10,248 | Funds on hand |
| Pasona Inc. (Minato-ku, Tokyo) | BPO Solutions, Expert Solutions | Business system | 5,000 | 2,434 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Corporate | Seawalls/ Structure | 5,000 | 3,555 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Corporate | Seawalls/ Land Improvement | 4,200 | 3,943 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Corporate | Seawalls/ Land Improvement | 2,300 | — | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Corporate | Business Facilities | 2,500 | 287 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Regional Revitalization and Tourism Solutions | Commercial facilities | 2,400 | 95 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Corporate | Company housing | 1,000 | 100 | Funds on hand |
| Pasona Inc. (Minato-ku, Tokyo) | Career Solutions | Business system | 800 | 735 | Funds on hand |
| Pasona Agri-Partners Inc. (Awaji City, Hyogo Prefecture) | Regional Revitalization and Tourism Solutions | Commercial facilities | 800 | 477 | Funds on hand |
| Pasona Group Inc. (Awaji City, Hyogo Prefecture) | Regional Revitalization and Tourism Solutions | Commercial facilities | 500 | 8 | Funds on hand |

Note 1: The above amounts do not include consumption tax, etc.

Note 2: The above investment plan includes some items that may not be recorded as assets but rather as expenses.

(2) Retirement of important equipment, etc.

Except for the disposal of equipment for regular updates, there are no plans to dispose of any important equipment.

I-4. Status of the reporting company

1. Status of shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

| Class | Total number of authorized shares |
|---------------|-----------------------------------|
| Common shares | 150,000,000 |
| Total | 150,000,000 |

(ii) Issued shares

| Class | Number of issued shares as of the end of the fiscal year (May 31, 2025) | Number of issued shares as of the date of submission (August 20, 2025) | Financial instruments exchange on which the shares are listed or the association of authorized financial instruments firms to which the shares are registered | Information on shares |
|---------------|---|--|---|---|
| Common shares | 40,190,300 | 40,190,300 | Prime Market, Tokyo Stock Exchange | The number of shares constituting one unit is 100 shares. |
| Total | 40,190,300 | 40,190,300 | — | — |

(2) Status of share options, etc.

(i) Stock option plan

Not applicable

(ii) Rights plan

Not applicable

(iii) Status of other share options, etc.

Not applicable

(3) Status of exercise, etc., of corporate bond certificates, etc., with share options subject to exercise value change

Not applicable

(4) Transition of the total number of issued shares, share capital, etc.

| Date | Increase/decrease in the total number of issued shares | Balance of the total number of issued shares | Increase/decrease in share capital (millions of yen) | Balance of share capital (millions of yen) | Increase/decrease in legal capital surplus (millions of yen) | Legal capital surplus balance (millions of yen) |
|----------------|--|--|--|--|--|---|
| April 30, 2025 | (1,500,000) | 40,190,300 | — | 5,000 | — | 5,000 |

Note : As of April 30, 2025, 1,500,000 shares of treasury stock have been retired.

(5) Status of shares by shareholder

As of May 31, 2025

As of May 31, 2020

| Category | Status of shares (1 unit = 100 shares) | | | | | | | | Status of shares less than one unit (shares) |
|----------------------------------|--|-----------------------|---|--------------------|---------------------------|------------|--------------------|---------|--|
| | Government and local public bodies | Financial institution | Financial instruments business operator | Other corporations | Foreign corporation, etc. | | Individual & other | Total | |
| | | | | | Non-individual | Individual | | | |
| Number of shareholders (persons) | — | 17 | 21 | 80 | 154 | 31 | 10,912 | 11,215 | — |
| Number of shares held (unit) | — | 56,713 | 16,486 | 55,342 | 66,111 | 152 | 206,603 | 401,407 | 49,600 |
| Percentage of shares held (%) | — | 14.13 | 4.10 | 13.79 | 16.47 | 0.04 | 51.47 | 100.00 | — |

Note 1: Of 770,106 treasury shares, 7,701 units are included in "Individual & other," while 6 shares are included in "Status of shares less than one unit."

Note 2: Of the 601,862 shares of the Company held by the Stock Benefit Trust (BBT), 601,800 shares (6,018 units) are included in "Financial Institutions," and 62 shares are included in "Status of Odd-lot Shares."
Of the 451,803 shares of the Company held by the Stock Benefit Trust (J-ESOP) 451,800 shares (4,518 units) are included in "Financial Institutions," and 3 shares are included in "Status of Odd-lot Shares."

(6) Status of major shareholders

As of May 31, 2025

| Name | Address | Number of shares held | Percentage of shares held to the total number of issued shares (excluding treasury shares) (%) |
|---|---|-----------------------|--|
| Yasuyuki Nambu | Awaji City, Hyogo Prefecture | 14,763,200 | 37.45 |
| Nambu Enterprise Inc. | 1-30, 3-chome, Minami-Aoyama, Minato-ku, Tokyo | 3,738,500 | 9.48 |
| Master Trust Bank of Japan Ltd. (Trust account) | Akasaka Intercity AIR 8-1, 1-chome, Akasaka, Minato-ku, Tokyo | 3,140,900 | 7.97 |
| Custody Bank of Japan, Ltd. (Trust E account) | 8-12, 1-chome, Harumi, Chuo-ku, Tokyo | 1,053,665 | 2.67 |
| Custody Bank of Japan, Ltd. (Trust account) | 8-12, 1-chome, Harumi, Chuo-ku, Tokyo | 902,100 | 2.29 |
| BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (Standing proxy: Custody Operations Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 10 HAREWOOD AVENUE, LONDON NW1 6AA (11-1, 3-chome, Nihonbashi, Chuo-ku, Tokyo) | 819,775 | 2.08 |
| Gratitude Ltd. | 3-1, 2-chome, Atago, Minato-ku, Tokyo | 596,600 | 1.51 |
| BNY GCM CLIENT ACCOUNT JPRD AC 1SG(FE-AC) (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.) | PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A2BB UNITED KINGDOM (4-5, 1-chome, Marunouchi, Chiyoda-ku, Tokyo) | 534,607 | 1.36 |
| Medical Concierge Co., Ltd. | 5-5, 1-choume, Ebisu Minami, Shibuya-ku, Tokyo | 520,000 | 1.32 |
| JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.) | BAHNHOFSTRASSE 45 ZURICH SWITZERLAND 8098 (4-5, 1-choume, Marunouchi, Chiyoda-ku, Tokyo) | 511,400 | 1.30 |
| Total | — | 26,580,747 | 67.43 |

Note 1: In addition to the above, there are 770,106 shares of treasury stock in the name of the submitting company, but these shares do not have voting rights pursuant to Article 308, Paragraph 2 of Japan's Companies Act.

Note 2: The Company has introduced a stock benefit trust (BBT) and a stock benefit trust (J-ESOP), and the Custody Bank of Japan, Ltd. (Trust E account) ("Trust E account") holds 1,053,665 shares of the Company's shares. The Company shares held by Trust E account are not included in treasury stock.

Note 3: In a change report of the large-shareholding report made available for public inspection on July 29, 2024, Oasis Management Company Ltd. is stated to own the following shares as of July 25, 2024. As we are unable to confirm the actual number of shares owned as of May 31, 2025, we have not included them in the above list of major shareholders.

The details of the change report of the large shareholding report are as follows.

| Name or designation | Address | Number of shares held (shares) | Percentage of shares held (%) |
|-------------------------------|--|--------------------------------|-------------------------------|
| Oasis Management Company Ltd. | Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | 2,094,200 | 5.02 |

(7) Status of voting rights

(i) Issued shares

As of May 31, 2025

| Category | Number of shares | Number of voting rights | Information |
|---|--|-------------------------|-------------|
| Non-voting shares | — | — | — |
| Shares with restricted voting right (treasury shares, etc.) | — | — | — |
| Shares with restricted voting right (Other) | — | — | — |
| Shares with voting rights (treasury shares, etc.) | (Shares owned by the Company) Common shares 770,100 | — | — |
| Shares with voting rights (Other) | Common shares 39,370,600 | 393,706 | — |
| Shares less than one unit | Common shares 49,600 | — | — |
| Total number of issued shares | 40,190,300 | — | — |
| Voting rights of all shareholders | — | 393,706 | — |

Note 1: Common shares in the "Shares with voting rights (Other)" column include 601,800 shares of the Company (the number of voting rights: 6,018) held by the Board Benefit Trust (BBT) and 451,800 shares of the Company (the number of voting rights: 4,518) held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 2: Common shares in the "shares less than one unit" column includes 6 shares of treasury stock held by the Company, 62 shares held by the Stock Benefit Trust (BBT), and 3 shares held by the Stock Benefit Trust (J-ESOP).

(ii) Treasury shares, etc.

As of May 31, 2025

| Name of the shareholder | Address of the shareholder | Number of treasury shares held | Number of non-treasury shares held | Total number of shares held | Percentage of shares held to the total number of issued shares (%) |
|---|---|--------------------------------|------------------------------------|-----------------------------|--|
| Pasona Group Inc. (shares owned by the Company) | 5-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo | 770,100 | — | 770,100 | 1.92 |
| Total | — | 770,100 | — | 770,100 | 1.92 |

Note 1: 601,800 shares of the Company (1.50%) held by the Board Benefit Trust (BBT) and 451,800 shares of the Company (1.12%) held by the Japanese version of the Employee Stock Ownership Plan (J-ESOP) are not included in the above treasury shares.

Note 2: Other than the above, the Company holds 6 shares as treasury shares less than one unit.

(8) Information on the Officer/employee stock ownership plan

(i) Introduction of the Board Benefit Trust (BBT) for Directors

Based on the resolution at the 8th General Meeting of Shareholders held on August 19, 2015, the Company introduced the Board Benefit Trust (BBT) (hereinafter, the "BBT scheme") on October 26, 2015, as a performance-linked stock-based remuneration system for Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) and Executive Officers with Executive titles (limited to those that were Directors immediately prior to the transition to a company with an Audit and Supervisory Committee system) as of September 1 of the fiscal year subject to evaluation.

a. Outline of the BBT scheme

The Company established the Officer Stock Benefit Regulations when it introduced the BBT scheme. Based on the Officer Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire, in advance, shares to be allocated in the future, and trust banks acquired the Company's shares using the entrusted money.

In the BBT scheme, the Company grants points to Directors and Executive Officers and allocates shares to Directors and Executive Officers according to points as based on the Officer Stock Benefit Regulations.

b. Total number of shares to be allocated to Directors

601,862 shares (As of May 31, 2025)

c. Scope of persons that are entitled to beneficiary rights and other rights under the BBT scheme

Of those that have resigned from a Director or Executive Officer position, persons that satisfy the beneficiary requirements as specified in the Officer Stock Benefit Regulations

(ii) Introduction of the Japanese version of the Employee Stock Ownership Plan (J-ESOP) for employees

The Company introduced an incentive plan, the Japanese version of the Employee Stock Ownership Plan (J-ESOP) (hereinafter, the "J-ESOP scheme"), on October 26, 2015, for the purpose of enhancing employee motivation and morale for higher stock price and performance. In this scheme, treasury shares are allocated to employees of the Company and Officers and employees of the Company's subsidiaries (hereinafter, "Employees, etc.").

a. Outline of the J-ESOP scheme

The Company established the Stock Benefit Regulations when it introduced the J-ESOP scheme. Based on the Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire, in advance, shares to be allocated in the future, and trust banks acquired the Company's shares using the entrusted money.

In the J-ESOP scheme, the Company grants points to Employees, etc., and allocates shares to Employees, etc., according to points as based on the Stock Benefit Regulations.

b. Total number of shares to be allocated to Employees, etc.

451,803 shares (As of May 31, 2025)

c. Scope of persons that are entitled to beneficiary rights and other rights under the J-ESOP scheme

Persons that satisfy the beneficiary requirements specified in the Stock Benefit Regulations

2. Status of the acquisition of treasury shares, etc.

Class of shares, etc.: Acquisition of common stock pursuant to Article 155, Items 3 and 7 of the Companies Act

(1) Status of acquisition based on a resolution of the General Meeting of Shareholders

Not applicable

(2) Status of acquisition based on a resolution of the Board of Directors

| category | Number of shares | Total value (millions of yen) |
|--|------------------|-------------------------------|
| Resolution status at the Board of Directors meeting (January 14, 2025) (Acquisition period: January 15, 2025 to January 14, 2026) | 2,000,000 | 5,000 |
| Treasury shares acquired prior to the current fiscal year | — | — |
| Treasury shares acquired during the current fiscal year | 830,800 | 1,730 |
| Total number and total value of remaining resolved shares | 1,169,200 | 3,270 |
| Percentage of unexercised options as of the end of the current fiscal year (%) | 58.46 | 65.40 |
| Treasury shares acquired during the period | 518,500 | 1,143 |
| Percentage of unexercised options as of the date of submission (%) | 32.54 | 42.51 |

(3) Acquisitions that are not based on a resolution of the General Meeting of Shareholders or the Board of Directors

| Category | Number of shares (shares) | Total value (millions of yen) |
|--|---------------------------|-------------------------------|
| Treasury stock acquired during the current fiscal year | 82 | 0 |
| Treasury stock acquired during the period | — | — |

Note: Treasury stock acquired during the period does not include shares less than one unit purchased from August 1, 2025 to the date of submission of the Annual Securities Report.

(4) Status of disposal and holding of acquired treasury shares

| Category | Current fiscal year | | Current period | |
|--|---------------------------|--|---------------------------|--|
| | Number of shares (shares) | Total amount of disposal value (millions of yen) | Number of shares (shares) | Total amount of disposal value (millions of yen) |
| Acquired treasury shares offered to subscribers | — | — | — | — |
| Acquired treasury shares disposed of by cancellation | 1,500,000 | 1,790 | — | — |
| Acquired treasury shares through mergers, share exchanges, and corporate divestitures | — | — | — | — |
| Other (Additional contribution to the Stock Benefit Trust (BBT) and the Stock Benefit Trust (J-ESOP)) | — | — | — | — |
| Number of treasury shares held | 770,106 | — | 770,106 | — |

Note 1: The 601,862 shares held by the Stock Benefit Trust (BBT) and the 451,803 shares held by the Stock Benefit Trust (J-ESOP) during the current fiscal year are not included in the number of treasury stock held above.

Note 2: The number of shares of treasury stock held during the period does not include the number of shares purchased from August 1, 2025 to the filing date of the securities report.

3. Dividend policy

In order to fulfill our role as a sustainably growing company, we are securing growth capital for new business investments and capital expenditures while striving to strengthen our management foundation and profitability. Our goal is to increase shareholder value by enhancing corporate value. 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 parent company shareholders 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.

| Resolution date | Total amount of dividend (millions of yen) | Dividend per share (yen) |
|---|--|--------------------------|
| July 15, 2025: Resolution by the Board of Directors | 2,956 | 75.0 |

(Note) Breakdown of dividend per share: Ordinary dividend: 15 yen Special dividend: 60 yen

4. Status of corporate governance, etc.

(1) Outline of corporate governance

(i) Basic policy on corporate governance

Ever since its founding, Pasona Group has promoted diversity based on a clear and transparent corporate philosophy of providing "Solutions to Society's Problems" and has built various forms of social infrastructure enabling anyone to freely select the jobs they like and gain opportunities to work.

Pasona Group's job is to harness the potential of the individual. In other words, to coin a phrase, the job is to: "Life Produce"; to support the creation of a comfortable lifestyle for people everywhere. Creating a society in which everyone can design their own lives of abundance according to their ways of working that suit their own lifestyles—those who consistently maintain a strong will and seek to reintegrate into society, those who seek the challenges of a new life, who boldly tackle their life's goals—this is the corporate social responsibility (CSR) of the Pasona Group. In order to meet its social responsibilities, Pasona Group has laid forth "The Pasona Group Corporate Behavior Charter." All executives and employees from Pasona Group, from top management downward, are required to have a correct understanding of this charter, as it consists of action guidelines.

It is part of the Pasona Group's basic corporate mission to accomplish continuous enhancement of corporate value for its stakeholders (interested parties). To do so, we will boost corporate governance in harmony with the spirit of the "Corporate Governance Code" as stated in the Listing Regulations of the Tokyo Stock Exchange, considering this to be an important management issue. We will achieve medium- to long-term enhancement of corporate value through swift and bold decision-making while also ensuring the effectiveness of management oversight and management transparency.

(ii) Outline of the corporate governance system and reasons for adopting the system

The company has adopted a governance structure as a company with an audit and supervisory committee in order to strengthen the audit and supervisory functions of the board of directors, enhance corporate governance, and improve management efficiency by delegating authority to directors to enable swift decision-making. Our corporate governance structure is as follows, and we believe that this structure enables us to respond swiftly to changes in the business environment and execute operations in a timely and appropriate manner.

Major internal control-related organizations of the Company are as follows:

a. Board of Directors

The Board of Directors is our highest decision-making body after the General Meeting of Shareholders, with oversight of the overall management of the Company. It consists of directors that are not members of the Audit and Supervisory Committee (term of office: one year) and directors that are members of the Audit and Supervisory Committee (term of office: two years). The Board of Directors makes decisions on matters stipulated by laws and regulations, as well as important matters concerning the Company and its group companies. In accordance with the Board of Directors Regulations established by Board resolution, matters such as M&A, organizational restructuring, disposal or acquisition of significant assets, and substantial investments or loans are designated as matters requiring Board resolution. As of the date of submission of the securities report, there are four non-audit committee members (two men and two women) and five audit committee members (all men), of whom four are independent outside directors. By having 44% of the officers be independent outside directors, the company has strengthened the monitoring function of the Board of Directors. The CEO serves as the chair of the Board of Directors.

(Selection Policy for Directors)

Regarding candidates for directors, we adopt the basic policy of selecting individuals with outstanding character and insight, taking into consideration the balance and diversity of knowledge, experience, and abilities of the Board of Directors as a whole. In particular, we select outside directors who have expertise in management, finance and accounting, law, and the business areas of our group, with the aim of achieving sustainable growth and enhancing long-term corporate value. The selection of director candidates is conducted by the Nomination and Compensation Committee, which is composed of a majority of independent outside directors who meet our independence criteria. The committee makes recommendations to the board of directors based on the aforementioned basic policy, and the final decision is made by the board of directors through a resolution. If it is determined that a director is not fulfilling their duties adequately, the Nomination and Compensation Committee will first review the matter, and then the Board of Directors will make a resolution, which will be submitted to the shareholders' meeting for approval. Additionally, outside directors regularly hold meetings with executive officers to exchange opinions, and outside directors that are members of the Nomination and Compensation Committee assess the character, knowledge, and other qualifications of executive officers, which is utilized in the nomination of director candidates.

(Skills Matrix of Directors)

1. Based on the status of the Company's directors as of August 20, 2025 (date of filing the securities report)

| Name | | Knowledge, experience, and abilities possessed by director | | | | | | | | |
|--------------------|---|--|----------------|---------------------------|-----------------------------|---------------------|---------------------------------------|---------------------|--------|------------|
| | | Management | HR Development | New Business/ Development | Compliance/ Risk Management | Finance/ Accounting | Regional revitalization/ Culture/Arts | Sustainability /ESG | Global | Well-being |
| Hiroataka Wakamoto | Representative Director, President and CEO | ● | ● | ● | ● | | | ● | | |
| Junko Fukasawa | Director, Vice President and Executive Officer | ● | ● | | | | ● | ● | | ● |
| Kinuko Yamamoto | Director, Vice President and Executive Officer | ● | ● | ● | | | ● | | | ● |
| Makiya Nambu | Director and Managing Executive Officer | ● | | ● | | | | | ● | |
| Kazufumi Nomura | Director (Full-time Audit and Supervisory Committee Member) | ● | | | ● | | | | | |
| Haruo Funabashi | Outside Director (Audit and Supervisory Committee Member) | | | | ● | ● | ● | | | |
| Kazuo Furukawa | Outside Director (Audit and Supervisory Committee Member) | ● | | ● | ● | | | ● | ● | |
| Ryohei Miyata | Outside Director (Audit and Supervisory Committee Member) | | ● | | | | ● | | | ● |
| Yutaka Atomi | Outside Director (Audit and Supervisory Committee Member) | ● | ● | | ● | | | | | ● |

2. The agenda items (resolution items) for the Ordinary General Meeting of Shareholders scheduled to be held on August 22, 2025 include “Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” and “Election of Five Directors Who Are Audit and Supervisory Committee Members.” If these resolutions are approved, the skills matrix of the Board of Directors will be as follows. Note that the positions and titles of the officers are listed including the content of the resolutions to be adopted at the Board of Directors meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders.

| name | | Knowledge, experience, and abilities possessed by director | | | | | | | | |
|--------------------|---|--|----------------|---------------------------|-----------------------------|---------------------|---------------------------------------|---------------------|--------|------------|
| | | Management | HR development | New business/ Development | Compliance/ Risk management | Finance/ Accounting | Regional revitalization/ Culture/Arts | Sustainability/ ESG | Global | Well-being |
| Hiroataka Wakamoto | Representative Director, Chairperson and CEO | ● | ● | ● | ● | | | ● | | |
| Shintaro Nakao | Representative Director, President and COO | ● | ● | ● | ● | | | | | ● |
| Junko Fukasawa | Director, Vice President and Executive Officer | ● | ● | | | | ● | ● | | ● |
| Kinuko Yamamoto | Director, Vice President and Executive Officer | ● | ● | ● | | | ● | | | ● |
| Makiya Nambu | Director, Vice President and Executive Officer | ● | | ● | | | | | ● | |
| Kazufumi Nomura | Director (Full-time Audit and Supervisory Committee Member) | ● | | | ● | | | | | |
| Haruo Funabashi | Outside Director (Audit and Supervisory Committee Member) | | | | ● | ● | ● | | | |
| Kazuo Furukawa | Outside Director (Audit and Supervisory Committee Member) | ● | | ● | ● | | | ● | ● | |
| Ryohei Miyata | Outside Director (Audit and Supervisory Committee Member) | | ● | | | | ● | | | ● |
| Yutaka Atomi | Outside Director (Audit and Supervisory Committee Member) | ● | ● | | ● | | | | | ● |

(Skill summary of the board of directors' skill matrix)

| Identified skills | Skill summary |
|--|---|
| Management | Skills in developing a vision and management strategy to achieve sustainable growth by boldly tackling social issues that change with the times |
| HR development | Creating a foundation that enables each employee to take on challenges with high aspirations and a sense of mission, while maximizing human capital management by linking management strategy and human resource strategy |
| New business Development | Promoting the resolution of social issues through business activities as a social solutions company, creating new social infrastructure to realize a spiritually rich life for people |
| Compliance/ Risk management | Identifying business risks, understanding their impact on management, and raising issues |
| Finance/ Accounting | Financial strategy and accounting skills that enable medium- to long-term corporate value enhancement based on sound financial foundations and corporate finance expertise |
| Regional revitalization/ Culture/Arts | Promoting regional revitalization projects to solve various social issues arising from the concentration of population in Tokyo, skills or knowledge of culture and the arts, and the ability to propose new regional revitalization models |
| Sustainability/ ESG | Balancing corporate social responsibility and business sustainability as a good corporate citizen, developing management strategies |
| Global | Skills to demonstrate leadership and make decisions in global operations, with global perspectives, viewpoints, and knowledge |
| Well-being | Aiming to realize a spiritually rich way of life and work, toward promoting the creation of new industries that contribute to the physical, mental, and social health of people, as well as the creation of an environment where everyone can work in good health |

(Activities of the Board of Directors)

The Company's directors hold regular meetings of the Board of Directors at least once a month and extraordinary meetings as necessary. The Board of Directors held 17 meetings during the fiscal year under review, and the attendance of each director was as follows.

| Name | Position | Attendance |
|--------------------|---|--------------------|
| Yasuyuki Nambu | Group CEO and President | 100% (17/17 times) |
| Hiroataka Wakamoto | Executive Officer and Vice President, Chief Operating Officer | 100% (17/17 times) |
| Junko Fukasawa | Director, Vice President and Executive Officer | 100% (17/17 times) |
| Kinuko Yamamoto | Director, Vice President and Executive Officer | 100% (17/17 times) |
| Makiya Nambu | Director, Managing Executive Officer | 100% (17/17 times) |
| Kazufumi Nomura | Director (Full-time Audit and Supervisory Committee Member) | 100% (17/17 times) |
| Haruo Funabashi | Outside Director (Member of the Audit and Supervisory Committee) | 100% (17/17 times) |
| Kazuo Furukawa | Outside Director (Member of the Audit and Supervisory Committee) | 100% (17/17 times) |
| Ryohei Miyata | Outside Director (Member of the Audit and Supervisory Committee) | 100% (17/17 times) |
| Yutaka Atomi | Outside Director (Member of the Audit and Supervisory Committee) | 100% (17/17 times) |

(Matters to be deliberated and reported by the Board of Directors)

The specific matters to be deliberated and reported during the fiscal year under review are as follows:

- Group med- to long-term management strategies
- Business strategies (including new businesses)
- M&A and organizational restructuring
- Financial results, business performance, and financial strategies
- Budgetary control
- Acquisition of assets, investments (fixed assets, etc.)
- Conflict of interest transactions
- Risk management
- Compliance

(Evaluation of the Effectiveness of the Board of Directors)

The company conducts an annual evaluation of the effectiveness of the entire board of directors with the aim of further improving the governance functions of the board. The evaluation method and summary of the evaluation results are as follows.

1. Evaluation Method

Every year, we conduct a questionnaire survey of all directors to evaluate the effectiveness of the Board of Directors as a whole. For fiscal 2024, we conducted a questionnaire survey of directors in April 2025 covering the following items. The evaluation and analysis results were reported to and deliberated by the Board of Directors, and based on the results, we discussed future measures to further enhance the effectiveness of the Board of Directors.

[Evaluation items (major items)]

- (1) Matters related to the execution of duties by directors themselves
- (2) Matters related to the effectiveness of the Board of Directors as a whole
- (3) Matters related to the composition of the Board of Directors
- (4) Matters related to the operation of the Board of Directors
- (5) Matters related to the deliberations of the Board of Directors
- (6) Matters related to the evaluation of various committees
- (7) Matters related to support for directors, etc.
- (8) Matters related to relationships with investors and shareholders
- (9) Matters identified as issues in the previous evaluation

2. Evaluation Results

Based on the results of the questionnaire, the Board of Directors reported and deliberated on the results, and concluded that the effectiveness of the Board of Directors is sufficiently ensured in terms of its composition, operation, deliberation, support system, operation of various committees, and relationships with investors and shareholders, as evidenced by the free and constructive discussions and exchanges of opinions among diverse members with a balance of knowledge, experience, and abilities. Additionally, it was confirmed that appropriate measures have been taken regarding discussions on mid- to long-term strategic planning, the establishment of a framework for promoting digital transformation, and measures to achieve management that takes into account capital costs and stock prices, which were identified as issues in the previous fiscal year.

3. Future Challenges

Based on the results of the 2024 survey, the following challenges were identified for the future: expanding opportunities to report on the activities of various committees; following up on the progress of DX initiatives, including the core system renewal project; expanding opportunities to report on management and business strategies; and continuously improving the operation of the Board of Directors.

We will continue to consider and implement necessary measures to further enhance the effectiveness of the Board of Directors as a whole.

b. Audit and Supervisory Committee

The Audit and Supervisory Committee conducts audits of the execution of duties by directors and works closely with the accounting auditors and the internal audit division to ensure that audits are conducted effectively. As of the date of submission of the Annual Securities Report, the Audit and Supervisory Committee consists of one Full-time Internal Director (Mr. Kazushi Nomura) and four Outside Directors (Mr. Haruo Funabashi, Mr. Kazuo Furukawa, Mr. Ryohei

Miyata, and Mr. Yutaka Atomi). All four Outside Directors are designated as independent directors, and the Audit and Supervisory Committee is chaired by a Full-time Audit and Supervisory Committee member.

The activities of the Audit and Supervisory Committee are described in "4. Status of corporate governance, etc.(3) Status of audit, (i) Status of audit by the Audit and Supervisory Committee."

c. Nomination and Compensation Committee

The Nomination and Compensation Committee is established as an advisory body to the Board of Directors, and it is composed of a majority of independent outside directors who meet the Company's independence criteria. This voluntary committee strengthens the fairness, transparency, and objectivity of procedures concerning director nominations and compensation, thereby enhancing corporate governance. The Nomination and Compensation Committee deliberates on matters related to the election and dismissal of Directors, the selection and dismissal of Representative Directors, and the selection and dismissal of Directors in office, and reports to the Board of Directors. The Nomination and Compensation Committee deliberates and reports to the Board of Directors on matters relating to the election and dismissal of Directors, the selection and dismissal of Representative Directors, the selection and dismissal of Executive Directors, and decides on matters relating to individual fixed compensation for Directors that are not Audit and Supervisory Committee Members. The Nomination and Compensation Committee is composed of a majority of Independent Outside Directors that meet the Company's criteria for independence and consists of the following three members as of the date of submission of the Annual Securities Report.

The Nomination and Compensation Committee held three meetings during the fiscal year under review, and the attendance of each committee member was as follows

| Name | Position and responsibility | Attendance |
|-----------------|--|------------------|
| Yutaka Hori | Expert (Attorney-at-law) | 100% (3/3 times) |
| Haruo Funabashi | Audit and Supervisory Committee Member (Independent Outside Director) | 100% (3/3 times) |
| Kazuo Furukawa | Audit and Supervisory Committee Member (Independent Outside Director) | 100% (3/3 times) |

The Nomination and Compensation Committee is chaired by Yutaka Hori.

d. Management Meeting

Management meetings are held twice a month, in principle, to make quick and efficient decisions on important matters that affect the entire company. The members of the management meeting are listed on our website (URL: <https://www.pasonagroup.co.jp/ir/esg/governance.html>). The CEO serves as the chair of the management meeting.

e. Internal Control Committee and others

The following seven committees have been established under the Management Meeting and directly under the control of the Representative Director to implement specific measures for internal control, risk management, and improvement of customer satisfaction.

(i) Internal Control Committee

(ii) Compliance Committee

(iii) Risk Management Committee

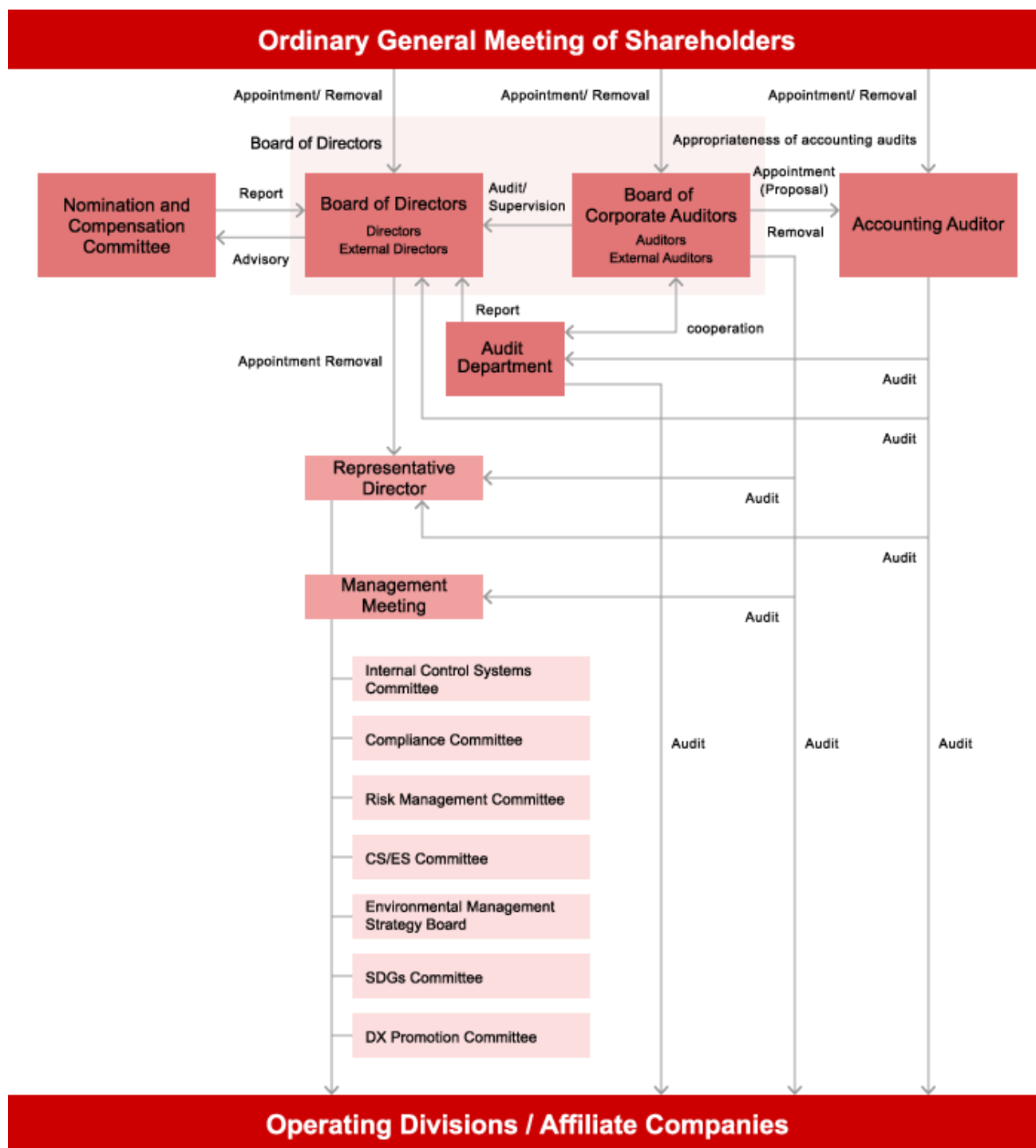
(iv) CS/ES Committee

(v) Environmental Management Strategy Board

(vi) SDGs Committee

(vii) DX Promotion Committee

Corporate Governance Structure



(iii) Other Matters Related to Corporate Governance

a. Status of internal control systems

(a) Systems to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries is in compliance with laws, regulations, and the Articles of Incorporation

- 1) The Company shall establish a Charter of Corporate Behavior and ensure that the Officers and employees of the Company and its subsidiaries fully understand the fundamental principles of corporate activities as stipulated in the Charter of Corporate Behavior, thereby ensuring thorough awareness of the need to comply with laws and regulations, etc.
- 2) The Directors of the Company and its subsidiaries shall monitor and ensure, through the Board of Directors meetings and management meetings of each company, that the Directors of the Company and its subsidiaries comply with laws, regulations, and the Articles of Incorporation, and that they act in accordance with the corporate philosophy.
- 3) The Company shall establish basic standards of conduct to be observed by the Directors and employees of the Company and its subsidiaries in the course of their daily operations, and shall establish a Compliance Committee as an organization to carry out activities and controls to promote compliance by the Company and its subsidiaries. In addition, a summary of the activities of the Compliance Committee shall be regularly reported to the Board of Directors.
- 4) The Company shall establish a whistleblowing system covering the entire Pasona Group and shall establish internal and external contact points for whistleblowing to prevent and quickly identify material facts that may violate laws and regulations, either organizationally or individually, as reported by Pasona Group employees and other parties.
- 5) The Audit Department and the Group Internal Audit Department shall conduct internal audits of each Pasona Group company to audit the appropriateness, validity and legality of business execution and improve internal controls.
- 6) In accordance with the Charter of Corporate Behavior, Pasona Group shall take a resolute stance against antisocial forces and shall sever all relationships with them. In addition, the Company shall establish a department in charge of responding to unjustified demands, etc., and shall prepare rules and regulations concerning reporting and response in the event of an incident, and shall respond resolutely in cooperation with the police and other relevant organizations.
- 7) Ensure legality by appointing Outside Directors that have no vested interest in the Company and by strengthening the mutual monitoring and supervision of Directors.
- 8) Monitoring shall be conducted by Full-time Audit and Supervisory Committee Members and Outside Directors that are Audit and Supervisory Committee Members and have no vested interest in the Company.

(b) Systems for the storage and management of information related to the execution of duties by Directors

The Company shall ensure that important documents used for decision-making by Directors or reporting to Directors are prepared, stored, and disposed of in accordance with the established Document Management Regulations.

(c) Regulations and other systems for managing the risk of loss of the Company and its subsidiaries

- 1) The Company and its major subsidiaries shall manage risk management in accordance with the Risk Management Regulations, which stipulate risk management, and shall distribute a summary of the Risk Management Manual to all Officers and employees to ensure thorough implementation.
- 2) The CEO shall be the chief executive officer in charge of risk management. The Risk Management Committee established within the Company and major subsidiaries shall be responsible for the overall management of risks, and the Executive Officer in charge of the Corporate Governance Division shall be designated as the person responsible for overall risk management. In addition, the Risk Management Committee shall regularly report the summary of its activities to the Board of Directors.
- 3) The Risk Management Committee shall assume and categorize specific risks in advance based on the Crisis Management Manual and shall maintain a system to ensure prompt and appropriate communication of information in case of emergency. In addition, the Risk Management Committee shall regularly report its activities to the Board of Directors.
- 4) The Company's Audit Department and the Group Internal Audit Department shall conduct audits of the daily risk management status of each department of the Company and its subsidiaries.

(d) Systems to ensure that the Directors of the Company and its subsidiaries execute their duties efficiently

- 1) With respect to the execution of duties by the Directors of the Company and its subsidiaries, each company shall establish the division of duties and authority in accordance with its organizational rules, thereby clarifying their responsibilities and ensuring efficient execution of duties.
- 2) The Company shall hold a regular meeting of the Board of Directors once a month and extraordinary meetings of

- the Board of Directors as necessary. In addition, management issues related to business execution are deliberated at management meetings attended by Directors that are not members of the Audit and Supervisory Committee, Full-time Audit and Supervisory Committee Members, and Executive Officers.
- 3) The subsidiary has established board of directors' regulations stipulating that regular board meetings shall be held at least once a month or once every quarter, depending on the size of the company, and the Management Planning Department (or the International Operations Department for overseas subsidiaries) regularly checks the status of these meetings. The subsidiary also holds extraordinary board meetings as necessary.
 - 4) The Board of Directors of the Company and its subsidiaries shall make decisions on management execution policies, matters stipulated by laws and regulations, and other important management matters, and supervise the execution of business operations.
- (e) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries, in addition to the matters listed in (a) through (d) above
- 1) The Company shall dispatch Directors or Corporate Auditors of subsidiaries to the subsidiaries to monitor and supervise the management status through their attendance at Board of Directors meetings and audits by Corporate Auditors.
 - 2) The Company shall enter into group management agreements with subsidiaries and shall establish a system under which the Company receives reports on important matters related to the execution of duties by directors and others.
 - 3) The Audit Department and the Group Internal Audit Department of the Company shall conduct internal audits of the Company and its subsidiaries and report the results to the Internal Audit Report Meeting attended by Full-time Directors, Audit and Supervisory Committee Members, and Executive Officers, and conduct necessary management depending on the situation.
 - 4) To ensure the appropriateness of financial reporting, the Internal Control Committee of the Company shall formulate an internal control evaluation plan, monitor the internal control evaluation conducted by the Group Internal Audit Department prepare an internal control report, and submit it to the Board of Directors in accordance with the Internal Control Committee Rules.
- (f) Matters concerning Directors and employees assisting the Audit and Supervisory Committee
Personnel of the Audit Department shall assist the Audit and Supervisory Committee in its duties as assistant employees.
- (g) Matters concerning the independence of the Directors and employees mentioned in the preceding item from other Directors (excluding Directors that are members of the Audit and Supervisory Committee) and the securing of the effectiveness of the Audit and Supervisory Committee's instructions to such Directors and employees
- 1) Employees assisting the Audit and Supervisory Committee shall perform their duties under the direction and orders of the Audit and Supervisory Committee when instructed to do so by the Audit and Supervisory Committee.
 - 2) Personnel transfers, evaluations, and disciplinary actions of employees assisting the Audit and Supervisory Committee shall be approved in advance by the Audit and Supervisory Committee.
- (h) Systems for reporting to the Audit and Supervisory Committee by Directors and employees of the Company and its subsidiaries, and systems to ensure that those that report to the Audit and Supervisory Committee of the Company or the Corporate Auditors of its subsidiaries will not be disadvantaged for making such reports.
- 1) Directors and employees of the Company and its subsidiaries shall promptly report to the Audit and Supervisory Committee or Corporate Auditor of the company to which they belong if they discover any matter that could seriously damage the Company's credibility or significantly deteriorate its performance or any illegal or improper act by an Officer or employee. The Company shall ensure that such reporting is thoroughly implemented. When Auditors receive such reports from subsidiaries, they shall immediately report them to the Audit and Supervisory Committee of the Company. In addition, any report received by the Company or its subsidiaries through the internal reporting system shall be immediately reported to the Audit and Supervisory Committee of the Company.
 - 2) The Compliance Hotline Regulations of the Company and its subsidiaries shall stipulate that no disadvantageous treatment will be accorded to any person that makes a report under the preceding paragraph for the reason of such report.
- (i) Policies for handling expenses incurred in the performance of duties by Audit and Supervisory Committee Members and other systems to ensure the effective performance of audits by the Audit and Supervisory Committee
- 1) Procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee Members and other expenses or liabilities incurred in the execution of such duties shall be

appropriately handled based on applications from Audit and Supervisory Committee Members.

- 2) The Audit and Supervisory Committee shall strengthen cooperation with Representative Director, the Accounting Auditor, the Audit Department, the Group Internal Audit Department, the Audit and Supervisory Committee Office, and the Auditors of subsidiaries, and shall hold meetings to exchange opinions as necessary from time to time.

b. Status of risk management systems

The Company has established the system described above in "a. Status of internal control systems" and in "c. Regulations and other systems for managing the risk of loss of the Company and its subsidiaries."

c. Exemption of Directors from liability

In accordance with Article 426, Paragraph 1, of the *Companies Act* of Japan, the Company has adopted a policy to exempt Directors (including those that were previously Directors) from liability for damages under Article 423, Paragraph 1, of the *Companies Act* of Japan, in order to enable them to fully fulfill the roles expected of them in the performance of their duties.

d. Outline of the contents of the liability limitation agreement

The Company has established provisions in its Articles of Incorporation regarding liability limitation contracts for Directors (excluding those that are Executive Directors, etc.).

Under such agreements, with respect to the liability stipulated in Article 423, Paragraph 1 of the *Companies Act*, if the Director has performed his duties in good faith and without gross negligence, the liability for damages shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the *Companies Act*.

e. Summary of the contents of the Directors' and Officers' liability insurance contract

Pasona Group has concluded a Directors' and Officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the *Companies Act* of Japan, which insures Directors, Executive Officers, and Department Managers of Pasona Group Inc. and Directors, Corporate Auditors, and Executive Officers of Pasona Group domestic and overseas subsidiaries (with some exceptions).

Under the policy, in addition to the cost of compensation for securities damages, litigation costs, and internal investigation costs in the event of misconduct for which the Company is liable, the policy also provides that the insured shall be liable for any claims for damages arising from acts (including omissions) committed by the insured in their capacity as Directors, Corporate Auditors, or Executive Officers of the Company. In addition, the Company will be covered for damages and dispute expenses incurred by the insured due to claims for damages arising out of acts (including omissions) committed by the insured in his/her capacity as a Director, Officer, or other employee of the Company. However, there are certain exclusions, such as the insured being not covered for damages caused by an act committed with the insured's knowledge that the act was in violation of the law.

The premiums are borne entirely by the company, and there is virtually no premium burden on the insured.

f. Resolution requirements for the appointment of Directors

The Company's Articles of Incorporation stipulate that resolutions for the election of Directors shall be adopted by a majority of the votes of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders that are entitled to exercise their voting rights are present. The Articles of Incorporation also stipulate that the election of Directors shall not be decided by cumulative voting.

g. Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors that are not Audit and Supervisory Committee Members and no more than five Directors that are Audit and Supervisory Committee Members.

h. Special resolutions of the General Meeting of Shareholders

In order to ensure the smooth operation of the General Meeting of Shareholders, the Company stipulates in Article 309, Paragraph 2 of the *Companies Act* that resolutions of the General Meeting of Shareholders shall be adopted by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders that are entitled to exercise their voting rights are present.

i. Organ to determine dividends from surplus, etc.

The Company's Articles of Incorporation stipulate those matters stipulated in Article 459, Paragraph 1 of the *Companies Act*, such as the distribution of surplus, shall be determined by a resolution of the Board of Directors,

except as otherwise provided by law, so that the Company can implement a flexible capital and dividend policy.

(2) Officers

(i) List of Officers

1. As of August 20, 2025 (date of submission of securities report), the status of our officers is as follows.

Seven males and two females (22% of the officers are female)

| Position | Name | Birth date | Biography | | Term of office | Number of shares of the Company held |
|--|-------------------|-------------|-----------|--|----------------|--------------------------------------|
| Representative Director, President and CEO | Hirohisa Wakamoto | Nov 2, 1960 | Apr. 1984 | Joined Saitama Bank, Limited (currently Resona Bank, Limited, Saitama Resona Bank, Limited) | (Note 3) | 45,200 (35,769) |
| | | | Jun. 1989 | Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) | | |
| | | | Sep. 2006 | Managing Director, responsible for the Legal Department, Affiliated Company Department, and International Business Department, General Manager of the Corporate Planning Department, Pasona Inc. | | |
| | | | Dec. 2007 | Managing Director, responsible for the CMO Department and the International Business Department, General Manager of the Corporate Planning Division, Pasona Group Inc. | | |
| | | | Jul. 2012 | Senior Managing Director and COO, responsible for the Corporate Planning Division, Pasona Group Inc. | | |
| | | | Aug. 2017 | Executive Officer & Vice President, Chief Operating Officer, General Manager of the Corporate Planning & Administration Headquarters, Pasona Group Inc. | | |
| | | | Jun. 2019 | President & CEO, Pasona Knowledge Partner Inc. | | |
| | | | Aug. 2020 | Director, Bewith, Inc. (to present) | | |
| | | | Dec. 2021 | Executive Officer & Vice President, Chief Operating Officer, General Manager of the Growth Strategy Headquarters & General Manager of the Corporate Planning Headquarters, Pasona Group Inc. | | |
| | | | Feb. 2023 | President & COO, Pasona Force Inc. | | |
| | | | Aug. 2024 | Executive Officer & Vice President, Chief Operating Officer, General Manager of the Growth Strategy General Headquarters & General Manager of the Corporate Planning Headquarters, Pasona Group Inc. | | |
| | | | Jun 2025 | Representative Director, President and CEO, Pasona Group Inc. (to Present) | | |

| | | | | | |
|---|-----------------|--------------|--|----------|---------------------|
| Director, Vice President and Executive Officer General Manager of the Pasona Way General Headquarters, responsible for the Social Contribution Department | Junko Fukasawa | May 28, 1953 | <p>Apr. 1974 Jul. 1978</p> <p>Joined Mitsui Toatsu Chemicals Inc. (currently Mitsui Chemicals, Inc.) Joined DENTSU INC (currently Dentsu Group Inc.)</p> <p>Sep. 1981 Jan. 1990</p> <p>Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) Director, General Manager of the Public Relations Department, Temporary Center Inc.</p> <p>Jun. 2000</p> <p>Senior Managing Executive Officer, General Manager of the Human Resources & Planning Headquarters, Pasona Inc.</p> <p>Apr. 2003</p> <p>President & COO, Pasona Heartful Inc. (to present)</p> <p>Dec. 2007</p> <p>Senior Managing Director, responsible for the Human Resources Division, Public Relations and Advertising Department, General Manager of the Social Contribution Department, Pasona Group Inc.</p> <p>Jun. 2015</p> <p>Senior Managing Director, General Manager of the Human Resources & Planning Headquarters, responsible for the Social Contribution Department, Pasona Group Inc.</p> <p>Jun. 2017</p> <p>Chairman & Director, Benefit One Inc. (to present)</p> <p>Aug. 2017</p> <p>Executive Officer & Vice President, General Manager of the Human Resources & Planning Headquarters, responsible for the Social Contribution Department, Pasona Group Inc.</p> <p>Aug. 2018</p> <p>Executive Officer & Vice President, General Manager of the Pasona Way Headquarters, responsible for the Social Contribution Department, Pasona Group Inc.</p> <p>Aug. 2024</p> <p>Director, Vice President and Executive Officer General Manager of the Pasona Way General Headquarters, responsible for the Social Contribution Department, Pasona Group Inc. (to present)</p> <p>Oct. 2024</p> <p>Chairman, Pasona Heartful Inc. (to present)</p> | (Note 3) | 195,600 (35,769) |
| Director, Vice President and Executive Officer General Manager of the NATUREVERSE General Headquarters | Kinuko Yamamoto | Nov 5, 1955 | <p>Feb. 1979 Jan. 1990 Jun. 2000</p> <p>Joined Man Power Center Inc. (currently Nambu Enterprise Inc.) Director, responsible for the Osaka Sales Headquarters, Man Power Center Inc. Managing Executive Officer, General Manager of the Employment Development Department, Pasona Inc.</p> <p>Jun. 2005</p> <p>President & COO, Kansai Employment Creation Organization Inc. (currently Pasona Masters, Inc.) Executive Officer, responsible for Corporate</p> <p>Dec. 2007</p> <p>Senior Managing Director, responsible for the New Business Development Division, Pasona Group Inc.</p> <p>Sep. 2012</p> <p>President & COO, Pasona Furusato Incubation Inc.</p> <p>Jun. 2015</p> <p>Senior Managing Director, General Manager of the New Business Development Headquarters, Pasona Group Inc.</p> <p>Dec. 2016</p> <p>President & COO, Nijigennomori Inc.</p> <p>Aug. 2017</p> <p>Executive Officer & Vice President, General Manager of the New Business Development Headquarters, General Manager of the Smart Life Initiative Headquarters, Pasona Group Inc.</p> <p>Sep. 2018</p> <p>Executive Officer & Vice President, General Manager of the New Business Development Headquarters, Pasona Group Inc. (to present)</p> <p>Aug. 2024</p> <p>Director, Vice President and Executive Officer General Manager of the NATUREVERSE General Headquarters, Pasona Group Inc. (to present)</p> | (Note 3) | 147,400 (35,769) |
| Director and Managing Executive Officer General Manager of the Global Strategy General Headquarters, General Manager of the International Business Headquarters | Makiya Nambu | Jul 31, 1984 | <p>Apr. 2008 Jun. 2013</p> <p>Joined Mitsubishi Corporation Joined Pasona Inc.</p> <p>Sep. 2018</p> <p>Executive Officer, General Manager of the Global Business Division, Pasona Inc.</p> <p>Dec. 2018</p> <p>General Manager of the International Business Division, Pasona Group Inc. (to present)</p> <p>Sep. 2021</p> <p>Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc.</p> <p>Aug. 2022</p> <p>Managing Director & the General Manager of the Global Business Division, Pasona Inc. (to present)</p> <p>Managing Executive Officer & Director, General Manager of the International Business Headquarters & Deputy General</p> | (Note 3) | 300 (1,531) |

| | | | | | | |
|--|-----------------|--------------|--|---|----------|---------------|
| | | | Aug. 2024 | Manager of the Corporate Planning Headquarters, Pasona Group Inc. Senior Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc (to present) | | |
| | | | Jun. 2025 | Director and Managing Executive Officer General Manager of the Global Strategy General Headquarters, General Manager of the International Business Headquarters, Pasona Group Inc. (to present) | | |
| Director (Full-time Audit and Supervisory Committee Member) | Kazufumi Nomura | Mar 15, 1955 | Apr. 1977 Apr. 1985 Jun. 2000 Jun. 2001 Apr. 2010 May 2013 Aug. 2013 Aug. 2019 | Joined Man Power Center Inc. (currently Nambu Enterprise Inc.) Director, Man Power Center Inc. Managing Executive Officer, General Manager of Kanto Sales & Marketing Division, Pasona Inc. President & COO, NS Personnel Service Co., Ltd. Chairman & Representative Director, NS Personnel Service Co., Ltd. Senior Advisor, Pasona Inc. Full-time Audit & Supervisory Board Member, Pasona Inc Director & Full-time Audit and Supervisory Committee Member, Pasona Group Inc. (to present) | (Note 4) | 46,100 (—) |
| Outside Director (Full-time Audit and Supervisory Committee Member) | Haruo Funabashi | Sep 19, 1946 | Jul. 1969 Jun. 1988 May 1989 Jul. 1994 Mar. 1995 Jun. 1998 Jun. 2000 Jul. 2001 Jul. 2002 Feb. 2003 Mar. 2005 Jun. 2006 Dec 2007 Dec. 2011 Aug. 2019 Dec. 2019 | Joined the Ministry of Finance Head of the International Tax Division, Tax Bureau, Ministry of Finance Councilor, Embassy of Japan in France, Ministry of Foreign Affairs Deputy Vice Minister of Finance, Ministry of Finance Tokyo Directors-General of Custom-Houses, Ministry of Finance Secretary-General, Securities and Exchange Surveillance Commission Director General & Chief Cabinet Secretary, National Land Agency (currently the Ministry of Land, Infrastructure and Transport) Deputy Director-General of Land, Infrastructure and Transport, Ministry of Land, Infrastructure and Transport Resigned from the Ministry of Land, Infrastructure and Transport Representative Director, Sirius Institute Ltd. (to present) Outside Audit & Supervisory Board Member, Kenedix, Inc. (to present) Outside Audit & Supervisory Board Member, Konoike Transport Co., Ltd. (to present) Outside Audit and Supervisory Committee Member, Pasona Group Inc, Outside Audit & Supervisory Board Member, EPS Corporation (currently EPS Holdings, Inc.) (to present) Outside Director & Audit and Supervisory Committee Member, Pasona Group Inc, (to present) Outside Director, EPS Holdings, Inc. (to present) | (Note 4) | 17,700 (—) |

| | | | | | | |
|---|-------------------|----------------|---|--|----------|----------------------|
| Outside Director (Audit and Supervisory Committee Member) | Kazuo Furukawa | Nov 3, 1946 | Apr. 1971 Apr. 2005 Apr. 2006 Jun. 2006 May 2007 Apr. 2009 Jun. 2009 Jun. 2011 Oct. 2011 Jun. 2019 Aug. 2019 | Joined Hitachi, Ltd. Representative Executive Officer, Executive Vice President, General Manager and CEO of the Telecommunications Group, General Manager of Export Control, Hitachi, Ltd. Representative Executive Officer and President, Hitachi, Ltd. Director, Representative Executive Officer and President, Hitachi, Ltd. Vice President, Incorporated association Japan Business Federation (currently General incorporated association Japan Business Federation) Director, Representative Executive Officer and Vice Chairman of the Board, Hitachi, Ltd. Special Advisor, Hitachi, Ltd. Chairman, Information Processing Society of Japan Chairman, New Energy and Industrial Technology Development Organization (currently New Energy and Industrial Technology Development Organization, Japan) Outside Director of Nippon Insulators, Ltd. Outside Director and Audit and Supervisory Committee Member of the Company (to present) | (Note 4) | 15,300 (—) |
| Outside Director (Audit and Supervisory Committee Member) | Ryohei Miyata | Jun 8, 1945 | Apr. 1997 Apr. 2004 Dec. 2005 Feb. 2016 Apr. 2016 Jul. 2021 Aug. 2021 May 2022 | Professor, Faculty of Fine Arts, Tokyo University of the Arts Director & Vice-President, Tokyo University of the Arts President, Tokyo University of the Arts Commissioner, Agency of Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Professor Emeritus & Advisor, Tokyo University of the Arts (to present) Guest Professor, Nagaoka Institute of Design (to present) Outside Director and Audit and Supervisory Committee Member Pasona Group Inc. (to present) Chairman of the Board of Directors, Public Interest Incorporated Association: Nitten (to present) | (Note 4) | 1,800 (—) |
| Outside Director (Audit and Supervisory Committee Member) | Yutaka Atomi | Dec 5, 1944 | Apr. 1970 Jun. 1988 Jul. 1992 Oct. 1992 Apr. 2004 Apr. 2010 Apr. 2018 Jun. 2018 Apr. 2019 Jun. 2019 Jun. 2022 Jun. 2023 Aug. 2023 | Intern Doctor, First Department of Surgery, Faculty of Medicine, University of Tokyo Visiting Researcher, Department of Surgery, University of California, San Francisco Lecturer, First Department of Surgery, Faculty of Medicine, University of Tokyo Professor, First Department of Surgery, Faculty of Medicine, Kyorin University Dean, Faculty of Medicine, Kyorin University President, Kyorin University President Emeritus, Kyorin University (to present) President, Pancreas Research Foundation of Japan President, International Medical Research Foundation (currently International Medical Research Foundation) (to present) External Audit & Supervisory Board Member, SANKI ENGINEERING CO., LTD. (to present) Outside Director, JCR Pharmaceuticals Co., Ltd. (to present) President, Japan China Medical Association (to present) President, Atomi Gakuen (to present) Outside Director and Audit and Supervisory Committee Member of the Company (to present) | (Note 4) | 700 (—) |
| Total | | | | | | 471,100 (108,838) |

Note 1: Directors Haruo Funabashi, Kazuo Furukawa, Ryohei Miyata and Yutaka Atomi are Outside Directors.

Note 2: The Company has submitted a Notice of Independent Director to Tokyo Stock Exchange, Inc., stating that Mr. Haruo Funabashi, Mr. Kazuo Furukawa, Mr. Ryohei Miyata and Mr. Yutaka Atomi as Independent Directors.

Note 3: The term of office of Directors that are not members of the Audit and Supervisory Committee starts at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2024 and will expire

at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending May 31, 2025.

Note 4: The term of office of Directors that are members of the Audit and Supervisory Committee started at the close of the Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2023 and will expire at the close of the Ordinary General Meeting of Shareholders for the fiscal year ending May 31, 2025.

Note 5: The company has introduced an Executive Officer system with the aim of responding quickly and accurately to changes in the business environment and speeding up and strengthening business execution functions.

Note 6: Mr. Yasuyuki Nambu resigned his position as representative director, group representative, and president on May 31, 2025.

Note 7: Mr. Hirotaka Wakamoto was appointed President and CEO on June 1, 2025, from his previous position as a director (executive vice president).

2. The agenda items (resolution items) for the Ordinary General Meeting of Shareholders scheduled to be held on August 22, 2025 include "Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)" and "Election of Five Directors Who Are Audit and Supervisory Committee Members." If these resolutions are approved, the status and terms of office of our officers will be as follows. Note that the positions and other details of the officers include the content of the resolutions to be adopted at the Board of Directors' meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders (eight males, two females) (20% of the officers are female).

| Position | Name | Birth date | Biography | | Term of office | Number of shares of the Company held |
|--|-------------------|--------------|---|---|----------------|--------------------------------------|
| Representative Director, Chairperson and CEO | Hirotaka Wakamoto | Nov 2, 1960 | Apr. 1984 Jun. 1989 Sep. 2006 Dec. 2007 Jul. 2012 Aug. 2017 Aug. 2019 Aug. 2020 Dec. 2021 Feb. 2023 Aug. 2023 Jun. 2025 Aug. 2025 | Joined Saitama Bank, Limited (currently Resona Bank, Limited, Saitama Resona Bank, Limited) Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) Managing Director, responsible for the Legal Department, Affiliated Company Department, and International Business Department, General Manager of the Corporate Planning Department, Pasona Inc. Managing Director, responsible for the CMO Department and the International Business Department, General Manager of the Corporate Planning Division, Pasona Group Inc. Senior Managing Director, responsible for the Corporate Planning Division, Pasona Group Inc. Senior Managing Director, General Manager of the Corporate Planning & Administration Headquarters, Pasona Group Inc. President & CEO, Pasona Knowledge Partner Inc. Director, Bewith, Inc. Executive Officer & Vice President, Chief Operating Officer, General Manager of the Growth Strategy Headquarters & General Manager of the Corporate Planning Headquarters, Pasona Group Inc. President & COO, Pasona Force Inc. Executive Officer & Vice President, Chief Operating Officer, General Manager of the Growth Strategy General Headquarters & General Manager of the Corporate Planning Headquarters, Pasona Group Inc. Representative Director, President & Chief Executive Officer Pasona Group Inc. Representative Director, Chairperson and CEO, Pasona Group Inc. (to present) | (Note 3) | 45,200 (35,769) |
| Representative Director, President and COO | Shintaro Nakao | Sep 11, 1974 | Apr. 1998 Aug. 2013 Aug. 2015 Aug. 2016 Sep. 2017 Aug. 2018 Jun. 2020 Jun. 2025 Aug. 2025 | Joined Pasona Inc. Executive Officer, Director, General Manager of Sales Division Solutions and General Manager of Do Tank Division, Pasona Inc. Managing Director Pasona Inc. Executive Officer & Director Pasona Group Inc. Executive Officer & Managing Director Pasona Group Inc. Representative Director, President Pasona Inc. (to present) Director circlace Inc. (to present) Managing Director, General Manager of Group Sales Headquarter, Pasona Group Inc. Representative Director, President and COO, Pasona Group Inc. (to present) | (Note 3) | 10,000 (26,827) |

| | | | | | | |
|--|-----------------|--------------|-----------|---|----------|---------------------|
| Director, Vice President and Executive Officer General Manager of the Pasona Way General Headquarters, responsible for the Social Contribution Department | Junko Fukasawa | May 28, 1953 | Apr. 1974 | Joined Mitsui Toatsu Chemicals Inc. (currently Mitsui Chemicals, Inc.) | (Note 3) | 196,600 (35,769) |
| | | | Jul. 1978 | Joined DENTSU INC (currently Dentsu Group Inc.) | | |
| | | | Sep. 1981 | Joined Temporary Center Inc. (currently Nambu Enterprise Inc.) | | |
| | | | Jan. 1990 | Director, General Manager of the Public Relations Department, Temporary Center Inc. | | |
| | | | Jun. 2000 | Senior Managing Executive Officer, General Manager of the Human Resources & Planning Headquarters, Pasona Inc. | | |
| | | | Apr. 2003 | President & COO, Pasona Heartful Inc. (to present) | | |
| | | | Dec. 2007 | Senior Managing Director, responsible for the Human Resources Division, Public Relations and Advertising Department, General Manager of the Social Contribution Department, Pasona Group Inc. | | |
| | | | Jun. 2015 | Senior Managing Director, General Manager of the Human Resources & Planning Headquarters, responsible for the Social Contribution Department, Pasona Group Inc. | | |
| | | | Aug. 2017 | Executive Officer & Vice President, General Manager of the Human Resources & Planning Headquarters, responsible for the Social Contribution Department, Pasona Group Inc. | | |
| | | | Aug. 2018 | Executive Officer & Vice President, General Manager of the Pasona Way Headquarters, responsible for the Social Contribution Department, Pasona Group Inc. | | |
| Executive Officer & Vice President, General Manager of the NATUREVERSE General Headquarters, | Kinuko Yamamoto | Nov 5, 1955 | Feb. 1979 | Joined Man Power Center Inc. (currently Nambu Enterprise Inc.) | (Note 3) | 147,400 (35,769) |
| | | | Jan. 1990 | Director, responsible for the Osaka Sales Headquarters, Man Power Center Inc. | | |
| | | | Jun. 2000 | Managing Executive Officer, General Manager of the Employment Development Department, Pasona Inc. | | |
| | | | Jun. 2005 | President & COO, Kansai Employment Creation Organization Inc. (currently Pasona Masters, Inc.) Executive Officer, responsible for Corporate | | |
| | | | Dec. 2007 | Senior Managing Director, responsible for the New Business Development Division, Pasona Group Inc. | | |
| | | | Sep. 2012 | President & COO, Pasona Furusato Incubation Inc. | | |
| | | | Jun. 2015 | Senior Managing Director, General Manager of the New Business Development Headquarters, Pasona Group Inc. | | |
| | | | Dec. 2016 | President & COO, Nijigennomori Inc. | | |
| | | | Aug. 2017 | Executive Officer & Vice President, General Manager of the New Business Development Headquarters, General Manager of the Smart Life Initiative Headquarters, Pasona Group Inc. | | |
| | | | Sep. 2018 | Executive Officer & Vice President, General Manager of the New Business Development Headquarters, Pasona Group Inc. (to present) | | |
| Executive Officer & Vice President, General Manager of the Global Strategies Headquarters & General Manager of the International Business Headquarters | Makiya Nambu | Jul 31, 1984 | Apr. 2008 | Joined Mitsubishi Corporation | (Note 3) | 300 (1,531) |
| | | | Jun. 2013 | Joined Pasona Inc. | | |
| | | | Sep. 2018 | Executive Officer, General Manager of the Global Business Division, Pasona Inc. | | |
| | | | Dec. 2018 | General Manager of the International Business Division, Pasona Group Inc. | | |
| | | | Sep. 2021 | Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc. | | |
| | | | Aug. 2022 | Managing Director & the General Manager of the Global Business Division, Pasona Inc. Managing Executive Officer & Director, General Manager of the International Business Headquarters & Deputy General Manager of the Corporate Planning Headquarters, Pasona Group Inc. | | |

| | | | | | | |
|--|-----------------|--------------|-----------|---|----------|---------------|
| | | | Aug. 2024 | Senior Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc | | |
| | | | Jun. 2025 | Managing Executive Officer & Director, General Manager of the International Business Headquarters & Deputy General Manager of the Corporate Planning Headquarters | | |
| | | | Aug. 2025 | Executive Officer & Vice President, General Manager of the Global Strategies Headquarters & General Manager of the International Business Headquarters (to present) Executive Officer & Vice President, Pasona Inc. (to present) | | |
| Outside Director (Full-time Audit and Supervisory Committee Member) | Kazufumi Nomura | Mar 15, 1955 | Apr. 1977 | Joined Man Power Center Inc. (currently Nambu Enterprise Inc.) | (Note 4) | 46,100 (—) |
| | | | Apr. 1985 | Director, Man Power Center Inc. | | |
| | | | Jun. 2000 | Managing Executive Officer, General Manager of Kanto Sales & Marketing Division, Pasona Inc. | | |
| | | | Jun. 2001 | President & COO, NS Personnel Service Co., Ltd. | | |
| | | | Apr. 2010 | Chairman & Representative Director, NS Personnel Service Co., Ltd. | | |
| | | | May 2013 | Senior Advisor, Pasona Inc. | | |
| | | | Aug. 2013 | Full-time Audit & Supervisory Board Member, Pasona Inc | | |
| | | | Aug. 2019 | Director & Full-time Audit and Supervisory Committee Member, Pasona Group Inc. (to present) | | |
| Outside Director (Full-time Audit and Supervisory Committee Member) | Haruo Funabashi | Sep 19, 1946 | Jul. 1969 | Joined the Ministry of Finance | (Note 4) | 17,700 (—) |
| | | | Jun. 1988 | Head of the International Tax Division, Tax Bureau, Ministry of Finance | | |
| | | | May 1989 | Councilor, Embassy of Japan in France, Ministry of Foreign Affairs | | |
| | | | Jul. 1994 | Deputy Vice Minister of Finance, Ministry of Finance | | |
| | | | Mar. 1995 | Tokyo Directors-General of Custom-Houses, Ministry of Finance | | |
| | | | Jun. 1998 | Secretary-General, Securities and Exchange Surveillance Commission | | |
| | | | Jun. 2000 | Director General & Chief Cabinet Secretary, National Land Agency (currently the Ministry of Land, Infrastructure and Transport) | | |
| | | | Jul. 2001 | Deputy Director-General of Land, Infrastructure and Transport, Ministry of Land, Infrastructure and Transport | | |
| | | | Jul. 2002 | Resigned from the Ministry of Land, Infrastructure and Transport | | |
| | | | Feb. 2003 | Representative Director, Sirius Institute Ltd. (to present) | | |
| | | | Mar. 2005 | Outside Audit & Supervisory Board Member, Kenedix, Inc. (to present) | | |
| | | | Jun. 2006 | Outside Audit & Supervisory Board Member, Konoike Transport Co., Ltd. (to present) | | |
| | | | Dec 2007 | Outside Audit and Supervisory Committee Member, Pasona Group Inc, | | |
| | | | Dec. 2011 | Outside Audit & Supervisory Board Member, EPS Corporation (currently EPS Holdings, Inc.) (to present) | | |
| | | | Aug. 2019 | Outside Director & Audit and Supervisory Committee Member, Pasona Group Inc, (to present) | | |
| | | | Dec. 2019 | Outside Director, EPS Holdings, Inc. (to present) | | |

| | | | | | | |
|---|-------------------|----------------|---|--|----------|----------------------|
| Outside Director (Audit and Supervisory Committee Member) | Kazuo Furukawa | Nov 3, 1946 | Apr. 1971 Apr. 2005 Apr. 2006 Jun. 2006 May 2007 Apr. 2009 Jun. 2009 Jun. 2011 Oct. 2011 Jun. 2019 Aug. 2019 | Joined Hitachi, Ltd. Representative Executive Officer, Executive Vice President, General Manager and CEO of the Telecommunications Group, General Manager of Export Control, Hitachi, Ltd. Representative Executive Officer and President, Hitachi, Ltd. Director, Representative Executive Officer and President, Hitachi, Ltd. Vice President, Incorporated association Japan Business Federation (currently General incorporated association Japan Business Federation) Director, Representative Executive Officer and Vice Chairman of the Board, Hitachi, Ltd. Special Advisor, Hitachi, Ltd. Chairman, Information Processing Society of Japan Chairman, New Energy and Industrial Technology Development Organization (currently New Energy and Industrial Technology Development Organization, Japan) Outside Director of Nippon Insulators, Ltd. Outside Director and Audit and Supervisory Committee Member of the Company (to present) | (Note 4) | 15,300 (—) |
| Outside Director (Audit and Supervisory Committee Member) | Ryohei Miyata | Jun 8, 1945 | Apr. 1997 Apr. 2004 Dec. 2005 Feb. 2016 Apr. 2016 Jul. 2021 Aug. 2021 May. 2022 | Professor, Faculty of Fine Arts, Tokyo University of the Arts Director & Vice-President, Tokyo University of the Arts President, Tokyo University of the Arts Commissioner, Agency of Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Professor Emeritus & Advisor, Tokyo University of the Arts (to present) Guest Professor, Nagaoka Institute of Design (to present) Outside Director and Audit and Supervisory Committee Member Pasona Group Inc. (to present) Chairman of the Board of Directors, Public Interest Incorporated Association: Nitten (to present) | (Note 4) | 1,800 (—) |
| Outside Director (Audit and Supervisory Committee Member) | Yutaka Atomi | Dec 5, 1944 | Apr. 1970 Jun. 1988 Jul. 1992 Oct. 1992 Apr. 2004 Apr. 2010 Apr. 2018 Jun. 2018 Apr. 2019 Jun. 2019 Jun. 2022 Jun. 2023 Aug. 2023 | Intern Doctor, First Department of Surgery, Faculty of Medicine, University of Tokyo Visiting Researcher, Department of Surgery, University of California, San Francisco Lecturer, First Department of Surgery, Faculty of Medicine, University of Tokyo Professor, First Department of Surgery, Faculty of Medicine, Kyorin University Dean, Faculty of Medicine, Kyorin University President, Kyorin University President Emeritus, Kyorin University (to present) President, Pancreas Research Foundation of Japan President, International Medical Research Foundation (currently International Medical Research Foundation) (to present) External Audit & Supervisory Board Member, SANKI ENGINEERING CO., LTD. (to present) Outside Director, JCR Pharmaceuticals Co., Ltd. (to present) President, Japan China Medical Association (to present) President, Atomi Gakuen (to present) Outside Director and Audit and Supervisory Committee Member of the Company (to present) | (Note 4) | 700 (—) |
| Total | | | | | | 481,100 (135,665) |

Note 1: Directors Haruo Funabashi, Kazuo Furukawa, Ryohei Miyata and Yutaka Atomi are Outside Directors.

Note 2: The Company has submitted a Notice of Independent Director to Tokyo Stock Exchange, Inc., stating that Mr. Haruo Funabashi, Mr. Kazuo Furukawa, Mr. Ryohei Miyata and Mr. Yutaka Atomi as Independent Directors.

Note 3: The term of office of Directors that are not members of the Audit and Supervisory Committee starts at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2025 and will expire at the

conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending May 31, 2026.

Note 4: The term of office of Directors that are members of the Audit and Supervisory Committee started at the close of the Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2025 and will expire at the close of the Ordinary General Meeting of Shareholders for the fiscal year ending May 31, 2027.

Note 5: The company has introduced an Executive Officer system with the aim of responding quickly and accurately to changes in the business environment and speeding up and strengthening business execution functions.

Note 6: Mr. Hirotaka Wakamoto is scheduled to resign as a director of Bewith, Inc. at the conclusion of the company's shareholders' meeting scheduled to be held on August 28, 2025.

(ii) Status of Outside Directors

As of the date of submission of the Annual Securities Report, the Company has four Outside Directors, and 44% of the Board of Directors consists of Outside Directors.

There are no personal, capital, business, or other interests between the Outside Directors and the Company. All of them are appointed as members of the Audit and Supervisory Committee in order to conduct appropriate audits and supervision of business execution from an independent standpoint based on an objective viewpoint that differs from that of Directors from within the Company.

The Company's Outside Directors and candidates for Outside Directors satisfy the following criteria for independence as determined by the Company, and Mr. Haruo Funabashi, Mr. Kazuo Furukawa, Mr. Ryohei Miyata, and Mr. Yutaka Atomi are Independent Directors.

- Relatives within the second degree of kinship must not currently or in the past be an Executive Director of the Company or its subsidiaries.
- In the event that the Company's group has transactions with a company in which they are currently employed as Executive Officers or employees, the amount of such transactions must not have exceeded 2% of the Company's consolidated net sales in the past three fiscal years.
- In the past three fiscal years, the Outside Director must not have received remuneration exceeding ¥10 million per year directly from the Company or its subsidiaries as a legal, accounting, or tax specialist or consultant (excluding remuneration as an Officer of the Company and remuneration paid to the organization or firm to which the Outside Director belongs).
- The Outside Director must not be an executive of an organization that has received donations, etc., exceeding ¥10 million per year from the Company or its subsidiaries in the past three fiscal years.

(iii) Mutual coordination among supervision or audit by Outside Directors, internal audit, audit by the Audit and Supervisory Committee, and accounting audit, and the relationship with the internal control department

In principle, the Company's Outside Directors monitor the Company's overall internal control system and provide advice on more-efficient operation through the monthly meetings of the Audit and Supervisory Committee and through interactive information exchange with the Accounting Auditor, Audit Department, Group Internal Audit Department, and other internal control-related organizations, as necessary. The Company monitors the Company's internal control system in general and provides advice on more-efficient operation of the system.

(3) Status of audit

(i) Status of audit by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of five members: one Full-time Internal Director and four External Directors. In addition, in order to enhance the effectiveness of audits by the Audit and Supervisory Committee, the Company has established an Audit Department (two staff members).

Haruo Funabashi, an Outside Director, has considerable knowledge of finance and accounting, having worked for the Ministry of Finance and the National Tax Agency, as well as for many years as an auditor at several companies.

In principle, the Audit and Supervisory Committee meetings were held once a month during the fiscal year under review, and the meetings were held 15 times during the year. The attendance status of each member is shown below.

| Name | Number of meetings | Attendance |
|-----------------|--------------------|------------|
| Kazufumi Nomura | 15 | 15 |
| Haruo Funabashi | 15 | 15 |
| Kazuo Furukawa | 15 | 15 |
| Ryohei Miyata | 15 | 15 |
| Yutaka Atomi | 15 | 15 |

At the meetings, the Audit and Supervisory Committee mainly discusses the formulation of audit plans, preparation of audit reports, evaluation and reappointment of Accounting Auditors, agreement on compensation for Accounting Auditors, establishment and operation of internal control systems, and risk management systems for the entire Group.

Each Audit and Supervisory Committee Member attends meetings of the Board of Directors, receives business reports from Directors, audits the content of resolutions and other matters, and expresses opinions, as necessary. In addition to the above, the Full-time Audit and Supervisory Committee Member audits the overall status of business execution by attending important meetings such as the Management Meeting and Compliance Committee, visiting affiliated companies, inspecting important approval documents, and exchanging opinions regularly with the Accounting Auditors, Audit Department, and Group Internal Audit Department. The Audit and Supervisory Committee reports audit results to the Board of Directors orally or in writing and provides advice, as necessary.

(ii) Status of internal audits

The Audit Department (two staff members) and the Group Internal Audit Department (11 staff members) monitor compliance with laws, regulations, and internal company rules in accordance with the Internal Audit Regulations and the Internal Audit Regulations of Affiliated Companies, preventing unforeseen situations due to operational irregularities and errors and improving operations and management efficiency. The Company conducts internal audits for the purpose of preventing the occurrence of unforeseen events due to operational irregularities and errors, improving operations, and enhancing management efficiency. In addition, the Group Internal Audit Department and the Internal Control Committee check the establishment and operation of the internal control system.

The Full-time Audit and Supervisory Committee Members receive reports on the results of internal audits in the form of individual internal audit reports, attend internal audit report meetings held quarterly (in principle) to receive reports from the General Manager of the Audit Department and the General Manager of the Group Internal Audit Department, and separately hold a regular monthly information exchange meeting with the General Manager of the Audit Department and the General Manager of the Group Internal Audit Department. In addition, a regular information exchange meeting is held once a month with the General Manager of the Audit Department and the General Manager of the Group Internal Audit Department to confirm the appropriateness of internal operations and compliance status, to improve operations, and to share matters requiring guidance. In addition, the Company closely exchanges information on the Audit and Supervisory Committee's audit policy plan and internal audit policy, etc.

(iii) Status of accounting audit

a. Name of the auditing firm

Deloitte Touche Tohmatsu LLC.

b. Continuous audit period

18 years

c. Name of the certified public accountants that performed the duties

Designated limited liability partner, engagement partner: Takuya Nagashima, Yoshihiro Ishida

d. Assistants for audit operations, etc.

The composition of assistants for auditing services is determined in accordance with the audit plan of the audit corporation, which consists of 16 certified public accountants and 22 other audit personnel.

e. Policies and reasons for choosing the auditing firm

The Company's Audit and Supervisory Committee confirms, based on the Practical Guidelines for Company Auditors, etc., on the Evaluation of Financial Auditors and the Development of Selection Criteria published by the Japan Audit & Supervisory Board Members Association, the status of quality management by Financial Auditors, independence and expertise, properly developed audit systems, and the reasonableness and suitability of the specific audit plan and audit fees. The committee comprehensively assesses Financial Auditors based on their audit performance in the past, etc., and makes a judgment on the selection.

If Financial Auditors are recognized as falling under any item of Article 340, Paragraph 1 of the *Companies Act*, the Audit and Supervisory Committee will dismiss them with the consent of all members of the committee. If there is any problem in the execution of the duties of Financial Auditors or if it is judged as necessary, the Audit and Supervisory Committee will propose the dismissal or refusal of re-election of Financial Auditors to the General Meeting of Shareholders.

f. Assessment of the auditing firm by the Audit and Supervisory Committee

As a result of assessing Financial Auditors based on the Company's selection policy items, including the quality management system, independence, and communication with the management, Audit and Supervisory Committee Members, and the finance and accounting department, the Company's Audit and Supervisory Committee made a comprehensive judgment that the accounting audit was properly conducted.

(iv) Audit fees, etc.

a. Remuneration for certified public accountants, etc., involved in audits

(Millions of yen)

| Category | Previous consolidated FY | | Current consolidated FY | |
|-------------------------|--|--|--|--|
| | Remuneration based on audit and attestation services | Remuneration based on non-audit operations | Remuneration based on audit and attestation services | Remuneration based on non-audit operations |
| Reporting company | 68 | 2 | 69 | 2 |
| Consolidated subsidiary | 111 | — | 78 | — |
| Total | 180 | 2 | 147 | 2 |

In both the previous consolidated fiscal year and the current consolidated fiscal year, the content of the non-audit services provided by the submitting company consisted of advisory services related to compliance with the revised J-SOX standards.

b. Remuneration for organizations that belong to the same network as the certified public accountants, etc., involved in the audit (excluding 1)

(Millions of yen)

| Category | Previous consolidated FY | | Current consolidated FY | |
|-------------------------|--|--|--|--|
| | Remuneration based on audit and attestation services | Remuneration based on non-audit operations | Remuneration based on audit and attestation services | Remuneration based on non-audit operations |
| Reporting company | — | — | — | — |
| Consolidated subsidiary | 2 | — | 2 | — |
| Total | 2 | — | 2 | — |

c. Remuneration based on other important audit and attestation services

Previous consolidated fiscal year

There are no notable matters.

Current consolidated fiscal year

There are no notable matters.

d. Policy for deciding audit fees

The Company appropriately decides the amount of audit fees in sufficient consideration of the audit plan and audit details of the certified public accountant, etc., time required for the audit, etc.

e. Reasons why the Audit and Supervisory Committee agreed on the remuneration for Financial Auditors, etc.

The Company's Audit and Supervisory Committee confirmed the audit time by audit item, the transition of audit fees, and the audit plan and results in past years and examined the adequacy of the audit time and remuneration estimates for the current fiscal year based on the Practical Guidelines on the Collaboration with Financial Auditors published by the Japan Audit & Supervisory Board Members Association. As a result, the committee gave the consent specified in Article 399, Paragraphs 1 and 3 of the *Companies Act* regarding the remuneration, etc., for Financial Auditors.

(4) Remuneration for Officers, etc.

(i) Matters relating to the policy regarding the determination of the amount of compensation for officers, etc., and its calculation method

a. Executive Compensation Policy

We have established the following compensation policy for officers in harmony with our corporate philosophy of providing "Solutions to Society's Problems," which remains unchanged since the establishment of the Company, and according to the principles of the Corporate Governance Code.

(a) Basic policy

- Compensation should be at a level that ensures diversity on the board of directors and the hiring of global management personnel who have excellent traits and knowledge.

- The compensation system should contribute to the sustainable growth of Pasona Group and to the medium- to long-term enhancement of corporate value.
- The compensation determination process should be highly fair, transparent, and objective.

(b) Compensation Level Concept

- The compensation level should be benchmarked according to third-party compensation surveys of listed companies in Japan.
- The compensation level should be determined by taking into consideration the officer's position, responsibilities, and level of contribution to the Company and should be reviewed according to changes in the external environment and the officer's responsibilities, etc.

(c) Compensation System Concept

- The compensation system should consist of a basic compensation that is fixed and a performance-linked stock compensation aimed to motivate the officers to make greater contributions to the Company's medium- to long-term business performance and enhancement of corporate value.
- The linkage between the compensation for directors, etc., and the Company's business performance and shares should be clear for motivating the officers to make greater contributions to the Company's medium- to long-term business performance and enhancement of shareholder value.

(d) Compensation Governance Concept

- Compensation for individual Company directors should be determined by the nomination and compensation committee, which consists of a majority of independent outside directors who meet the Company's independence criteria.

b. Method of determining the policy for determining the details of compensation, etc., for each Individual Director

At a meeting of the Board of Directors held on February 26, 2021, the Company resolved to adopt a policy for determining the content of remuneration, etc., for each individual Director (hereinafter referred to as the "Determination Policy"). At the Board of Directors meeting held on June 30, 2021, the Company resolved to revise said Determination Policy in accordance with the establishment of the Nomination and Compensation Committee.

c. Summary of decision-making policy

The maximum amount of remuneration for Directors was determined by a resolution of the 10th Annual General Meeting of Shareholders held on August 18, 2017.

Remuneration for Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and Non-Executive Directors)

The compensation for Directors (excluding members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) consists of base compensation, which is fixed compensation, and performance-linked stock compensation, which is designed to raise awareness of the need to contribute to medium- to long-term business performance and the enhancement of corporate value. In principle, the ratio of performance-linked stock compensation to total compensation is designed to be approximately 0% to 30% when the performance targets are achieved. On the other hand, remuneration for other Directors consists only of fixed remuneration, taking into consideration that they are in a position to supervise Directors that execute business operations.

Fixed remuneration for Directors that are not members of the Audit and Supervisory Committee is determined within the total amount of remuneration for Directors approved at the General Meeting of Shareholders by the Nomination and Compensation Committee, which is composed of a majority of Independent Outside Directors that meet the Company's criteria for independence, taking into consideration their position, position, role, contribution to the Company, and other factors. On the other hand, fixed remuneration for Directors that are members of the Audit and Supervisory Committee is determined through discussions among the Directors that are members of the Audit and Supervisory Committee within the total amount of remuneration approved at the General Meeting of Shareholders.

Performance-linked stock compensation is provided through a stock benefit trust (BBT) and is determined based on the achievement of performance targets for each fiscal year and other factors based on the basic coefficient for each Director (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) according to his or her position in the Company. The evaluation index is determined by a method determined by the Board of Directors based on the basic coefficient in accordance with the position of each Director (excluding members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors). The

Company uses consolidated operating profit and profit attributable to shareholders of the parent company, which are the results of business activities, as the evaluation indexes, and sets specific maximum amounts to enhance transparency and objectivity.

Fixed remuneration is determined as an annual amount, one-twelfth of which is given monthly starting in September, and shares related to the performance-linked stock-based remuneration, the Stock Benefit Trust (BBT), are in principle delivered upon retirement.

- d. Reasons why the Board of Directors determined that the details of individual remuneration, etc., of Directors for the current fiscal year are in line with the decision-making policy

In determining the details of fixed remuneration, etc. for each individual director for the current fiscal year, the Nomination and Compensation Committee, consisting of a majority of independent outside directors who meet the Company's criteria for independence, made the decision, and the Company believes that it is in line with the decision-making policy.

Performance-linked stock compensation is determined in accordance with the Directors' Stock Benefit Regulations established by the Board of Directors and is judged to be in line with the decision-making policy.

- (ii) Matters regarding the General Meeting of Shareholders' resolution on Directors' remuneration, etc.

The amount of monetary compensation for the Company's Directors (excluding Directors that are members of the Audit and Supervisory Committee) was approved at the 10th Ordinary General Meeting of Shareholders held on August 18, 2017 as an annual amount of ¥600 million or less (including an amount of ¥50 million or less per year for Outside Directors). The number of Directors (excluding Directors that are members of the Audit and Supervisory Committee) as of the conclusion of said Annual General Meeting of Shareholders was five (of which zero are Outside Directors).

In 2015, the Company introduced a performance-linked stock compensation plan for Directors separate from said monetary compensation, and at said Ordinary General Meeting of Shareholders, the maximum amount of compensation for Directors (excluding Directors that are Audit & Supervisory Committee Members and Outside Directors) was approved as the amount of compensation for Directors (excluding Directors that are Audit & Supervisory Committee Members and Outside Directors) when the Company changed from a company with a Board of Corporate Auditors to a company with an Audit & Supervisory Committee. At said Ordinary General Meeting of Shareholders, the Company decided to limit the amount of compensation to Directors (excluding Directors that are members of the Audit and Supervisory Committee and Outside Directors) to ¥800 million over five fiscal years (the amount of money to be contributed to the Trust as a source of funds for share acquisition) and the number of points to be granted (converted into one share/point in principle at the time of payment). The maximum number of points to be granted is 260,000 points per fiscal year. The number of Directors (excluding Directors that are members of the Audit and Supervisory Committee) as of the conclusion of the Ordinary General Meeting of Shareholders is five.

The amount of monetary remuneration for Directors that are members of the Audit and Supervisory Committee was approved at the Ordinary General Meeting of Shareholders as an annual amount not exceeding ¥100 million. The number of Directors that are members of the Audit and Supervisory Committee as of the conclusion of the Ordinary General Meeting of Shareholders is four.

Furthermore, at the Board of Directors meeting held on July 15, 2025, the Company resolved to introduce a restricted stock compensation plan as a new equity compensation system for Directors that are not members of the Audit and Supervisory Committee and for Directors that are members of the Audit and Supervisory Committee, respectively. The Company will submit a proposal regarding this plan to the 18th Ordinary General Meeting of Shareholders scheduled to be held on August 22, 2025 (hereinafter referred to as the "General Meeting of Shareholders") (see (vi)).

Furthermore, regarding the compensation amount for Directors that are members of the Audit and Supervisory Committee, the Company resolved at its Board of Directors meeting on July 22, 2025, to change it to an annual amount not exceeding ¥200 million and will submit a proposal concerning this compensation revision to the General Meeting of Shareholders.

- (iii) Matters regarding delegation related to the decision on the remuneration, etc., of individual Directors

With regard to fixed remuneration for directors, in order to strengthen fairness, transparency, and objectivity, and to enhance corporate governance, the Company has resolved to delegate the determination of specific details of the amount of remuneration for each individual director to the Nomination and Compensation Committee, which is composed of a majority of independent outside directors who meet the Company's independence criteria. The content of its authority is matters related to individual fixed remuneration for non-audit committee members within the scope approved by the General Meeting of Shareholders, and the committee utilizes external objective data as necessary to make fair judgments. In addition, from the perspective of social compatibility and accountability to stakeholders, the Company discusses the

disclosure of directors' remuneration, etc., and reports back to the Board of Directors as necessary. The Nominating and Compensation Committee is composed of three members, two of whom are outside directors and one of whom is an expert in the field, as determined by resolution of the Board of Directors.

| Name | Position and responsibility |
|-----------------|---|
| Yutaka Hori | Expert (Attorney-at-law) |
| Haruo Funabashi | Audit and Supervisory Committee Member (Independent Outside Director) |
| Kazuo Furukawa | Audit and Supervisory Committee Member (Independent Outside Director) |

The Nomination and Compensation Committee mainly deliberates and reports to the Board of Directors on the following matters.

- i) Matters related to the election and dismissal of Directors (matters to be resolved at the general meeting of shareholders)
- ii) Matters concerning the selection and dismissal of Representative Directors
- iii) Matters related to the selection and dismissal of Executive Directors
- iv) Matters relating individual fixed compensation for Directors that are not Audit and Supervisory Committee Members

The activities of the Board of Directors and the relevant Nominating and Compensation Committee in the process of determining the amount of remuneration, etc., of Directors for the current fiscal year are as follows.

a. Board of Directors

June 2021: Matters concerning the policy for determining individual remuneration, etc. for directors.

b. Nomination and Compensation Committee

July 2023: Matters concerning remuneration of directors after the conclusion of the 16th Ordinary General Meeting of Shareholders.

July 2024: Matters concerning remuneration policy, matters concerning remuneration of Directors after the conclusion of the 17th Ordinary General Meeting of Shareholders

March 2025: Matters concerning market trends in executive compensation

(iv) Matters regarding performance-linked remuneration, etc., in the current fiscal year

The Company has adopted a stock benefit trust (BBT) as a performance-linked stock-based compensation plan to clarify the linkage between the compensation of directors and the Company's business performance and shareholder value, and to increase their awareness of the need to contribute to the Company's medium- to long-term performance and enhancement of its corporate value.

The performance-linked share remuneration is based on a basic coefficient according to the position of each director (excluding Directors that are members of the Audit and Supervisory Committee and non-Executive Directors) in accordance with the degree of achievement of performance targets, etc., for each fiscal year. The performance-linked stock compensation is determined by a method determined by the Board of Directors based on the basic coefficient in accordance with the position of each Director (excluding Directors that are members of the Audit and Supervisory Committee and non-Executive Directors) according to the degree of achievement of performance targets for each fiscal year. The Company uses consolidated operating profit and profit attributable to shareholders of the parent company as the evaluation indexes and sets specific maximum amounts to enhance transparency and objectivity. The specific calculation method is as follows.

The reason for selecting these performance indicators is that the Company believes it is appropriate to use consolidated operating profit and profit attributable to shareholders of the parent company, as the profit/loss figures are clear in considering the contribution of a single fiscal year to the Company's performance.

a. Target

As of September 1 of the fiscal year under evaluation, Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) and Executive Officers (limited to those that were Directors immediately prior to the transition to a company with an Audit and Supervisory Committee system) ("Directors, etc.").

b. Assets to be paid as performance-linked stock-based compensation

Common stock of the Company

c. Calculation method for the total number of points to be paid as stock-based compensation

Smallest of the following amounts x 30% / Accounting book value per share in the trust of the Company's shares scheduled to be granted

i) Excess of consolidated operating profit target

ii) Excess of profit attributable to shareholders of the parent company over target

iii) ¥400 million

d. Calculation method of the number of points to be paid individually

Total number of points paid x (Basic coefficient by individual / Total basic coefficient)

e. List of basic coefficients by position

| Role | Basic factor per capita | Year ending May 31, 2025 (planned) | |
|------------------------------------|-------------------------|------------------------------------|---------------------------|
| | | Number of persons | Maximum points per person |
| Group Representative and President | 300 | 1 | 95,100 |
| Executive Vice Presidents | 80 | 3 | 25,300 |
| Senior Managing Executive Officers | 80 | 2 | 25,300 |
| Managing Executive Officers | 60 | 2 | 19,000 |
| Total | — | 8 | — |

Note 1: Directors, etc., subject to performance-based stock compensation are "Executive Officers" as defined in Article 34, Paragraph 1, Item 3 of the *Corporation Tax Act*.

Note 2: i) and ii) above are calculated by subtracting "the target value of consolidated business performance (operating profit or profit attributable to owners of the parent company) disclosed in the financial statements for the previous fiscal year, which is disclosed at the beginning of the fiscal year subject to evaluation," from "consolidated business performance (operating profit or profit attributable to owners of the parent company) for the fiscal year subject to evaluation. If the target value of consolidated performance was not disclosed in the relevant financial report, the amount in excess of the target shall be ¥0.

Note 3: "Consolidated business results (operating profit or profit attributable to owners of the parent) for the fiscal year subject to evaluation" shall be the amount before subtracting "expenses (stock benefit expenses)" to be recorded in accordance with the provisions of the stock benefit regulations stipulated for the relevant performance-linked stock compensation plan and stock benefit trust for employees.

Note 4: The amount obtained by multiplying the smallest of i) through iii) above by 30% shall be rounded down to the nearest ¥1 million.

Note 5: Points will not be granted if the smallest amount of i) through iii) above is less than ¥20 million.

Note 6: The annual limit on the total number of points to be granted is 260,000 points.

Note 7: Each point will be converted into one share when the Company's shares are delivered.

The Board of Directors meeting scheduled to be held after the Ordinary General Meeting of Shareholders scheduled for August 22, 2025 plans to revise the Executive Stock Grant Regulations. Based on the revised Executive Stock Grant Regulations, the basic coefficients for each executive position for the fiscal year ending May 2026 are expected to be as follows.

| Role | Basic factor per capita | Year ending May 31, 2026 (planned) | |
|---------------------------------------|-------------------------|------------------------------------|---------------------------|
| | | Number of persons | Maximum points per person |
| Representative Director and chairman | 120 | 1 | 51,500 |
| Representative Director and President | 100 | 1 | 42,900 |
| Vice President Executive Officers | 80 | 4 | 34,300 |
| Senior Managing Executive Officers | 65 | 1 | 27,900 |
| Total | — | 7 | — |

f. Reference: Targets and results of indicators related to performance-linked stock compensation in the current fiscal year:

(millions of yen)

| Indicators | Fiscal year ended May 31, 2025 Target | Fiscal year ended May 31, 2025 Actual | Reference: Fiscal year ending May 31, 2026 Target |
|---|---|---|---|
| Consolidated operating profit | 5,000 | (1,237) | 2,500 |
| Profit attributable to owners of the parent | 1,300 | (8,658) | 500 |

Note: No stock benefit expenses were recorded in the current fiscal year.

g. Reference: Resolutions of the 10th Ordinary General Meeting of Shareholders (held on August 18, 2017)

(a) Overview

The performance-linked stock compensation plan (hereinafter referred to as the "Plan") is a performance-linked stock compensation plan under which the Company contributes cash (hereinafter referred to as "Stock Benefit Expense"). The Company's shares will be acquired through a Trust funded by money to be contributed by the Company (the maximum amount is as described in "b." below) and will be distributed to Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors; the same shall apply in "g." below). The Company's shares shall be acquired through the Trust. The Company's shares and money equivalent to the amount obtained by converting the Company's shares to market value (hereinafter referred to as the "Company's shares, etc.") are delivered to the Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) through the Trust in accordance with the Directors' Share Payment Regulations as established by the Board of Directors. The Company's Directors are entitled to receive the Company's shares and money equivalent to the market value of the Company's shares ("the Company's shares, etc.") through the Trust in accordance with the Directors' Share Benefit Regulations as established by the Board of Directors. In principle, the Company's Directors will receive the Company's shares, etc., at the time of their retirement. As of the date of the resolution of said General Meeting of Shareholders, the number of Directors pertaining to this provision is five.

(b) Maximum amount of contributions by the Company (amount of compensation, etc.)

The Company has adopted this plan (hereinafter referred to as the "Plan") for the five (5) fiscal years ending May 31, 2016 through the fiscal year ended May 31, 2020 and each subsequent covered period. The initial eligibility period of such five (5) fiscal years and the period for each of the five (5) fiscal years commencing after the expiration of such five (5) fiscal years are each referred to as the "Relevant Period". As funds for the acquisition of shares to be delivered to the Company's Directors under the Plan with respect to the initial Relevant Period, the Company has contributed up to 800 million yen and established a trust (hereinafter referred to as the "Trust"), the beneficiaries of which are Directors who satisfy the requirements for beneficiaries. Upon the transition to a company with an Audit and Supervisory Committee, the Trust will continue to exist as a trust whose beneficiaries will be those who have retired as Directors and meet the requirements for beneficiaries.

Even after the elapse of the applicable period, the Company will make contributions of up to 800 million yen for each applicable period until the termination of the Plan. However, in the event of such a contribution, if there are any shares (Company's shares equivalent to the number of points described in "c" below that have been granted to Directors, excluding shares that have not yet been delivered to Directors.) of the Company's shares or money (hereinafter referred to as the "Residual Shares, etc.") remaining in the trust assets at the end of the Relevant Period immediately preceding the Relevant Period during which such a contribution is to be made, the total amount of the Residual Shares, etc. (for the Company's shares, it shall be the book value as of the end of the immediately preceding subject period) and the money to be contributed shall be within the maximum amount approved at such annual shareholders meeting. If the Company decides to make a contribution, it will be disclosed in a timely and appropriate manner.

(c) Specific details of the Company's shares to be delivered to Directors

With respect to each fiscal year, the Company shall grant to each Director a number of points calculated by taking into consideration the degree of achievement of consolidated performance targets based on a basic coefficient to be granted in accordance with the duties and responsibilities of each Director. The total number of points to be granted to Directors per fiscal year shall be up to 260,000 points (equivalent to 260,000 shares of common stock of the Company).

Each point granted to a director will be converted into one share of the Company's common stock when the Company's shares, etc., are delivered as described in "d." below. (However, in the event of a stock split, the gratis allotment of shares or reverse stock split of the Company's shares, the conversion ratio will be reasonably adjusted in accordance with the ratio, etc.)

(d) Timing of Delivery to Directors

In the event that a Director retires and satisfies the requirements for beneficiaries as stipulated in the Regulations on Directors' Share Benefits, such Director shall, in principle, receive from the Trust the Company shares corresponding to the accumulated number of points granted by the time of his/her retirement by completing the prescribed procedures to determine beneficiaries. However, if the requirements stipulated in the Rules on Directors' Stock Benefits are met, a certain percentage of shares of the Company may be delivered in cash at market value instead of shares of the Company.

In some cases, the Trust may sell the Company's shares in order to deliver cash.

(e) Voting rights pertaining to shares in the Trust

Voting rights pertaining to the Company's shares in the Trust shall not be exercised uniformly in accordance with the instructions of the Trust Manager. By using this method, the Company intends to ensure neutrality toward the Company's management with respect to the exercise of voting rights pertaining to the Company's shares in the Trust.

(v) Details of non-monetary compensation, etc.

The Company has adopted a stock benefit trust (BBT). Details are described in "4. Status of corporate governance, etc.(4) Remuneration for Officers, etc.(iv) Matters regarding performance-linked remuneration, etc., in the current fiscal year."

(vi) Matters concerning the introduction of restricted stock awards

At the Board of Directors meeting held on July 15, 2025, the Company reviewed its executive compensation system and resolved to introduce a restricted stock compensation system (hereinafter referred to as "the System"). Accordingly, the Company has decided to submit a proposal regarding the System to the 18th Ordinary General Meeting of Shareholders (hereinafter referred to as the "General Meeting of Shareholders") scheduled to be held on August 22, 2025.

a. Purpose and conditions of introduction of the System

(i) Purpose of introduction

The purpose of the System is to provide incentives to the Directors (including Directors that are members of the Audit and Supervisory Committee and outside directors; hereinafter referred to as "Eligible Directors") to continuously improve our corporate value and to further promote value sharing with our shareholders.

(ii) Conditions for introduction

In introducing the System, we will grant the Eligible Directors either (1) our common stock or (2) monetary claims for acquiring our common stock as compensation. Therefore, we will make the introduction of this system conditional upon obtaining the approval of our shareholders at this general meeting of shareholders for the granting of such compensation.

b. Overview of the System

Compensation paid to eligible directors under the System shall be in the form of (1) common shares of the Company or (2) monetary claims as property contributed in kind for the acquisition of common shares of the Company, and eligible directors shall receive common shares of the Company issued or disposed of based on a resolution of the Board of Directors of the Company. The total amount of common stock or monetary claims of the Company to be paid to Directors that are not members of the Audit and Supervisory Committee under the System shall be within 300 million yen per year (of which the portion for outside directors shall be within 25 million yen per year). (However, this does not include the employee portion of the salary for directors who are also employees.) The total amount of common stock or monetary claims of the Company to be paid to Directors that are members of the Audit and Supervisory Committee shall be within 100 million yen per year. In addition, the total number of common shares newly issued or disposed of by the Company to Directors that are not members of the Audit and Supervisory Committee shall be within 150,000 shares per year (of which up to 12,500 shares per year shall be allocated to outside directors), and the total number of common shares newly issued or disposed of by the Company to Directors that are members of the Audit and Supervisory Committee shall be within 50,000 shares per year.

However, if a stock split (including a gratis allotment of our common stock) or stock consolidation of our common stock is conducted with an effective date after the date of resolution at this shareholders' meeting, the total number of shares will be adjusted as necessary within a reasonable range in accordance with the split ratio, consolidation ratio, etc., after the effective date.

Under this system, when ordinary shares of the Company are issued to eligible directors as compensation without issuing monetary claims, such ordinary shares shall be issued or disposed of as compensation to the eligible directors, and no payment of monetary claims as consideration for the ordinary shares shall be required. The amount of common stock of the Company to be granted to the eligible director shall be calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution regarding the issuance or disposition of the common stock (if no transactions were concluded on that day, the closing price of the most recent transaction prior to that day) as the amount per share of the common stock of the Company to be issued or disposed of.

On the other hand, as compensation paid under this system, if monetary claims are paid to the Eligible Directors as property for contribution in kind for the acquisition of our common stock, the Eligible Directors shall, based on a resolution of our Board of Directors, pay in all monetary claims paid under this system as property for contribution in kind and shall receive the issuance or disposal of our common stock. In such cases, the subscription price per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution (or, if no transactions were concluded on that date, the closing price of the most recent transaction prior to that date), within a range that does not result in an amount particularly favorable to the eligible director who is to subscribe for the common stock.

The specific timing and allocation of payments to each eligible director will be determined by the Nomination and Compensation Committee, which is composed of a majority of independent Outside Directors that meet our independence criteria.

Furthermore, in connection with the issuance or disposal of the Company's common stock (hereinafter referred to as "the Shares") under the System and the payment of monetary claims as consideration for the transfer of assets, the following conditions shall apply between the Company and the Eligible Directors: (i) For a certain period (hereinafter referred to as the "transfer restriction period"), the transfer of the Shares to third parties, the establishment of security interests, or any other disposition of the Shares shall be prohibited; and (ii) In the event of certain circumstances, the Company may acquire the Shares without compensation. During the transfer restriction period, the shares shall be managed in a dedicated account opened by the target director at Nomura Securities Co., Ltd. to prevent any transfer, establishment of security interests, or other disposition of the shares.

Furthermore, subject to the approval of the proposal regarding the System at this shareholders' meeting, we plan to introduce a similar transfer-restricted stock compensation system for executive officers who do not concurrently serve as directors of the Company.

c. Changes to the compensation system based on this system

If this system is approved as proposed, we plan to revise the decision-making policy regarding the compensation of individual directors based on the introduction of this compensation system. We plan to revise the items listed "a. Executive Compensation Policy (b) Compensation Level Concept" and "(c) Compensation System Concept," as described in "(i) Matters relating to the policy regarding the determination of the amount of compensation for officers, etc., and its calculation method," as follows i) and ii). as follows.

(i) a. Executive Compensation Policy

(c) Compensation System Concept

- The link between the compensation for directors, etc., and the Company's business performance and shareholder value should be clear in order to motivate the officers to make greater contributions to the Company's medium- to long-term business performance and enhance corporate value.
- Compensation for directors (excluding directors who are members of the Audit and Supervisory Committee) consists of fixed compensation (monetary compensation) and stock-based compensation. The stock-based compensation is comprised of restricted stock compensation designed to share value with shareholders and performance-linked stock compensation designed to enhance awareness of contribution to medium- to long-term performance and improve corporate value. As a general rule, the ratio of fixed compensation (monetary compensation) to stock-based compensation (restricted stock compensation + performance-linked stock compensation) is designed to be 6:4.
- compensation for directors who are members of the Audit and Supervisory Committee is structured in consideration of their role in overseeing the execution of business operations by other directors, and consists of fixed compensation (monetary compensation) and restricted stock compensation as stock-based compensation. As a general rule, the ratio

of fixed compensation (monetary compensation) to stock-based compensation (restricted stock compensation) is designed to be 8:2.

(ii) c. Outline of the decision policy

The Company set forth a remuneration limit payable to directors, which was approved by the shareholders at the Ordinary General Meeting of Shareholders held on August 18, 2017 and at the Ordinary General Meeting of Shareholders held on August 22, 2025.

Compensation for directors (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and non-executive directors) consists of fixed compensation (monetary compensation) and stock-based compensation. The stock-based compensation is comprised of restricted stock compensation designed to share value with shareholders and performance-linked stock compensation designed to enhance awareness of contribution to medium- to long-term performance and improve corporate value. The ratio of performance-linked stock compensation to the total compensation is designed to be approximately 0% to 30% when performance targets are achieved. The fixed compensation (monetary compensation) to stock-based compensation (restricted stock compensation + performance-linked stock compensation) is generally designed to be a ratio of 6:4.

On the other hand, compensation for directors who are members of the Audit and Supervisory Committee is structured in consideration of their role in overseeing the execution of business operations by other directors and consists of fixed compensation (monetary compensation) and restricted stock compensation as stock-based compensation. As a general rule, the ratio of fixed compensation (monetary compensation) to stock-based compensation (restricted stock compensation) is designed to be 8:2.

The basic, fixed portion of the compensation (monetary compensation) and restricted stock compensation for each director who is not a member of the Audit and Supervisory Committee is—subject to the compensation limits for directors approved at a Shareholders' Meeting—determined by the nomination and compensation committee, which is composed of a majority of independent outside directors who meet the Company's independence criteria, based on the directors' position, responsibilities, and contribution to the Company. However, the fixed compensation (monetary compensation) and restricted stock compensation for directors who are members of the Audit and Supervisory Committee is determined based on discussions among the directors who are Audit and Supervisory Committee members themselves within the compensation limits approved at a Shareholders' Meeting.

Performance-linked stock compensation, which is based on the Board Benefit Trust (BBT), is scalable to the degree of business goals achieved in a business year. It is computed for each director (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and non-executive directors) using a method pre-determined by the board of directors and based on a basic coefficient assigned to each director according to his or her position. For the evaluation metrics, in addition to using consolidated operating profit resulting from business activities and net income attributable to stockholders of the parent company, a specific maximum amount has been set to increase transparency and objectivity.

Fixed compensation (monetary compensation) and the restricted stock compensation is set to an annual amount, with one-twelfth of the amount to be granted each month starting in September, and shares related to the Board Benefit Trust (BBT), which is a performance-linked, stock-based compensation system, are, in principle, to be delivered upon retirement.

(vii) Total amount of remuneration, etc., by Officer category, total amount of remuneration, etc., by type of remuneration, and the number of eligible Directors

| Executive classification | Total amount of remuneration, etc. (millions of yen) | Total amount of remuneration, etc. By type (millions of yen) | | Number of eligible Officers (persons) |
|--|--|--|---------------------------------|---------------------------------------|
| | | Fixed remuneration | Performance-linked remuneration | |
| Directors not serving as Audit and Supervisory Committee Members (excluding Outside Directors) | 292 | 292 | — | 5 |
| Directors serving as Audit and Supervisory Committee Members (excluding Outside Directors) | 17 | 17 | — | 1 |
| Outside Officers | 55 | 55 | — | 4 |

Note 1: The maximum amount of remuneration for Directors that are not members of the Audit and Supervisory Committee was resolved at the 10th Ordinary General Meeting of Shareholders held on August 18, 2017 to be no more than 600 million yen per year (of which, the amount for Outside Directors is no more than 50

million yen per year). As of the date of the resolution, the number of Directors related to this provision was five. In addition, a separate resolution was passed on August 18, 2017, such that the number of Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) shall be limited to five. With respect to the above, a stock benefit trust (BBT) was resolved as a performance-linked stock compensation plan at the 10th Ordinary General Meeting of Shareholders held on August 18, 2017, and the amount of provision for stock benefit reserve recorded for the current fiscal year is shown above.

Note 2: The maximum amount of remuneration for Directors that are members of the Audit and Supervisory Committee was resolved at the 10th Ordinary General Meeting of Shareholders held on August 18, 2017 to be no more than ¥100 million per year. As of the date of such resolution, the number of Directors pertaining to such stipulation was four (including three Outside Directors). Furthermore, the agenda item (resolution matter) "Revision of Compensation Amount for Directors Who Are Audit and Supervisory Committee Members" is scheduled to be presented at the Ordinary General Meeting of Shareholders to be held on August 22, 2025. If this resolution is approved and passed, the remuneration limit for directors serving as Audit and Supervisory Committee members is expected to be within ¥200 million (the number of Directors pertaining to this provision is five, including four Outside Directors).

Note 3: As of the end of the current fiscal year, the number of Directors is five Directors that are not Audit and Supervisory Committee Members and five Directors that are Audit and Supervisory Committee Members (including four Outside Directors).

(viii) Total amount of consolidated remuneration, etc., for each Director/Officer

| Name | Total amount of Amount Consolidated remuneration (millions of yen) | Classification of Officers | Classification of company | Consolidated remuneration, etc., by type (millions of yen) | |
|----------------|--|----------------------------|---------------------------|--|---------------------------------|
| | | | | Fixed remuneration | Performance-linked remuneration |
| Yasuyuki Nambu | 180 | Representative Director | Submitting company | 126 | — |
| | | Representative Director | Pasona Inc. | 54 | — |

(Note) The above figures are limited to those in which the total amount of consolidated remuneration, etc., is ¥100 million or more.

(ix) Employee salaries of Directors and Corporate Auditors concurrently serving as employees

Not applicable

(5) Status of shareholding

(i) Criteria and Policy for Classification of Investment Stocks

The Company classifies investment shares held for purposes other than pure investment into those held exclusively for the purpose of receiving profits from changes in the value of the shares or dividends related to the shares and those held for purposes other than pure investment into those held for the purpose of contributing to the Company's medium- to long-term growth and improvement of corporate value, in addition to those purposes. Investment shares for purposes other than pure investment are classified as shares held for the purpose of contributing to the medium- to long-term growth of the Company and improvement of its corporate value, in addition to those purposes.

(ii) Status of Shareholdings in the Submitting Company

The following is a summary of the Company's shareholdings in the Submitting Company.

a. Shares held by the Company for purposes other than pure investment

(a). Method of verifying holding policy and rationality of holding, and the details of verification by the Board of Directors, etc., regarding appropriateness of holding individual stocks

The Company holds investment shares for purposes other than pure investment when it is possible to judge that business benefits can be obtained through the expansion of transactions and collaboration with customers and business partners, while strengthening and maintaining relationships of trust with them in order to enhance the Company's corporate value from a medium- to long-term perspective.

In addition, we will hold investment shares for purposes other than pure investment (however, limited to listed shares). The Board of Directors will determine the appropriateness of continuing to hold the shares after examining whether these purposes have been achieved and whether the business benefits can be obtained. If it is determined that the holding is no longer reasonable, the shares will be sold.

In exercising voting rights for shares held by the Company, the Board of Directors will determine whether the proposals are in line with the Company's holding policy and whether they contribute to the development of the issuing company, the enhancement of shareholder profits, and the interests of the Company's shareholders and investors, before exercising voting rights in an appropriate manner.

(b) Number of issues and balance sheet amount

| | Number of stocks (issue) | Total amount on balance sheet (millions of yen) |
|-----------------------------------|-----------------------------|--|
| Unlisted stocks | 19 | 2,090 |
| Stocks other than unlisted stocks | 2 | 3 |

(Issues for which the number of shares increased in the current fiscal year)

| | Number of stocks (issue) | Total acquisition cost related to increase in number of shares (millions of yen) | Reason for increase in number of shares |
|-------------------------------------|-----------------------------|--|---|
| Unlisted stocks | 8 | 1,412 | Collaboration and creation of business synergies through alliances with portfolio companies, etc. |
| Stock other than unlisted stocks | — | — | — |

(Issues for which the number of shares decreased in the current fiscal year)

Not applicable

(c) Information on the number of shares, balance sheet amount, etc., of specified investment shares and deemed investment shares by issue

Specified investment stocks

| Issue | Current fiscal year | Previous fiscal year | Purpose of holding, outline of business alliance, quantitative effect of holding, and reasons for increase in number of shares | Number of shares of the company's stock shareholding |
|--------------------------------|--|---|---|--|
| | Number of shares | Number of shares | | |
| | Balance sheet amount (millions of yen) | Balance sheet amount (millions of yen) | | |
| Recruit Holdings Co.,Ltd. | 300 | 300 | (Purpose of holding) Business research and information gathering (Note) | None |
| | 2 | 2 | | |
| PERSOL HOLDINGS CO.,LTD. | 3,000 | 3,000 | (Purpose of holding) Business research and information gathering (Note) | None |
| | 0 | 0 | | |

Note: Quantitative holding effects are not measured because the purpose of holding is to gather information. The Company judges the reasonableness of its holdings after verifying that the risks and costs associated with the holdings are not material.

Deemed holding shares

Not applicable

b. Investment stocks held for pure investment purposes

Not applicable

c. Investment stocks for which the purpose of holding changed from pure investment to other than pure investment during the current fiscal year

Not applicable

d. Investment stocks for which the purpose of holding was changed from pure investment to other than pure investment during the fiscal year

Not applicable

I-5. Status of accounting

1. Method to prepare consolidated financial statements and financial statements

(1) The Company's consolidated financial statements are prepared based on the *Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements* (Law number: Ministry of Finance Order No. 28 of 1976).

(2) The Company's financial statements are prepared based on the *Regulation on Terminology, Forms, and Preparation Methods of Financial Statements* (Law number: Ministry of Finance Order No. 59 of 1963; hereinafter, the "Regulation on Financial Statements, etc.").

The Company is a special company submitting financial statements and prepares its financial statements based on the provisions of Article 127 of the *Regulation on Financial Statements, etc.*

2. Audit attestation

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, the consolidated financial statements for the consolidated fiscal year (June 1, 2024 to May 31, 2025) and the business year (June 1, 2024 to May 31, 2025) were audited by Deloitte Touche Tohmatsu LLC.

3. Special efforts for ensuring the appropriateness of consolidated financial statements

The Company takes special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation (FASF) in order to appropriately understand the content of accounting standards, etc., and to develop a system that can accurately respond to changes in accounting standards, etc. In addition, the Company participates in training sessions conducted by the organization, collects information in a timely and appropriate manner, and shares it with its Group companies.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Millions of yen)

| | As of May 31, 2024 | As of May 31, 2025 |
|-------------------------------------|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | ※1 192,281 | ※1 124,771 |
| Notes receivable - trade | ※2 182 | ※2 23 |
| Accounts receivable - trade | ※2 33,594 | ※2 33,406 |
| Contract assets | 9,678 | 7,842 |
| Securities | — | 14,500 |
| Inventories | ※3 1,781 | ※3 2,352 |
| Income taxes refund receivable | 1,231 | 120 |
| Other | 4,951 | 5,980 |
| Allowance for doubtful accounts | (63) | (48) |
| Total current assets | 243,637 | 188,948 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | ※4,5 16,767 | ※4,5 19,642 |
| Accumulated depreciation | (7,924) | (8,283) |
| Buildings, net | 8,843 | 11,358 |
| Structures | 2,214 | 2,428 |
| Accumulated depreciation | (1,221) | (1,299) |
| Structures, net | 993 | 1,128 |
| Land | ※5 8,021 | ※5 9,255 |
| Leased assets | 1,521 | 1,540 |
| Accumulated depreciation | (634) | (772) |
| Leased assets, net | 886 | 768 |
| Construction in progress | 15,331 | 22,103 |
| Other | ※4 7,157 | ※4 8,505 |
| Accumulated depreciation | (5,766) | (5,974) |
| Other, net | 1,391 | 2,531 |
| Total property, plant and equipment | 35,467 | 47,145 |
| Intangible assets | | |
| Goodwill | 842 | 815 |
| Software | 3,121 | 5,826 |
| Leased assets | 18 | 12 |
| Customer relation assets | 921 | 854 |
| Other | 107 | 109 |
| Total intangible assets | 5,011 | 7,617 |
| Investments and other assets | | |
| Investment securities | ※6 3,288 | ※6 7,655 |
| Long-term loans receivable | 33 | 33 |
| Retirement benefit asset | 3,165 | 3,518 |
| Deferred tax assets | 1,640 | 1,891 |
| Leasehold and guarantee deposits | 7,328 | 6,864 |
| Other | 1,417 | 1,281 |
| Allowance for doubtful accounts | (10) | (11) |
| Total investments and other assets | 16,862 | 21,233 |
| Total non-current assets | 57,341 | 75,997 |
| Deferred assets | | |
| Bond issuance costs | 111 | 92 |
| Total deferred assets | 111 | 92 |
| Total assets | 301,090 | 265,038 |

| | As of May 31, 2024 | As of May 31, 2025 |
|---|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 3,423 | 2,771 |
| Short-term borrowings | ※5 9,263 | ※5 6,043 |
| Lease liabilities | 342 | 311 |
| Accounts payable - other | 6,333 | 7,184 |
| Accrued expenses | 16,756 | 18,596 |
| Income taxes payable | 1,138 | 1,621 |
| Accrued consumption taxes | 3,033 | 3,484 |
| Contract liabilities | 2,111 | 3,162 |
| Deposits received | ※1 56,374 | ※1 38,741 |
| Provision for bonuses | 4,205 | 4,217 |
| Provision for bonuses for directors (and other officers) | 13 | 20 |
| Asset retirement obligations | 98 | 66 |
| Other | 793 | 1,506 |
| Total current liabilities | 103,889 | 87,728 |
| Non-current liabilities | | |
| Bonds payable | 2,630 | 2,100 |
| Long-term borrowings | ※5 29,427 | ※5 23,671 |
| Lease liabilities | 678 | 551 |
| Provision for share awards for directors (and other officers) | 418 | 253 |
| Allowance for stock benefit for employee | 281 | 278 |
| Retirement benefit liability | 2,407 | 2,359 |
| Deferred tax liabilities | 1,304 | 1,333 |
| Asset retirement obligations | 2,326 | 2,923 |
| Other | 3,048 | 2,703 |
| Total non-current liabilities | 42,523 | 36,175 |
| Total liabilities | 146,412 | 123,904 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,000 | 5,000 |
| Capital surplus | 17,495 | 15,963 |
| Retained earnings | 127,465 | 115,788 |
| Treasury shares | (2,685) | (2,577) |
| Total shareholders' equity | 147,276 | 134,174 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 121 | 95 |
| Foreign currency translation adjustment | 604 | 530 |
| Remeasurements of defined benefit plans | 501 | 133 |
| Total accumulated other comprehensive income | 1,228 | 760 |
| Share acquisition rights | 2 | 2 |
| Non-controlling interests | 6,171 | 6,196 |
| Total net assets | 154,677 | 141,134 |
| Total liabilities and net assets | 301,090 | 265,038 |

(ii) Consolidated profit and loss statement and consolidated statement of comprehensive income

Consolidated profit & loss statement

(Millions of yen)

| | For the fiscal year ended May 31, 2024 | For the fiscal year ended May 31, 2025 |
|---|---|---|
| Net sales | ※1 356,733 | ※1 309,240 |
| Cost of sales | 271,907 | 241,281 |
| Gross profit | 84,825 | 67,958 |
| Selling, general and administrative expenses | ※2 78,030 | ※2 69,196 |
| Operating profit (loss) | 6,794 | (1,237) |
| Non-operating income | | |
| Interest income | 43 | 159 |
| Share of profit of entities accounted for using equity method | 131 | 134 |
| Sponsorship money income | 83 | 234 |
| Subsidy income | 523 | 198 |
| Other | 363 | 618 |
| Total non-operating income | 1,145 | 1,346 |
| Non-operating expenses | | |
| Interest expenses | 439 | 331 |
| Commitment fees | 64 | 30 |
| Other | 283 | 206 |
| Total non-operating expenses | 787 | 568 |
| Ordinary profit (loss) | 7,152 | (460) |
| Extraordinary profit | | |
| Gain on sale of non-current assets | ※3 2 | ※3 96 |
| Gain on sale of investment securities | 0 | 76 |
| Gain on sale of shares of subsidiaries and associates | 112,040 | — |
| Gain on change in equity | 17 | 5 |
| Total extraordinary profit | 112,060 | 178 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | ※4 299 | ※4 190 |
| Impairment losses | ※5 10,811 | ※5 237 |
| Loss on valuation of investment securities | 685 | 50 |
| Costs related on sales of shares of subsidiaries and associates | 1,164 | — |
| Expo exhibit related expenses | — | 4,821 |
| Loss on litigation | — | 246 |
| Total extraordinary losses | 12,961 | 5,545 |
| Net profit (loss) before income taxes | 106,251 | (5,826) |
| Income taxes - current | 4,926 | 1,989 |
| Income taxes - deferred | 1,886 | 126 |
| Total income taxes | 6,813 | 2,115 |
| Net profit (loss) | 99,438 | (7,942) |
| Net profit attributable to non-controlling interests | 3,547 | 716 |
| Net profit (loss) attributable to owners of parent | 95,891 | (8,658) |

Consolidated statement of comprehensive income

(Millions of yen)

| | For the fiscal year ended May 31, 2024 | For the fiscal year ended May 31, 2025 |
|---|---|---|
| Net profit (loss) | 99,438 | (7,942) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (725) | (25) |
| Foreign currency translation adjustment | 274 | (84) |
| Remeasurements of defined benefit plans, net of tax | 364 | (364) |
| Share of other comprehensive income of entities accounted for using equity method | 0 | (0) |
| Total other comprehensive income | ※1 (86) | ※1 (474) |
| Comprehensive income | 99,351 | (8,416) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 95,779 | (9,125) |
| Comprehensive income attributable to non-controlling interests | 3,572 | 709 |

(iii) Consolidated statements of changes in net assets

Previous consolidated FY (June 1, 2023 to May 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,000 | 17,094 | 32,941 | (2,378) | 52,658 |
| Cumulative effects of changes in accounting policies | | | 16 | | 16 |
| Restated balance | 5,000 | 17,094 | 32,957 | (2,378) | 52,674 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,396) | | (1,396) |
| Profit (loss) attributable to owners of parent | | | 95,891 | | 95,891 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 318 | | 279 | 597 |
| Treasury stock possession of stock ownership plan trust | | | | (597) | (597) |
| Disposal of treasury shares by stock payment trust | | | | 11 | 11 |
| Change in scope of consolidation | | | 12 | | 12 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 82 | | | 82 |
| Capital increase of consolidated subsidiaries | | (0) | | | (0) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes during period | — | 401 | 94,507 | (306) | 94,601 |
| Balance at end of period | 5,000 | 17,495 | 127,465 | (2,685) | 147,276 |

| | 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 | 853 | 348 | 138 | 1,340 | 2 | 17,622 | 71,624 |
| Cumulative effects of changes in accounting policies | | | | — | | | 16 |
| Restated balance | 853 | 348 | 138 | 1,340 | 2 | 17,622 | 71,640 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | — | | | (1,396) |
| Profit (loss) attributable to owners of parent | | | | — | | | 95,891 |
| Purchase of treasury shares | | | | — | | | (0) |
| Disposal of treasury shares | | | | — | | | 597 |
| Treasury stock possession of stock ownership plan trust | | | | — | | | (597) |
| Disposal of treasury shares by stock payment trust | | | | — | | | 11 |
| Change in scope of consolidation | | | | — | | | 12 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | — | | | 82 |
| Capital increase of consolidated subsidiaries | | | | — | | | (0) |
| Net changes in items other than shareholders' equity | (731) | 255 | 363 | (112) | (0) | (11,451) | (11,564) |
| Total changes during period | (731) | 255 | 363 | (112) | (0) | (11,451) | 83,037 |
| Balance at end of period | 121 | 604 | 501 | 1,228 | 2 | 6,171 | 154,677 |

Current consolidated FY (June 1, 2024 to 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) |
| Profit (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) |
| Profit (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 |

(iv) Consolidated statements of cash flows

(Millions of yen)

| | For the fiscal year ended May 31, 2024 | For the fiscal year ended May 31, 2025 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 106,251 | (5,826) |
| Depreciation | 5,569 | 2,756 |
| Impairment losses | 10,811 | 237 |
| Amortization of goodwill | 750 | 336 |
| Increase (decrease) in allowance for doubtful accounts | 53 | (14) |
| Increase (decrease) in provision for bonuses | (479) | 3 |
| Increase (decrease) in retirement benefit liability | (4) | (24) |
| Decrease (increase) in retirement benefit asset | (369) | (939) |
| Increase (decrease) in provision for share awards for directors (and other officers) | — | (165) |
| Increase (decrease) in provision for employee stock ownership plan trust | (25) | 8 |
| Interest and dividend income | (85) | (173) |
| Interest expenses | 439 | 331 |
| Subsidy income | (523) | (198) |
| Sponsorship income | (83) | (234) |
| Share of loss (profit) of entities accounted for using equity method | (131) | (134) |
| Costs related on sales of shares of subsidiaries and associates | 1,164 | — |
| Loss (gain) on sale and retirement of non-current assets | 297 | 93 |
| Loss (gain) on sale of investment securities | (0) | (76) |
| Loss (gain) on valuation of investment securities | 685 | 50 |
| Loss (gain) on sale of shares of subsidiaries and associates | (112,040) | — |
| Decrease (increase) in accounts receivable - trade, and contract assets | 4,177 | 2,244 |
| Decrease (increase) in inventories | (567) | (552) |
| Decrease (increase) in other assets | (1,267) | 1,190 |
| Increase (decrease) in trade payables | (932) | 763 |
| Increase (decrease) in accrued consumption taxes | (960) | 371 |
| Increase (decrease) in deposits received | (1,281) | 2,094 |
| Increase (decrease) in contract liabilities | (909) | 976 |
| Increase (decrease) in other liabilities | 930 | 1,328 |
| Other, net | (2) | (6) |
| Subtotal | 11,468 | 4,439 |
| Interest and dividends received | 103 | 112 |
| Interest paid | (445) | (335) |
| Subsidies received | 723 | 198 |
| Support money received | 83 | 234 |
| Income taxes paid | (4,535) | (322) |
| Net cash provided by (used in) operating activities | 7,397 | 4,327 |

(Millions of yen)

| | For the fiscal year ended May 31, 2024 | For the fiscal year ended May 31, 2025 |
|---|---|---|
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 60 | (10,536) |
| Purchase of securities | — | (14,500) |
| Purchase of property, plant and equipment | (15,244) | (14,909) |
| Proceeds from sale of property, plant and equipment | 5 | 197 |
| Purchase of intangible assets | (4,905) | (3,421) |
| Purchase of investment securities | (417) | (4,454) |
| Proceeds from sale of investment securities | 0 | 245 |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | ※2 115,228 | — |
| Loan advances | (6) | (7) |
| Proceeds from collection of loans receivable | 8 | 6 |
| Payments of leasehold and guarantee deposits | (815) | (660) |
| Proceeds from refund of leasehold and guarantee deposits | 642 | 1,108 |
| Payments for asset retirement obligations | (49) | (127) |
| Payments for acquisition of businesses | (207) | (491) |
| Other, net | (47) | (50) |
| Net cash provided by (used in) investing activities | 94,252 | (47,600) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 153 | 120 |
| Proceeds from long-term borrowings | 2,500 | — |
| Repayments of long-term borrowings | (10,325) | (9,099) |
| Repayments of finance lease liabilities | (446) | (345) |
| Redemption of bonds | (586) | (594) |
| Proceeds from share issuance to non-controlling shareholders | 559 | 45 |
| Purchase of treasury shares | (597) | (1,731) |
| Proceeds from disposal of treasury shares | 597 | — |
| Purchase of treasury shares of subsidiaries | (0) | (0) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (164) | (34) |
| Dividends paid | (1,392) | (3,016) |
| Dividends paid to non-controlling interests | (3,176) | (400) |
| Net cash provided by (used in) financing activities | (12,879) | (15,055) |
| Effect of exchange rate change on cash and cash equivalents | 298 | (55) |
| Net increase (decrease) in cash and cash equivalents | 89,068 | (58,384) |
| Cash and cash equivalents at beginning of period | 47,919 | 137,047 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 59 | 2 |
| Cash and cash equivalents at end of period | ※1 137,047 | ※1 78,664 |

【Notes】

(Matters regarding going concern assumptions)

Not applicable

(Material matters that serve as the basis for preparing consolidated financial statements)

1. Matters regarding the scope of consolidation

(1) Consolidated subsidiary

(i) Number of consolidated subsidiaries

62 companies

(ii) Names of major consolidated subsidiaries

Pasona Inc.

Bewith, Inc.

Pasona Nihon Somubu Co., Ltd. (Note 1)

Nijigennomori Inc.

(iii) Newly consolidated subsidiaries

5 companies

Establishment:

Pasona Safety Net Inc.

Pasona Sustainability Inc.

Pasona Furusato Marche Inc.

Pasona Wellness Tourism Inc.

Change from non-consolidated subsidiary

Tangokura Inc. (Note 1)

(iv) Subsidiaries excluded from consolidation

2 companies

Pasona Tech Inc. (Note 2)

Pasona Smile Inc. (Note 3)

Note 1: Transferred from a non-consolidated subsidiary due to increase in materiality.

Note 2: Merged with Pasona Group Inc. and was dissolved

Note 3: Merged with Pasona Furusato Incubation Inc., a consolidated subsidiary of the Company, and was dissolved

(2) Non-consolidated subsidiaries

(i) Number of non-consolidated subsidiaries

3 companies

(ii) Names of major non-consolidated subsidiaries

EHATOV TOUHOKU Inc.

(iii) Reasons for excluding a subsidiary from the scope of consolidation

A non-consolidated subsidiary can be excluded from the scope of consolidation because it is a small-sized company and because its total assets, net sales, profit/loss (the amount corresponding to equity), and retained earnings (the amount corresponding to equity), etc., do not have significant impact on the Company's consolidated financial statements.

2. Matters regarding the application of the equity method

(1) Equity method affiliates

(i) Number of affiliated companies to which the equity method has been applied

5 companies

(ii) Names of major companies to which the equity method has been applied

e-staffing Co., Ltd.

National Examination Center Inc.

circplace Inc.

(2) Names, etc., of non-consolidated subsidiaries and affiliated companies to which the equity method is not applied

(i) Number of non-consolidated subsidiaries and affiliated companies to which the equity method is not applied

4 companies

(ii) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied
Aoratau Inc.

(iii) Reason for not applying the equity method

The companies to which the equity method is not applied are excluded from the scope of the application of the equity method because they have only a minor impact on the Company's consolidated financial statements if they are excluded from the scope of the equity method in terms of profit/loss (the amount corresponding to equity), retained earnings (the amount corresponding to equity), etc., and because they are less important as a whole.

3. Matters regarding the consolidated subsidiaries' fiscal years, etc.

The fiscal year end of Pasona Inc., Bewith, Inc. and 16 other companies is the same as the consolidated fiscal year end. The fiscal year end of Pasona Human Resources (Shanghai) Co., Ltd., PT. Dutagriya Sarana is December 31. In preparing the consolidated financial statements, the Company uses financial statements based on a provisional settlement of accounts conducted as of the end of March.

The fiscal year end of 42 other consolidated subsidiaries is March 31, and their financial statements as of that date are used in preparing the consolidated financial statements.

For significant transactions that occurred between the end of the fiscal year of these subsidiaries and the end of the consolidated fiscal year, necessary adjustments have been made in the consolidated financial statements.

4. Matters regarding accounting policies

(1) Valuation criteria and valuation method for material assets

(i) Valuation criteria and valuation method for securities

Held-to-maturity bonds

Amortized cost method

Other securities

Stocks and other securities without market quotations: Market value method

(Unrealized gains or losses are directly charged or credited to net assets and cost of sales is determined by the moving-average method.)

Non-marketable equity securities, etc.: Cost method based on the moving average method

For investments in limited liability investment partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available as of the reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount of the Company's equity interest. The net amount equivalent to the Company's equity interest in the partnership is taken into account in the financial statements.

(ii) Valuation standards and methods for derivatives

Market value method

However, for interest rate swaps that meet the requirements for special treatment, we adopt the special treatment method.

(iii) Valuation criteria and method for Inventories

The valuation criteria are based on the cost method. (Balance sheet amounts are calculated by the book value devaluation method due to a decline in profitability.)

Merchandise: Moving average method

Supplies: Last purchase price method

(2) Method of depreciation of material depreciable assets

(i) Property, plants, and equipment (excluding leased assets)

Buildings (including facilities attached to buildings) and structures: Straight-line method

(However, the Company uses the declining balance method for facilities attached to buildings and structures acquired on or before March 31, 2016.)

Other property, plants, and equipment: mainly Declining balance method

(ii) Intangible assets (excluding leased assets)

Software: Straight-line method based on the usable period in the Company (within 5 years)

Customer relationship asset: Straight-line method based on the period over which the effect is realized (within 15 years)

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

Depreciation is computed by the same method as that applied to non-current assets owned by the Company.

Leased assets related to non-ownership-transfer lease transactions

Depreciated using the straight-line method regarding the lease period as the useful life and assuming the residual value as zero.

(3) Treatment of material deferred assets

Bond issuance cost: Amortized by the straight-line method over the period until redemption of bonds.

(4) Recording criteria for important allowances

(i) Allowance for doubtful accounts

To prepare for losses due to bad debts, the Company reports the expected non-collectable amount using the loan loss ratio for general claims and individually examining the collectability of claims with a possibility of default and bankruptcy or reorganization claims.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees based on the estimated amount of payment.

(iii) Provision for bonuses to Directors and Corporate Auditors

To provide for the payment of bonuses for Directors and Corporate Auditors based on the estimated amount of bonus payments to Directors and Corporate Auditors.

(iv) Provision for share awards for Directors (and other Officers)

To prepare for the provision of the Company's shares to Directors based on the Officer Stock Benefit Regulations, etc., the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(v) Provision for employee stock ownership plan

To prepare for the provision of the Company's shares to employees, etc., based on the Stock Benefit Regulations, the Company recorded the provision based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(5) Basis for Recognition of Significant Revenue and Expense

The Company and its consolidated subsidiaries recognize revenue from contracts with customers based on the following five-step approach.

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the performance obligation is satisfied.

The details of the main performance obligations in the Group's main businesses related to revenue from contracts with customers and the usual time at which these performance obligations are described in "(1) Notes to Consolidated Financial Statements (Revenue recognition related) ."

(6) Accounting for Retirement Benefits

To provide for the payment of retirement benefits to employees, the Company records an amount based on projected benefit obligations and pension assets at the end of the current fiscal year.

(i) Method of attributing estimated retirement benefits to periods

The estimated amount of retirement benefits is attributed to the period until the end of the current consolidated fiscal year based on the benefit calculation method.

(ii) Method of amortizing actuarial gains and losses

Actuarial gains and losses are charged to income in a lump sum in the fiscal year following the year in which they arise.

(iii) Adoption of the simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method to calculate liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the liability for retirement benefits.

(7) Matters regarding the amortization method and period of goodwill

Goodwill is amortized over an estimated period (five to 10 years) in which its effects will be realized, using the straight-line method. Goodwill that is immaterial in amount is amortized at once when it arises.

(8) Scope of funds in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash-on-hand, deposits that can be withdrawn at any time, and short-term investments that are easily converted into cash, risk averse to value fluctuations, and redeemable within three months from the date of acquisition.

(9) Other material matters for preparing consolidated financial statements

(i) Material hedge accounting methods

a. Hedge accounting method

In principle, deferred hedge accounting is applied. In addition, interest rate swaps are treated as special cases when they meet the requirements for special treatment.

b. Hedging instruments and hedged items

Hedging instrument: Interest rate swaps

Hedged items: Borrowings

There was no balance at the end of the current consolidated fiscal year.

c. Hedging policy

The Company enters in derivative transactions to mitigate market risk such as interest rate fluctuations, reduce financing costs, and optimize future cash flows. We do not engage in derivative transactions for the purpose of obtaining short-term trading gains or speculation.

d. Evaluation of hedge effectiveness

The Company compares the market fluctuations of hedged items and hedging instruments semiannually and evaluates the effectiveness of hedging based on the amount of fluctuation of both. If the requirements for special treatment of interest rate swaps are met, the assessment of hedge effectiveness is omitted.

(Material accounting estimates)

1. Valuation of non-current assets belonging to the Regional Revitalization and Tourism Solutions segment

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Millions of yen)

| | Account title | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
|---------------------------------------|--------------------------|--|---|
| Property, plants, and equipment | Buildings (net) | 2,123 | 3,372 |
| | Structures (net) | 619 | 701 |
| | Land | 29 | 161 |
| | Leased assets (net) | 151 | 101 |
| | Construction in progress | 5,811 | 11,657 |
| | Other (net) | 300 | 444 |
| Total property, plants, and equipment | | 9,035 | 16,439 |
| Intangible assets | Software | 220 | 173 |
| | Leased assets | 0 | 0 |
| | Other | 1 | 4 |
| Total intangible assets | | 221 | 177 |
| Investments and other assets | Other | 376 | 373 |
| Total investments and other assets | | 376 | 373 |
| Total non-current assets | | 9,633 | 16,990 |
| Impairment loss | | 9,977 | — |

(2) Information that contributes to an understanding of the nature of material accounting estimates related to the identified items

Of the total ¥75,997 million in property, plant and equipment, intangible assets, etc. recorded in the consolidated financial statements for the current fiscal year, ¥16,990 million are fixed assets related to several commercial facility management businesses that belong to the Regional Revitalization and Tourism Solutions segment.

For the Regional Revitalization and Tourism Solutions segment, each commercial facility is primarily considered as an

asset grouping unit. This segment recorded an operating loss of ¥1,900 million for the consolidated fiscal year ended May 31, 2025, and the Company has identified signs of impairment for certain asset groups. In determining whether to recognize impairment losses on fixed assets, undiscounted future cash flows are calculated based on the business plan for each cash-generating unit approved by management.

An important assumption in estimating undiscounted future cash flows is growth driven by an increase in the number of users as outlined in the business plan.

This segment continues to incur operating losses due to a large number of fixed costs, such as personnel expenses and other upfront expenses during the period after the opening of a commercial facility until the number of users reaches a certain level. In addition, the number of users may fall below projections due to weather, disasters, or other factors, or if measures to increase the appeal of the service to users are inadequate or if users are not highly satisfied with the service.

Our group has actively pursued the opening of new facilities within this segment, which encompasses the food and beverage, amusement, and lodging businesses. During the current period, our inbound marketing and experiential value enhancement initiatives proved successful, leading to increased attraction of both domestic and international tourists. Additionally, we proceeded with a review of our pricing structure, taking into account factors such as rising raw material costs and increased labor expenses due to improved employee compensation.

With regard to accounting estimates such as impairment accounting for fixed assets, estimates are made based on current business conditions and information available at the time of preparing the consolidated financial statements. These estimates incorporate expectations for increased customer traffic through customer segment-specific initiatives, further strengthening appeal to inbound foreign visitors, and anticipated spillover effects and synergies from the Osaka-Kansai Expo.

Due to the uncertainty inherent in accounting estimates, including forecasts of domestic leisure demand and inbound demand, changes in assumptions related to impairment accounting for fixed assets may result in the need to record impairment losses on fixed assets in the next consolidated fiscal year.

(Change in Accounting Policy)

We have applied the “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax” (Corporate Accounting Standard No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standards”) from the beginning of the current consolidated fiscal year.

Regarding the revision of the classification of corporate tax, etc. (taxation of other comprehensive income), the transitional treatment specified in the proviso of Article 20-3 of the 2022 revised accounting standards and the “Guidance on the Application of Accounting Standards for Tax Effect Accounting” (Corporate Accounting Standards Application Guidelines No. 28, October 28, 2022. Hereinafter referred to as the “2022 Revised Application Guidelines”). The change in accounting policy has no impact on the consolidated financial statements.

In addition, regarding revisions related to the review of treatment in consolidated financial statements when deferring capital gains or losses arising from the sale of subsidiary shares between consolidated companies for tax purposes, we have applied the 2022 revision application guidelines from the beginning of the current consolidated fiscal year. The change in accounting policy has been applied retroactively, and the consolidated financial statements for the previous consolidated fiscal year have been restated to reflect the change. The impact of this change in accounting policy on the consolidated financial statements for the previous fiscal year is immaterial.

The impact on per-share information is described under “(1) Consolidated Financial Statements Notes (Per-Share Information).”

(Unapplied accounting standards, etc.)

- “Accounting Standards for Leases” (Corporate Accounting Standard No. 34, September 13, 2024)
- “Guidelines for the Application of Accounting Standards for Leases” (Corporate Accounting Standard Application Guideline No. 33, September 13, 2024)

In addition, revisions to related corporate accounting standards, corporate accounting standard application guidelines, practical response reports, and transfer guidelines.

(1) Overview

Similar to international accounting standards, this standard stipulates the treatment of assets and liabilities for all leases by lessees.

(2) Scheduled effective date

It will be applied from the beginning of the fiscal year ending May 31, 2028.

(3) Effect of adoption of this accounting standard

The impact on the consolidated financial statements is currently being evaluated.

(Change in Presentation Method)

(Related to the consolidated cash flows)

In the previous consolidated fiscal year, “changes in contract liabilities” were included in “changes in other liabilities” under “cash flows from operating activities.” However, due to the increased materiality of the amount, they are now presented separately from the current consolidated fiscal year onwards.

To reflect this presentation method, the consolidated cash flow statement for the previous consolidated fiscal year has been reclassified.

As a result, in the consolidated cash flow statement for the previous fiscal year, the “Increase/decrease in other liabilities” of ¥21 million under “Cash flows from operating activities” has been reclassified and presented as “Increase/decrease in contract liabilities” of ¥(909) million and “Increase/decrease in other liabilities” of ¥930 million.

(Additional Information)

1. The Company’s Stock Benefit Trust

(1) Board Benefit Trust (BBT)

Based on the resolution at the General Meeting of Shareholders held on August 19, 2015, the Company introduced the Board Benefit Trust (BBT) (hereinafter, the “BBT scheme”) on October 26, 2015 as a performance-linked stock-based remuneration system for Directors (excluding Directors that are members of the Audit and Supervisory Committee, Outside Directors, and non-Executive Directors) and Executive Officers with Executive titles (limited to those that were Directors immediately prior to the transition to a company with an Audit and Supervisory Committee system) as of September 1 of the fiscal year subject to evaluation (hereinafter “Directors, etc.”).

(i) Outline of transactions

The Company established the Officer Stock Benefit Regulations when it introduced the BBT scheme. Based on the Officer Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire, in advance, shares to be allocated in the future, and trust banks acquired the Company’s shares using the entrusted money.

In the BBT scheme, the Company grants points to Directors, etc., and allocates shares to Directors, etc., according to their points based on the Officer Stock Benefit Regulations.

In reference to the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc., through Trust (PITF No. 30, March 26, 2015) published by the Accounting Standards Board of Japan, the Company applies the practical solution to Directors, etc., and uses the gross price method in which trust assets and liabilities are recorded as the enterprise’s assets and liabilities on the balance sheet as accounts processing related to the BBT scheme.

To prepare for the provision of the Company’s shares to Directors, etc., based on the Officer Stock Benefit Regulations, the Company recorded “Provision for share awards for Directors (and other Officers)” based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(ii) Treasury shares remaining in trust

The Company recorded its treasury shares remaining in trust as treasury shares under net assets, using the book value in trust (excluding the amount of incidental costs). The book value and the number of these treasury shares were ¥842 million and 601,862 shares at the end of the current consolidated fiscal year.

(iii) Book value of the borrowings recorded by applying the gross price method

Not applicable.

(2) Japanese version of Employee Stock Ownership Plan (J-ESOP)

The Company introduced an incentive plan, the Japanese version of the Employee Stock Ownership Plan (J-ESOP) (hereinafter, the “J-ESOP scheme”), on October 26, 2015 for the purpose of enhancing employees’ motivation and morale for higher stock price and performance. In this scheme, treasury shares are allocated to employees of the Company and Officers and employees of the Company’s subsidiaries (hereinafter, “Employees, etc.”).

(i) Outline of transactions

The Company established the Stock Benefit Regulations when it introduced the J-ESOP scheme. Based on the Stock Benefit Regulations, the Company entrusted money to trust banks in order to acquire, in advance, shares to be allocated in the future, and trust banks acquired the Company's shares using the entrusted money.

In the J-ESOP scheme, the Company grants points to Employees, etc., and allocates shares to Employees, etc., according to points as based on the Stock Benefit Regulations.

Applying the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc., through Trust (Practical Issue Task Force (PITF) No. 30, March 26, 2015) published by the Accounting Standards Board of Japan (ASBJ), the Company uses the gross price method in which trust assets and liabilities are recorded as the enterprise's assets and liabilities on the balance sheet as accounts processing related to the J-ESOP scheme.

To prepare for the provision of the Company's shares to employees, etc., based on the Stock Benefit Regulations, the Company recorded "Provision for employee stock ownership plan" based on the estimated share benefit obligation as of the end of the current consolidated fiscal year.

(ii) Treasury shares remaining in trust

The Company recorded its treasury shares remaining in trust as treasury shares under net assets, using the book value in trust (excluding the amount of incidental costs). The book value and the number of these treasury shares were ¥653 million and 451,803 shares at the end of the current consolidated fiscal year.

(iii) Book value of the borrowings recorded by applying the gross price method

Not applicable.

(Matters related to the consolidated balance sheet)

*1: Cash and deposits:

"Cash and deposits" include temporary deposits from customers for projects that are restricted as to use by the group. The following corresponding obligations are included in "deposits received."

| | (Millions of yen) | |
|-------------------|--|---|
| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
| Deposits received | 54,975 | 35,319 |

*2: Receivables from contracts with customers

All "notes receivable – trade" and "accounts receivable – trade" are amounts receivable from contracts with customers and do not include receivables other than those arising from contracts with customers.

*3: Inventory breakdown is as follows:

| | (Millions of yen) | |
|-----------------|--|---|
| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
| Merchandise | 1,104 | 1,269 |
| Supplies | 298 | 557 |
| Work in process | 69 | 138 |
| Finished goods | 93 | 94 |
| Raw materials | 215 | 293 |

*4: The amount and breakdown of reduction entry of non-current assets deducted as a result of accepting national subsidies, etc., is/are as follows:

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
| Amount of reduction entry | 26 | 17 |
| (Of which, buildings) | 7 | 7 |
| (Of which, other property, plant and equipment) | 19 | 10 |

*5: Assets pledged as collateral and liabilities related to collateral are as follows:

| (1) Assets pledged as collateral | | (Millions of yen) |
|----------------------------------|--|---|
| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
| Buildings | 0 | 0 |
| Land | 0 | 0 |
| Total | 0 | 0 |

| (2) Liabilities related to collateral | | (Millions of yen) |
|---------------------------------------|--|---|
| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
| Short-term borrowings | 90 | 90 |
| Long-term borrowings | 1,215 | 1,125 |
| Total | 1,305 | 1,215 |

*6: The amounts due to unconsolidated subsidiaries and affiliated companies are as follows: (Millions of yen)

| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
|--------------------------------|--|---|
| Investment securities (stocks) | 1,731 | 1,888 |

(Matters related to the consolidated profit & loss statement)

*1: Revenue from contracts with customers

Net sales are the amount of revenues from contracts with customers and do not include revenues other than revenues from contracts with customers.

*2: Major expense items and amounts of selling, general, and administrative expenses are as follows:

| | | (Millions of yen) |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Salaries and bonuses | 32,791 | 30,505 |
| Provision for employee bonuses | 2,189 | 2,390 |
| Provision for Director bonuses | 13 | 20 |
| Retirement payments | 428 | (166) |
| Provision for share awards for Directors (and other Officers) | — | 0 |
| Provision for employee stock ownership plans | (1) | (5) |
| Rent expenses on land and buildings | 5,625 | 5,627 |
| Depreciation | 2,442 | 1,784 |
| Allowance for doubtful accounts | 41 | 17 |
| Amortization of goodwill | 750 | 336 |

*3: The breakdown of gain on sale of non-current asset is as follows: (Millions of yen)

| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
|-------------------------------------|--|---|
| Gain on sales | 2 | 96 |
| Land | — | 30 |
| Other property, plant and equipment | 2 | 66 |

*4: The breakdown of loss on sales and disposal of non-current assets is as follows: (Millions of yen)

| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
|-------------------------------------|--|---|
| Loss on disposal | 299 | 166 |
| Buildings | 139 | 48 |
| Other property, plant and equipment | 38 | 94 |
| Software | 121 | 20 |
| Other intangible assets | — | 2 |
| Loss on sales | 0 | 23 |
| Buildings | — | 4 |
| Land | — | 13 |
| Other property, plant and equipment | 0 | 5 |

*5: The breakdown of impairment loss is as follows:

Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)

(1) Summary of major asset groups that recognized impairment losses

| Location | Usage | Type |
|--------------------|--------------------------------|--------------------------------|
| Awaji City, Hyogo | Commercial and business assets | Buildings and structures, etc. |
| Kadoma City, Osaka | Commercial assets | Buildings and software, etc. |
| Osaka City, Osaka | Business assets | Goodwill |

(2) Main reasons for the impairment loss

As a result of reviewing future business plans for some of the commercial and business assets, the recoverable amount fell below the book value, and the entire book value was recorded as an impairment loss. In addition, for some consolidated subsidiaries, the book value of goodwill generated at the time of acquisition of subsidiaries was reduced to the recoverable amount because it became difficult to achieve the initial business plans and because the recoverable amount was lower than the book value. The amount of this reduction was recorded as an impairment loss.

(3) Amount of impairment loss

| (Millions of yen) | |
|--------------------------------|--------|
| Type | Amount |
| Buildings | 6,188 |
| Structure | 2,955 |
| Tools, furniture, and fixtures | 465 |
| Land | 224 |
| Goodwill | 721 |
| Other assets | 256 |

(Note) "Tools, furniture and fixtures" are included in "Other" under tangible fixed assets in the consolidated balance sheets.

(4) Asset grouping method

In principle, the Group groups assets as the smallest unit that generates independent cash flow, mainly corporations as the basic unit, but in some cases, facilities are grouped as the basic unit.

(5) Calculation method of recoverable amount

The recoverable amount of the above asset groups is measured by value in use or net realizable value. The value in use is calculated based on future cash flows (discount rate of 4.50% to 8.49%) and is assumed to be zero for those for which no future cash flows are expected. Net realizable value is calculated based on the assessed value of fixed assets for property tax purposes.

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

(1) Summary of major asset groups that recognized impairment losses

| Location | Usage | Usage |
|-----------------------|----------------------------|---|
| Fukuoka City, Fukuoka | Business and office assets | Buildings and tools, furniture and fixtures |
| Shinjuku-ku, Tokyo | Business and office assets | Software |

(2) Main reasons for the impairment loss

As a result of reviewing future business plans for some business and office assets, the recoverable amount fell below the book value, so the book value has been reduced to the recoverable amount.

(3) Amount of impairment loss

(Millions of yen)

| Type | Amount |
|-------------------------------------|--------|
| Buildings | 169 |
| Tools, furniture and fixtures(Note) | 31 |
| Software | 36 |

(Note) "Tools, furniture and fixtures" are included in "Other" under tangible fixed assets in the consolidated balance sheets.

(4) Asset grouping method

In principle, the Group groups assets as the smallest unit that generates independent cash flow—mainly corporations as the basic unit—but in some cases, facilities are grouped as the basic unit.

(5) Calculation method of recoverable amount

The recoverable amount of the above asset group is measured based on the net selling price, which is zero.

*6: Expo exhibit-related expenses

With the aim of promoting a society of well-being and true prosperity to the world, we are exhibiting at the Expo 2025 Osaka, Kansai, Japan. We have recorded temporary expenses related to facilities and operations for the pavilion as special losses under Expo exhibit-related expenses.

*7: Loss on litigation

In connection with the settlement of a damages claim lawsuit filed by a subsidiary of the Company, the amount of ¥216 million, which is the amount of the claim against the other party minus the settlement amount, and the settlement amount of ¥30 million paid in connection with a construction contract lawsuit filed by a subsidiary of the Company, have been recorded as loss on litigation.

(Matters related to the consolidated statement of comprehensive income)

*1: Amount of reclassification adjustment and income taxes and tax effect amount relating to other comprehensive income

| | (Millions of yen) | |
|---|---|--|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Valuation difference on available-for-sale securities | | |
| Amount generated in the period | (993) | (25) |
| Amount of reclassification adjustment | (363) | (0) |
| Before income taxes and tax effect adjustment | (1,357) | (25) |
| Income taxes and tax effect amount | 631 | (0) |
| Valuation difference on available-or-sale securities | (725) | (25) |
| Foreign currency translation adjustment | | |
| Amount generated in the period | 279 | (84) |
| Amount of reclassification adjustment | (5) | — |
| Before income taxes and tax effect adjustment | 274 | (84) |
| Income taxes and tax effect amount | — | — |
| Foreign currency translation adjustment | 274 | (84) |
| Adjustment for retirement benefits | | |
| Amount generated in the period | 756 | 193 |
| Amount of reclassification adjustment | (208) | (756) |
| Before income taxes and tax effect adjustment | 547 | (562) |
| Income taxes and tax effect amount | (183) | 198 |
| Adjustment for retirement benefits | 364 | (364) |
| Share of other comprehensive income of affiliates accounted for by the equity method | | |
| Amount generated in the period | 0 | (0) |
| Total other comprehensive income | (86) | (474) |

(Matters related to the consolidated statements of changes in net assets)

Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)

1. Matters regarding issued shares

| Class of shares | Beginning of consolidated FY | Increase | Decrease | End of current consolidated FY |
|------------------------|------------------------------|----------|----------|--------------------------------|
| Common shares (shares) | 41,690,300 | — | — | 41,690,300 |

2. Matters regarding treasury shares

| Class of shares | Beginning of consolidated FY | Increase | Decrease | End of current consolidated FY |
|------------------------|------------------------------|----------|----------|--------------------------------|
| Common shares (shares) | 2,515,520 | 354,080 | 364,240 | 2,505,360 |

Note 1: Treasury shares (common shares) at the beginning of the current consolidated fiscal year include 424,862 shares of the Company held by trust banks based on the Board Benefit Trust (BBT) and 297,514 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 2: Treasury shares (common shares) at the end of the current consolidated fiscal year include 601,862 shares of the Company held by trust banks based on the Board Benefit Trust (BBT) and 464,274 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 3: Of the 354,080 increase in the number of treasury shares (common stock), 354,000 shares represent an increase in shares held by the Stock Grant Trust (BBT) and Stock Grant Trust (J-ESOP) due to additional contributions to the Stock Grant Trust (BBT) and Stock Grant Trust (J-ESOP), and 80 shares represent an increase due to the purchase of fractional shares.

Note 4: Of the 364,240 shares of treasury stock (common stock) that were reduced, 354,000 shares were reduced due to additional contributions to the Stock Grant Trust (BBT) and Stock Grant Trust (J-ESOP), and 10,240 shares were reduced due to payments from the Stock Grant Trust (J-ESOP).

3. Matters regarding share options, etc.

| Company name | Breakdown | Type of shares To be issued | Number of shares to be issued (shares) | | | | Balance at the end of current consolidated fiscal year (Millions of yen) |
|---------------------------|---|-----------------------------|---|----------|----------|---|--|
| | | | Beginning of current consolidated fiscal year | Increase | Decrease | End of current consolidated fiscal year | |
| Reporting Company | — | — | — | — | — | — | — |
| Consolidated subsidiaries | Stock acquisition rights as stock options | — | — | — | — | — | 2 |
| Total | | | — | — | — | — | 2 |

4. Matters regarding dividends

(1) Dividend payment amount

| Resolution | Class of shares | Total amount of dividend (millions of yen) | Dividend per share (Yen) | Reference date | Effective date |
|----------------------------------|-----------------|--|--------------------------|----------------|-----------------|
| July 14, 2023 Board of Directors | Common shares | 1,396 | 35.0 | May 31, 2023 | August 10, 2023 |

Note 1: The total amount of dividend includes a total dividend of ¥25 million to the shares of the Company held by trust banks as of the reference date based on the Board Benefit Trust (BBT) and the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

(2) Dividend with a reference date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

| Resolution | Class of shares | Dividend's financial source | Total amount of dividend (millions of yen) | Dividend per share (Yen) | Reference date | Effective date |
|----------------------------------|-----------------|-----------------------------|--|--------------------------|----------------|----------------|
| July 12, 2024 Board of Directors | Common shares | Retained earnings | 3,018 | 75.0 | May 31, 2024 | August 8, 2024 |

Note 1: The total amount of dividend includes a total dividend of ¥79 million to the shares of the Company held by trust banks as of the reference date based on the Board Benefit Trust (BBT) and the Japanese version of

the Employee Stock Ownership Plan (J-ESOP).

Note 2: Dividend per share includes a special dividend of ¥60.0 per share.

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

1. Matters regarding issued shares

| Class of shares | Beginning of consolidated FY | Increase | Decrease | End of current consolidated FY |
|------------------------|------------------------------|----------|-----------|--------------------------------|
| Common shares (shares) | 41,690,300 | — | 1,500,000 | 40,190,300 |

(Note) The decrease of 1,500,000 shares in the total number of shares issued is due to the cancellation of treasury shares.

2. Matters regarding treasury shares

| Shares | Beginning of consolidated FY | Increase | Decrease | End of current consolidated FY |
|------------------------|------------------------------|----------|-----------|--------------------------------|
| Common shares (shares) | 2,505,360 | 830,882 | 1,512,471 | 1,823,771 |

Note 1: Treasury shares (common shares) at the beginning of the current consolidated fiscal year include 601,862 shares of the Company held by trust banks based on the Board Benefit Trust (BBT) and 464,274 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 2: Treasury shares (common shares) at the end of the current consolidated fiscal year include 601,862 shares of the Company held by trust banks based on the Board Benefit Trust (BBT) and 451,803 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 3: Of the 830,882 increase in the number of treasury shares (common stock), 830,800 shares were acquired through the purchase of treasury shares, and 82 shares were acquired through the purchase of fractional shares.

Note 4: Of the 1,512,471 shares of treasury shares (common stock) that were reduced, 1,500,000 shares were reduced due to the cancellation of treasury stock, and 12,471 shares were reduced due to payments from the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

3. Matters regarding share options, etc.

| Company name | Breakdown | Type of shares | Number of shares to be issued (shares) | | | | Balance at the end of current consolidated fiscal year (Millions of yen) |
|---------------------------|--|----------------|---|----------|----------|---|--|
| | | | Beginning of current consolidated fiscal year | Increase | Decrease | End of current consolidated fiscal year | |
| Reporting Company | — | — | — | — | — | — | — |
| Consolidated subsidiaries | Stock acquisition rights as stock option | — | — | — | — | — | 2 |
| Total | | | — | — | — | — | 2 |

4. Matters regarding dividends

(1) Dividend payment amount

| Resolution | Class of shares | Total amount of dividend | Dividend per share | Reference date | Effective date |
|----------------------------------|-----------------|--------------------------|--------------------|----------------|----------------|
| July 12, 2024 Board of Directors | Common shares | ¥3,018 million | ¥75.0 | May 31, 2024 | Aug 8, 2024 |

Note 1: The total amount of dividend includes a total dividend of ¥79 million to the shares of the Company held by trust banks as of the reference date based on the Board Benefit Trust (BBT) and the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 2: Dividend per share includes a special dividend of ¥60.0 per share.

(2) Dividend with a reference date belonging to the current consolidated fiscal year and with an effective date belonging to the following consolidated fiscal year

| Resolution | Class of shares | Dividend's financial source | Total amount of dividend | Dividend per share | Reference date | Effective date |
|-------------------------------------|-----------------|-----------------------------|--------------------------|--------------------|----------------|----------------|
| July 15, 2025 Board of Directors | Common shares | Retained earnings | ¥2,956 million | ¥75.0 | May 31, 2025 | Aug 8, 2025 |

Note 1: The total amount of dividend includes a total dividend of ¥79 million to the shares of the Company held by trust banks as of the reference date based on the Board Benefit Trust (BBT) and the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 2: The dividend per share includes a special dividend of ¥60 per share.

(Matters related to the consolidated cash flow statement)

*1: The relationship between the balance of cash and cash equivalents at the end of the year and the amount stipulated in account titles in the consolidated balance sheet is as follows:

| | (Millions of yen) | |
|--|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Cash and deposits | 192,281 | 124,771 |
| Time deposits with a deposit term exceeding three months | (259) | (10,787) |
| Deposits from customers | (54,975) | (35,319) |
| Cash and cash equivalents | 137,047 | 78,664 |

*2: Major breakdown of assets and liabilities of the company that ceased to be consolidated as a result of the sale of shares.
Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)

The breakdown of assets and liabilities of Benefit One Inc. and its subsidiaries and others at the time of sale, as well as the sale price of the shares and the proceeds from the sale (net amount), are as follows.

| | (Millions of yen) |
|---|-------------------|
| Current assets | 24,142 |
| Non-current assets | 26,444 |
| Current liabilities | (16,870) |
| Non-current liabilities | (9,385) |
| Net unrealized gains on available-for-sale securities | (547) |
| Foreign currency translation adjustments | (9) |
| Non-controlling interest | (11,887) |
| Gain on sales of shares | 112,040 |
| Sale value of shares | 123,927 |
| Incidental expenses on sale of shares | (223) |
| Cash and cash equivalents | (8,474) |
| Difference: Proceeds from sales | 115,228 |

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

Not applicable.

(Matters related to lease transactions)

1. Finance lease transactions (lessee side)

(1) Ownership-transfer finance lease transactions

Not applicable.

(2) Non-ownership-transfer finance lease transactions

(i) Content of leased assets

Property, plants, and equipment

Mainly buildings (including attached facilities) and vehicles.

(ii) Method of depreciation of leased assets

The method is described in "(1) Consolidated Financial Statements Notes (Material matters that serve as the

basis for preparing consolidated financial statements), 4. Matters regarding accounting policies, (2) Method of depreciation of material depreciable assets."

2. Operating lease transactions (lessee side)

Future lease payments in non-cancelable operating lease transactions

(Millions of yen)

| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
|-----------------|--|---|
| Within one year | 4,171 | 4,643 |
| Over one year | 11,618 | 8,347 |
| Total | 15,789 | 12,990 |

(Matters related to financial instruments)

1. Matters regarding the status of financial instruments

(1) Policy on financial instruments

For fund procurement, the Group makes effective use of group funds through the group CMS (Cash Management System) while borrowing from financial institutions and issuing bonds. In addition, Fund management is limited to using highly secure financial assets. Derivatives transactions are used to avoid the risks described below, and the Company's policy is not to engage in speculative transactions.

(2) Content and risk of financial instruments

"Notes and accounts payable - trade," which are trade receivables, are exposed to customers' credit risk. Securities are targeted at products with a high level of safety. Certain investment securities are exposed to market price fluctuation risk.

Most of "accounts payable - trade" and "accrued expenses," which are trade payables, have a payment date within one month.

Borrowings, bonds, and lease obligations related to finance lease transactions are aimed primarily at procuring funds required for working capital and capital investment.

Derivatives transactions are interest rate swaps to hedge against the risk of fluctuations in interest rates payable on borrowings. The assessment of hedge effectiveness is omitted because the interest rate swaps meet the requirements for special treatment.

(3) Risk management system related to financial instruments

(i) Management of credit risk

The credit risks associated with trade receivables are screened while due date and balance controls are conducted in accordance with each company's internal rules. The credit status of customers with credit collection concerns is monitored at monthly credit meetings.

(ii) Management of market risk

The Company's Finance and Accounting Department manages the risk of interest rate fluctuations on long-term borrowings by mitigating the impact of such fluctuations through installment repayments.

Derivatives transactions are executed and managed in accordance with internal rules that stipulate transaction authority.

The Company assesses the market value of listed stocks on a quarterly basis and reviews its holdings of unlisted stocks by assessing the financial condition of the issuing company and taking into consideration its relationship with the company with which it does business.

(iii) Management of liquidity risk related to fund procurement

The Finance and Accounting Department of the Company receives monthly deposit balance reports of the Group and manages the liquidity risk of each company as needed through the Group CMS.

(4) Supplementary explanation on matters regarding the fair value, etc., of financial instruments

The fair value of financial instruments includes not only the value based on market prices but also the reasonably calculated value if financial instruments have no market price. In the calculation of such value, variable factors are incorporated, and the value could change by adopting different preconditions, etc.

2. Matters regarding the fair value, etc., of financial instruments

The amount recorded in the consolidated balance sheet, the fair value, and their differences are presented below.

Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| | Amount recorded in the consolidated balance sheet | Fair value | Difference |
|-------------------------------|---|------------|------------|
| Investment securities | 299 | 299 | — |
| Lease and guarantee deposits | 7,328 | 7,005 | (323) |
| Total assets | 7,628 | 7,305 | (323) |
| Bonds payable | 3,224 | 3,114 | (109) |
| Long-term borrowings | 29,427 | 28,428 | (999) |
| Lease obligations | 1,020 | 988 | (32) |
| Total liabilities | 33,672 | 32,530 | (1,142) |
| Derivatives transactions (*2) | — | — | — |

*1: The fair values of cash and deposits, notes receivable - trade, accounts receivable - trade, income taxes refund receivable, short-term borrowings, accounts payable - other, accrued expenses, income taxes payable, accrued consumption taxes, and deposits received are not stated because they are cash and their fair values approximate their book values due to their short maturities.

*2: The fair value of interest rate swaps that qualify for hedge accounting is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of long-term borrowings that are hedged.

*3: Stocks and other securities without market quotations are not included in "investment securities." The carrying amounts of such financial instruments on the consolidated balance sheets are as follows.

(Millions of yen)

| Category | Consolidated balance sheet amount |
|-----------------|-----------------------------------|
| Unlisted stocks | 2,825 |

*4: Investments in partnerships and other similar entities in which the Company's equity interest is recorded on the consolidated balance sheets as a net amount are omitted. The amount of such investments in the balance sheet was ¥162 million.

Current consolidated FY (May 31, 2025)

(Millions of yen)

| | Amount recorded in the consolidated balance sheet | Fair value | Difference |
|------------------------------|---|------------|------------|
| Investment securities | 3,178 | 3,178 | — |
| Lease and guarantee deposits | 6,864 | 6,487 | (376) |
| Total assets | 10,042 | 9,665 | (376) |
| Bonds payable | 2,630 | 2,518 | (111) |
| Long-term borrowings | 23,671 | 22,555 | (1,116) |
| Lease obligations | 862 | 862 | (0) |
| Total liabilities | 27,164 | 25,935 | (1,228) |

*1: The fair values of cash and deposits, notes receivable - trade, accounts receivable - trade, securities, income taxes refund receivable, accounts payable - trade, short-term borrowings, accounts payable - other, accrued expenses, income taxes payable, accrued consumption taxes, and deposits received are not stated because they are cash and their fair values approximate their book values due to their short maturities.

*2: Stocks and other securities without market quotations are not included in "investment securities." The carrying amounts of such financial instruments on the consolidated balance sheets are as follows.

(Millions of yen)

| Category | Consolidated balance sheet amount |
|-----------------|-----------------------------------|
| Unlisted shares | 4,306 |

*3: Investments in partnerships and other similar entities in which the Company's equity interest is recorded on the consolidated balance sheets as a net amount are omitted. The amount of such investments in the balance sheet was ¥170 million.

Note 1: Amount of monetary claims and securities with a maturity to be redeemed after the consolidated closing date
Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| Subject | Within 1 year | Over 1 year and within 5 years | Over 5 years and within 10 years | Over 10 years |
|------------------------------|---------------|--------------------------------|----------------------------------|---------------|
| Cash and deposits | 192,281 | — | — | — |
| Notes receivable - trade | 182 | — | — | — |
| accounts receivable- trade | 33,594 | — | — | — |
| Lease and guarantee deposits | 2,191 | 857 | 4,016 | 262 |
| Total | 228,250 | 857 | 4,016 | 262 |

Current consolidated FY (May 31, 2025)

(Millions of yen)

| Subject | Within 1 year | Over 1 year and within 5 years | Over 5 years and within 10 years | Over 10 years |
|------------------------------|---------------|--------------------------------|----------------------------------|---------------|
| Cash and deposits | 124,771 | — | — | — |
| Notes receivable - trade | 23 | — | — | — |
| Accounts receivable - trade | 33,406 | — | — | — |
| Securities | 14,500 | — | — | — |
| Lease and guarantee deposits | 1,623 | 908 | 4,258 | 73 |
| Total | 174,324 | 908 | 4,258 | 73 |

Note 2: Amount of long-term borrowings, bonds paid, and other interest-bearing liabilities to be repaid after the consolidated closing date

Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| Subject | Within 1 year | Over 1 year and within 2 years | Over 2 years and within 3 years | Over 3 years and within 4 years | Over 4 years and within 5 years | Over 5 years |
|-----------------------|---------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|
| Short-term borrowings | 192 | — | — | — | — | — |
| Bonds paid | 594 | 530 | 530 | 530 | 530 | 510 |
| Long-term borrowings | 9,071 | 5,744 | 4,967 | 5,453 | 4,918 | 8,343 |
| Lease obligations | 342 | 252 | 175 | 208 | 11 | 30 |
| Total | 10,200 | 6,527 | 5,673 | 6,191 | 5,460 | 8,883 |

Current consolidated FY (May 31, 2025)

(Millions of yen)

| Subject | Within 1 year | Over 1 year and within 2 years | Over 2 years and within 3 years | Over 3 years and within 4 years | Over 4 years and within 5 years | Over 5 years |
|-----------------------|---------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|
| Short-term borrowings | 315 | — | — | — | — | — |
| Bonds paid | 530 | 530 | 530 | 530 | 510 | — |
| Long-term Borrowings | 5,728 | 4,953 | 5,443 | 4,914 | 3,375 | 4,984 |
| Lease obligations | 311 | 247 | 228 | 25 | 23 | 25 |
| Total | 6,885 | 5,731 | 6,202 | 5,470 | 3,908 | 5,010 |

3. Breakdown of Fair Value of Financial Instruments by Level:

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on unadjusted quoted market prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that have a significant effect on fair value are used, fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which those inputs belong.

(1) Financial assets and financial liabilities with fair value on the consolidated balance sheet

Previous fiscal year (May 31, 2024)

(Millions of yen)

| Category | Market value | | | |
|-------------------------------|--------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Equity securities | 299 | — | — | 299 |
| Total assets | 299 | — | — | 299 |

Current fiscal year (May 31, 2025)

(Millions of yen)

| Category | Market value | | | |
|-------------------------------|--------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Equity securities | 296 | — | — | 296 |
| Total assets | 296 | — | — | 296 |

(2) Financial assets and liabilities that do not have fair value on the consolidated balance sheet

Previous fiscal year (May 31, 2024)

(Millions of yen)

| Category | Market value | | | |
|------------------------------|--------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Lease and guarantee deposits | — | 7,005 | — | 7,005 |
| Total assets | — | 7,005 | — | 7,005 |
| Bonds payable | — | 3,114 | — | 3,114 |
| Long-term borrowings | — | 28,428 | — | 28,428 |
| Lease obligations | — | 988 | — | 988 |
| Total liabilities | — | 32,530 | — | 32,530 |

Current fiscal year (May 31, 2025)

(Millions of yen)

| Category | Market value | | | |
|----------------------------------|--------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Others | — | 2,882 | — | 2,882 |
| leasehold and guarantee deposits | — | 6,487 | — | 6,487 |
| Total assets | — | 9,369 | — | 9,369 |
| Bonds payable | — | 2,518 | — | 2,518 |
| Long-term borrowings | — | 22,555 | — | 22,555 |
| Lease obligations | — | 862 | — | 862 |
| Total liabilities | — | 25,935 | — | 25,935 |

(Note) Description of Valuation Techniques and Inputs Used in Calculating Fair Value

Investment securities

Listed stocks and bonds are valued using quoted market prices. Because listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. On the other hand, bonds included in the “Other” category held by the Company are classified as Level 2 fair value because they are traded infrequently in the market and their prices cannot be recognized as quoted prices in an active market.

Lease and guarantee deposits

Lease and guarantee deposits, which are mainly deposited when offices are leased, are classified as Level 2 fair value, as they are estimated to be redeemable and calculated using the discounted present value method based on the yields of long-term, highly secure bonds.

Bonds payable and lease obligations

The fair value of these is calculated using the discounted present value method based on the total amount of principal and interest and the interest rate that takes into account the remaining period of the relevant debt and credit risk, and is classified as Level 2 fair value.

Long-term borrowings

The discounted present value method is used based on the sum of the principal interest rate and the interest rate that takes into account the remaining period of the relevant debt and credit risk. In addition, a portion of the long-term borrowings with variable interest rates is subject to special treatment for interest rate swaps. The total amount of the original interest rate treated as an integral part of the relevant interest rate swap is calculated using the discounted present value method, based on an interest rate that takes into account the remaining term and credit risk of the relevant debt. These are classified as Level 2 fair values.

(Matters related to securities)

1. Bonds held to maturity

Previous consolidated fiscal year (May 31, 2024)

No applicable.

Current fiscal year (May 31, 2025)

(Millions of yen)

| Category | Type | Amount recorded in the consolidated balance sheet | Market value | Difference |
|--|--|---|--------------|------------|
| Securities of which the amount reported in the consolidated balance sheet exceeds the market value | Jointly managed designated money trust | — | — | — |
| | Subtotal | — | — | — |
| Securities of which the amount reported in the consolidated balance sheet does not exceed the market value | Jointly managed designated money trust | 14,500 | 14,500 | — |
| | Subtotal | 14,500 | 14,500 | — |
| Total | | 14,500 | 14,500 | — |

2. Other securities

Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| Category | Type | Amount recorded in the consolidated balance sheet | Acquisition cost | Difference |
|--|----------|---|------------------|------------|
| Securities of which the amount reported in the consolidated balance sheet exceeds the acquisition cost | Stock | 299 | 117 | 182 |
| | Subtotal | 299 | 117 | 182 |
| Securities of which the amount reported in the consolidated balance sheet does not exceed the acquisition cost | Stock | — | — | — |
| | Subtotal | — | — | — |
| Total | | 299 | 117 | 182 |

Note: Unlisted stocks (consolidated balance sheet amount: ¥2,825 million) and investments in investment limited partnerships (consolidated balance sheet amount: ¥162 million) are not included in the table above because they do not have market prices and because it is extremely difficult to determine their fair value.

Current consolidated FY (May 31, 2025)

(Millions of yen)

| Category | Type | Amount recorded in the consolidated balance sheet | Acquisition cost | Difference |
|--|----------|---|------------------|------------|
| Securities of which the amount reported in the consolidated balance sheet exceeds the acquisition cost | Stock | 296 | 116 | 180 |
| | Subtotal | 296 | 116 | 180 |
| Securities of which the amount reported in the consolidated balance sheet does not exceed the acquisition cost | Bond | 2,882 | 2,903 | (21) |
| | Subtotal | 2,882 | 2,903 | (21) |
| Total | | 3,178 | 3,019 | 158 |

Note: Unlisted stocks (consolidated balance sheet amount: ¥4,306 million) and investments in investment limited partnerships (consolidated balance sheet amount: ¥170 million) are not included in the table above because they do not have market prices and because it is extremely difficult to determine their fair value.

3. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

(Millions of yen)

| Category | Amount of sale | Total gain on sale | Total loss on sale |
|----------|----------------|--------------------|--------------------|
| Stock | 0 | 0 | — |
| Total | 0 | 0 | — |

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

(Millions of yen)

| Category | Amount of sale | Total gain on sale | Total loss on sale |
|----------|----------------|--------------------|--------------------|
| Stock | 245 | 76 | — |
| Total | 245 | 76 | — |

4. Securities for which impairment losses were recognized

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

Impairment loss of ¥685 million (¥685 million for other securities) was recognized in the previous fiscal year.

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

Impairment loss of ¥50 million (¥50 million for other securities) was recognized in the current fiscal year.

(Matters related to derivatives transactions)

1. Derivatives transactions for which hedge accounting is applied

(1) Interest rate related

Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| Method of hedge accounting | Type of derivatives transaction, etc. | Main hedged items | Contract amount, etc. | Contract amount over 1 year | Market value |
|--|---|----------------------|-----------------------|-----------------------------|--------------|
| Special treatment of interest rate swaps | Interest rate swaps Fixed payment/Variable receipt | Long-term borrowings | 5,500 | — | (Note) |

Note: The fair value of interest rate swaps that qualify for hedge accounting and that are accounted for as an integral part of long-term borrowings that are hedged is included in the fair value of the relevant long-term borrowings.

Current consolidated fiscal year (May 31, 2025)

Not applicable.

(Matters related to retirement benefits)

1. Outline of Retirement Benefit Plans Adopted

The Company and some of its domestic consolidated subsidiaries have defined benefit pension plans and lump-sum payment plans. Certain domestic consolidated subsidiaries have a defined contribution pension plan or are members of the Smaller Enterprise Retirement Allowance Mutual Aid System. Certain overseas consolidated subsidiaries have defined benefit plans.

In some cases, premium severance pay may be paid to employees for retirement or other reasons that are not covered by the retirement benefit obligation plan based on actuarial calculations in accordance with retirement benefit accounting.

The defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries are calculated using the simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses.

2. Defined benefit plans

(1) Reconciliation of the beginning and ending balance of retirement benefit obligation (excluding plans to which the simplified method is applied)

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Balance of retirement benefit obligation at beginning of period | 6,004 | 5,910 |
| Service cost | 704 | 657 |
| Interest expense | 41 | 72 |
| Actuarial gains (losses) | (259) | (452) |
| Retirement benefits paid | (590) | (502) |
| Other | 10 | (1) |
| Balance of retirement benefit obligation at end of period | 5,910 | 5,684 |

(2) Reconciliation between the beginning and ending balance of pension assets (excluding plans to which the simplified method is applied)

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Balance of pension assets at the beginning of the period | 6,877 | 7,560 |
| Expected return on assets | 110 | 121 |
| Actuarial gains (losses) | 497 | (259) |
| Contribution from employer | 458 | 465 |
| Payment of retirement benefits | (382) | (314) |
| Other | 0 | (1) |
| Balance of retirement benefit obligation at end of period | 7,560 | 7,572 |

(3) Reconciliation of the beginning and ending balances of liabilities for retirement benefits for plans to which the simplified method is applied

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Balance of liabilities for retirement benefits at the beginning of the period | 1,036 | 893 |
| Retirement benefit expenses | 81 | 67 |
| Retirement benefit payments | (114) | (104) |
| Contributions to the plan | (115) | (131) |
| Other | 5 | 4 |
| Balance of liabilities for retirement benefits at end of period | 893 | 729 |

(4) Reconciliation of balance of benefit obligation and pension assets at the end of the period and liabilities for retirement benefits and assets for retirement benefits recognized in the consolidated balance sheets

| | (Millions of yen) | |
|--|--------------------|--------------------|
| | As of May 31, 2024 | As of May 31, 2025 |
| Benefit obligation of funded plans | 5,605 | 5,563 |
| Pension assets | 8,637 | 8,936 |
| | (3,032) | (3,373) |
| Benefit obligation of non-funded plans | 2,275 | 2,214 |
| Net liabilities and assets recorded in the consolidated balance sheets | (757) | (1,159) |
| Liabilities for retirement benefits | 2,407 | 2,359 |
| Assets related to retirement benefits | 3,165 | 3,518 |
| Net liabilities and assets on consolidated balance sheets | (757) | (1,159) |

(Note) Includes plans to which the simplified method is applied

(5) Amount of retirement benefit expenses and the breakdown items

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Service cost | 704 | 657 |
| Interest expense | 41 | 72 |
| Expected investment income | (110) | (121) |
| Amortization of actuarial gains and losses | (208) | (756) |
| Retirement benefit expenses calculated by the simplified method | 81 | 67 |
| Other | (90) | (106) |
| Net periodic benefit cost for defined benefit plans | 418 | (187) |

(6) Adjustment for retirement benefits

Items recorded in adjustments to retirement benefits (before income taxes and tax effect deductions)

| | (Millions of yen) | |
|----------------------------|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Actuarial gains and losses | 547 | (562) |
| Total | 547 | (562) |

(7) Accumulated adjustments for retirement benefits

Items recorded in accumulated adjustments for retirement benefits (before income taxes and tax effect deductions)

| | (Millions of yen) | |
|---|--------------------|--------------------|
| | As of May 31, 2024 | As of May 31, 2025 |
| Unrecognized actuarial gains and losses | 756 | 193 |
| Total | 756 | 193 |

(8) Matters related to pension assets

(i) Major breakdown of pension assets

The following is a breakdown of the major categories of pension assets as a percentage of total pension assets.

| | As of May 31, 2024 | As of May 31, 2025 |
|-------------------|--------------------|--------------------|
| Securities | 39% | 41% |
| Shares | 41% | 41% |
| Cash and deposits | 7% | 5% |
| General account | 8% | 8% |
| Other | 5% | 5% |
| Total | 100% | 100% |

(ii) Method of establishing the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the Company considers the current and expected allocation of pension assets and the current and expected long-term rates of return from the various assets comprising the pension assets.

(9) Matters related to actuarial basis

Principal actuarial basis (expressed as a weighted average)

| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
|---|--|---|
| Discount rate | 1.5% | 1.6% |
| Long-term expected rate of return on assets | 1.6% | 1.6% |
| Expected rate of salary increase | 1.3% | 1.3% |

3. Defined Contribution Plan

The required contribution to the defined contribution plan of the Company's consolidated subsidiaries was ¥368 million in the previous fiscal year and ¥364 million in the current fiscal year.

(Matters related to stock options, etc.)

1. Amounts and titles of expenses recorded for stock options

Not applicable

2. Amount recorded as profit due to forfeiture of stock options

Not applicable

3. Description, size, and changes of stock options

(1) Details of stock options

Consolidated subsidiaries: Bewith, Inc.

| | 1st Series of Stock Acquisition Rights | 2nd Series of Stock Acquisition Rights |
|---|--|---|
| Classification and number of grantees | Director of Bewith, Inc. 3 persons Employees of Bewith, Inc. 44 persons Director of Bewith, Inc.'s subsidiary 1 person | Director of Bewith, Inc. 2 persons |
| Number of stock options by type of stock (Note) | Common stock 835,000 shares | Common stock 240,000 shares |
| Grant date | May 11, 2021 | May 11, 2021 |
| Vesting conditions | (i) Holders of stock acquisition rights must hold the position of Director, Corporate Auditor, Executive Officer, or employee of Bewith, Inc. or Bewith, Inc.'s subsidiary at the time of exercising the rights. However, this shall not apply in the event of retirement or resignation due to expiration of term of office, retirement or transfer due to illness in the course of business, or other cases where the Board of Directors recognizes that a justifiable reason exists. (ii) The exercise of stock acquisition rights by the heirs of the holders of stock acquisition rights shall not be permitted. | (i) If Bewith, Inc. issues common stock with a price below 1,045 yen or issues stock acquisition rights with an exercise price below 1,045 yen between the allotment date of these stock acquisition rights and the expiration date of the exercise period, all remaining stock acquisition rights may not be exercised. (ii) The exercise of stock acquisition rights by heirs of holders of stock acquisition rights shall not be permitted. |
| Subject period of service | No stipulation on the subject service period | No stipulation on the subject service period |
| Exercise period | From April 23, 2023 To April 22, 2031 | From after the vesting date to May 10, 2031 |

(Note) The above figures are based on the number of shares. The figures have been converted to the number of shares after the stock split (200 shares for one share) on October 22, 2021.

(2) Size of stock options and changes in the number of stock options

The number of stock options is based on the stock options that existed during the current consolidated fiscal year, and the number of stock options has been converted into the number of shares

Consolidated subsidiaries: Bewith, Inc.

a. Number of stock options

| | 1st Stock Acquisition Rights | 2nd Stock Acquisition Rights |
|--|------------------------------|------------------------------|
| Before rights vested (shares) | | |
| At the end of the previous fiscal year | 563,200 | 122,400 |
| Granted | — | — |
| Invalidation | — | — |
| Vesting | 563,200 | 122,400 |
| Unvested | - | - |
| Vested (shares) | | |
| At the end of the previous fiscal year | — | — |
| Vested | 563,200 | 122,400 |
| Exercised | 42,400 | — |
| expiration | — | — |
| Unexercised balance | 520,800 | 122,400 |

(Note) The above figures are based on the number of shares. The figures have been converted to the number of shares after the stock split (200 shares for one share) on October 22, 2021.

b. Unit Price Information

| | 1st Stock Acquisition Rights | 2nd Stock Acquisition Rights |
|---|------------------------------|------------------------------|
| Exercise price (yen) | 1,045 | 1,045 |
| Average share price at the time of exercise (yen) | 1,705 | — |
| Fair value per share (grant date) (yen) | — | — |

(Note) The figures have been converted to the number of shares after the stock split (200 shares for one share) on October 22, 2021.

4. Estimation method of fair valuation unit price of stock options

As Bewith, Inc. was a private company on the date of the stock option grant, the fair value per unit intrinsic value of the stock options was used as the valuation unit price of the stock options. The DCF method was used as the valuation method for the company's stock, which is the basis for calculating the intrinsic value per unit.

5. Estimation method of the number of stock options vested

Because it is difficult to reasonably estimate the number of forfeitures in the future, only the actual number of forfeitures is reflected.

6. Total intrinsic value of stock options at the end of the current consolidated fiscal year and total intrinsic value of stock options exercised during the current consolidated fiscal year at the date of exercise, if calculated based on the intrinsic value of stock options

| | |
|--|--------------|
| (1) Total intrinsic value at the end of the current consolidated fiscal year | ¥303 million |
| (2) Total intrinsic value of stock options exercised during the current consolidated fiscal year | ¥29 million |

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

| (Deferred tax assets) | (Millions of yen) | |
|--|--------------------|--------------------|
| | As of May 31, 2024 | As of May 31, 2025 |
| Deferred tax assets | 7,551 | 10,316 |
| Tax loss carryforward (Note 3) | 4,424 | 4,393 |
| Depreciation and amortization | 1,446 | 1,431 |
| Provision for bonuses | | |
| Allowance for doubtful accounts | 20 | 21 |
| Liabilities for retirement benefits | 492 | 671 |
| Asset retirement obligations | 740 | 939 |
| Accrued business office tax | 143 | 138 |
| Accrued enterprise tax | 124 | 333 |
| Asset adjustment account | 52 | 157 |
| Provision for share awards for Directors (and other Officers) | 144 | 96 |
| Allowance for stock benefit for employee | 71 | 72 |
| Adjustment of book value of investments in subsidiaries | 740 | 740 |
| Free rent | 998 | 854 |
| Expo exhibit related expenses | — | 1,084 |
| Other | 980 | 894 |
| Subtotal of deferred tax assets | 17,932 | 22,144 |
| Valuation allowance | | |
| Valuation allowance for losses carried forward for tax purposes (Note 3) | (7,419) | (10,113) |
| Valuation allowance for the total of deductible temporary difference, etc. | (7,445) | (8,393) |
| Subtotal of valuation allowance (Note 1) | (14,865) | (18,506) |
| Total deferred tax assets | 3,067 | 3,637 |
| Offset against deferred tax liabilities | (1,427) | (1,746) |
| Net deferred tax assets | 1,640 | 1,891 |
| (Deferred tax liabilities) | | |
| Valuation difference on available-for-sale securities | (61) | (61) |
| Asset for retirement benefits | (742) | (1,055) |
| Asset retirement obligations | (180) | (315) |
| Retained earnings of overseas subsidiaries | (195) | (235) |
| Customer relationship asset | (323) | (307) |
| Tax effect on sales of shares of subsidiaries and affiliates | (900) | (900) |
| other | (326) | (203) |
| Total deferred tax liabilities | (2,731) | (3,079) |
| Offset against deferred tax assets | 1,427 | 1,746 |
| Net deferred tax liabilities | (1,304) | (1,333) |

Note 1: Valuation allowance increased by ¥3,641 million. This increase is mainly due to an increase in valuation allowances related to tax loss carryforwards.

Note 2: As stated in "Changes in Accounting Policies," the "Guidance on Accounting Standard for Tax Effect Accounting" has been applied from the beginning of the current consolidated fiscal year, and as a result, the figures for the previous consolidated fiscal year have been restated.

Note 3: Amount of losses carried forward for tax purposes and their deferred tax assets by time limit for carryover

Previous consolidated fiscal year (May 31, 2024)

(Millions of yen)

| | Within 1 year | Over 1 year and within 2 years | Over 2 years and within 3 years | Over 3 years and within 4 years | Over 4 years and within 5 years | Over 5 years | Total |
|---|---------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|---------|
| Losses carried forward for tax purposes (a) | 162 | 504 | 483 | 5 | 503 | 5,893 | 7,551 |
| Valuation allowance | 162 | 503 | 483 | 5 | 503 | 5,762 | 7,419 |
| Deferred tax assets | — | 0 | — | — | — | 131 | (b) 132 |

(a) Losses carried forward for tax purposes represent the amount obtained by multiplying the normal effective statutory tax rate.

(b) Deferred tax assets of ¥132 million are recorded for losses carried forward for tax purposes of ¥7,551 million (multiplied by the effective statutory tax rate). No valuation allowance is recognized for the portion of the net operating loss carried forward for tax purposes that is deemed collectible based on the estimated future taxable income.

Current consolidated fiscal year (May 31, 2025)

(Millions of yen)

| | Within 1 year | Over 1 year and within 2 years | Over 2 years and within 3 years | Over 3 years and within 4 years | Over 4 years and within 5 years | Over 5 years | Total |
|---|---------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|---------|
| Losses carried forward for tax purposes (a) | 557 | 517 | 4 | 546 | 658 | 8,031 | 10,316 |
| Valuation allowance | 557 | 517 | 4 | 546 | 657 | 7,829 | 10,113 |
| Deferred tax assets | 0 | — | — | — | 0 | 202 | (b) 203 |

(a) Losses carried forward for tax purposes represent the amount obtained by multiplying the normal effective statutory tax rate.

(b) Deferred tax assets of ¥203 million are recorded for losses carried forward for tax purposes of ¥10,316 million (multiplied by the effective statutory tax rate). No valuation allowance is recognized for the portion of the net operating loss carried forward for tax purposes that is deemed collectible based on the estimated future taxable income.

2. Breakdown by major cause when there is a significant difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc., after the application of tax effect accounting

(unit: %)

| | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
|--|--|---|
| Statutory effective tax rate | 30.62 | — |
| (Adjustment) | | |
| Entertainment expenses and other items not permanently deductible | 0.47 | — |
| Per capita inhabitant tax | 0.26 | — |
| Valuation allowance | 7.87 | — |
| Amortization of goodwill | 0.17 | — |
| Consolidation adjustment of gain on sales of subsidiaries and affiliates' stocks | 2.97 | — |
| Equity in earnings of affiliates | (0.03) | — |
| Dividend income and other items not permanently deductible included in income | (36.06) | — |
| Tax credits for wage increase and productivity improvement | (0.14) | — |
| Difference in tax rate used | 0.09 | — |
| Others | 0.19 | — |
| Effective income tax rate after application of tax effect accounting | 6.41 | — |

(Note) Notes have been omitted for the current consolidated fiscal year as there is a net loss before income taxes.

3. Accounting for corporate and local income taxes or tax effect accounting related to such taxes

Effective from the current consolidated fiscal year, the Company and some of its domestic consolidated subsidiaries have adopted the group totalization system. In addition, in accordance with "Practical Solution on Accounting and Disclosure Under the Group Tax-sharing System" (Practical Issues Task Force No. 42, August 12, 2021), the Company and some of its domestic consolidated subsidiaries account for income taxes and local income taxes or tax effect accounting related to such taxes and disclose such taxes.

4. Adjustment of the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates

The "Act Amending Part of the Income Tax Act and Other Laws" (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and the "Defense Special Corporate Tax" will be imposed starting from the consolidated fiscal year beginning on or after April 1, 2026.

In conjunction with this, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in fiscal years beginning on or after April 1, 2026, calculations have been made by primarily changing the statutory effective tax rate from 30.62% to 31.52%.

As a result of this change, the amount of deferred tax liabilities (after deducting the amount of deferred tax assets) for the current consolidated fiscal year has increased by ¥11 million, the amount of corporate tax adjustments has increased by ¥9 million, and the amount of other securities valuation differences has decreased by ¥1 million.

(Matters related to asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheets

(1) Summary of the relevant asset retirement obligations

The asset retirement obligations are mainly restoration obligations in connection with real estate lease contracts for office space.

(2) Calculation method of the amount of the relevant asset retirement obligations

The amount of the asset retirement obligation is calculated using a discount rate of 0.0% to 2.6% based on an estimated period of use of two to 39 years from acquisition.

(3) Increase/decrease in the total amount of such asset retirement obligations

| | (Millions of yen) | |
|---|--|---|
| | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
| Balance at the beginning of the period | 2,572 | 2,425 |
| Increase due to acquisition of property, plant, and equipment | 112 | 160 |
| Increase due to the acquisition of consolidated subsidiaries | — | 6 |
| Adjustments due to the passage of time | 7 | 7 |
| Decrease due to the fulfillment of asset retirement obligations | (46) | (177) |
| Increase (decrease) due to change in estimate | (1) | 567 |
| Decrease due to exclusion of subsidiaries from consolidation | (220) | — |
| Balance at the end of period | 2,425 | 2,989 |

(Matters related to rental real estate properties)

Notes have been omitted because the total amount of real estate for rent and others is immaterial.

(Revenue recognition related)

1. Information that disaggregates revenue from contracts with customers

Information that breaks down revenue from contracts with customers is presented in the "(1) Consolidated Financial Statements Notes (Segment Information) ."

2. Information that provides a basis for understanding revenues from contracts with customers

(1) BPO Solutions

BPO Solutions include general affairs and administrative tasks that consolidate and streamline complex clerical work for customers, as well as accounting and finance tasks such as expense reimbursement based on workload fluctuations. Our group also provides BPO Solutions for tasks such as reception, sales administration, order processing, human resources, labor relations, payroll calculation, and education and training. Additionally, we offer a range of BPO Solutions to address corporate management challenges, including advisory consulting services provided by professional talent such as freelancers and former executives of listed companies.

The performance obligations in BPO Solutions include completing the work entrusted by customers within the contract period and delivering the deliverables, as well as providing services in which our group performs the entrusted work under its own responsibility and management. For contracts that require the delivery of deliverables, we determine that the performance obligations are satisfied when the deliverables are delivered to the customer, and we recognize revenue at the time of delivery or when the customer accepts the deliverables. Additionally, for contracts where our group performs the entrusted tasks under its own responsibility and management, if the service is provided on a monthly basis throughout the contract period, revenue is recognized on a fixed-term basis. If there are significant fluctuations in the monthly service content, revenue is recognized based on the costs incurred. Furthermore, if it is not possible to reasonably estimate the progress toward fulfilling the performance obligation but it is expected that the costs incurred in fulfilling the performance obligation will be recovered, revenue is recognized using the cost recovery method until the progress toward fulfilling the performance obligation can be reasonably estimated.

Since the period between the fulfillment of performance obligations and the receipt of consideration for this business is usually within one year, we have not made any significant financial adjustments to the receivables based on the contract with the customer.

(2) Expert Solutions

Expert Solution provides temporary staffing services for a wide range of occupations, from office work and clerical positions to highly skilled professionals, engineers, sales and marketing positions, and personnel of all ages, from young to senior.

Expert Solution's performance obligation is to dispatch temporary staff who have entered into employment contracts with our group to client companies and provide the agreed-upon temporary staffing services for the duration of the contract. We determine that this performance obligation is satisfied over the contract period as working hours elapse, and we recognize revenue based on working hours.

The amount of commuting expenses received from customers for temporary staff is part of the consideration for the provision of temporary staffing services, and our group recognizes this as a transaction with the individual and records the total amount as revenue.

Since the period between the fulfillment of performance obligations and the receipt of consideration is usually less than one year, we do not make any significant financial adjustments to receivables based on contracts with these customers.

(3) Career Solutions

Career Solutions provides recruitment services that support companies' mid-career hiring activities and match job seekers with suitable positions, as well as outplacement services that assist individuals in transitioning to new careers based on companies' human resources strategies.

The performance obligation in the recruitment agency business is to provide a service that introduces candidates with the career and skills required by client companies. This performance obligation is deemed fulfilled when the introduced candidate joins the client company and the client company begins to derive benefits from the candidate, and revenue is recognized at the point when the introduced candidate joins the client company.

Additionally, in determining transaction prices, if the introduced candidate leaves the client company within a certain period after joining, the contract stipulates that a portion of the consideration must be refunded. In such cases, we estimate the refund amount based on past performance and include it in the transaction price, recognizing a refund liability and deducting it from revenue. The estimated refund amount is recognized only within the range where the likelihood of a significant reversal of revenue is extremely low.

The recruitment business typically requires a period of less than one year from the fulfillment of obligations to the receipt of consideration. Therefore, we do not make any significant financial adjustments to receivables based on contracts with customers.

In the outplacement business, the performance obligation is to provide career support services such as job

placement, reemployment, or independent entrepreneurship to service users who are retirees or prospective retirees of customer companies. This performance obligation involves continuously providing outplacement services to such users over the period specified in the contract agreed upon between our group and the customer company. We recognize revenue on a fixed-period basis, as we determine that the customer derives benefits simultaneously with the user receiving the service. Additionally, for contracts with provisions for renewal of the service provision period, at the end of the fiscal year, we calculate the average decision period based on the actual performance from the start of service to the decision period over the previous five fiscal years for the users, and recognize revenue on a fixed-period basis over that period.

In the outplacement business, the period between receiving payment and providing services may exceed one year depending on the start date of service provision for the user. However, since the amount of payment does not vary depending on the user's service start date, we determine that no significant financial elements are involved.

(4) Global Solutions

Global Solutions provides a full range of human resources-related services overseas, including recruitment, temporary staffing and outsourcing, payroll calculation, and education and training.

Global Solutions' performance obligations are accounted for in the same manner as BPO Solutions, Expert Solutions, and Career Solutions, depending on the nature of the services provided to customers.

For all of Global Solutions' businesses, the period between fulfilling performance obligations and receiving consideration is typically within one year. Therefore, no significant financial adjustments are made to the receivables based on contracts with such customers.

(5) Life Solutions

Life Solutions operates licensed and certified childcare facilities, corporate childcare facilities, after-school childcare facilities, childcare support services such as child education, nursing care services such as home care, and life support services such as housekeeping services.

The performance obligations under childcare support services involve operating childcare facilities in accordance with certain requirements, such as the number of children and childcare staff, as stipulated in contracts with local governments. Revenue is recognized based on the amount calculated in accordance with the terms of the contract at the time of monthly childcare services. In cases where childcare services are provided under contracts with companies, the performance obligation is to care for children and provide certain childcare services during the contract period, and revenue is recognized based on the number of children cared for and the number of childcare hours each month.

In the care services business, the performance obligation is to provide services based on monthly care plans, and revenue is recognized at the time services are provided, in accordance with the content of the care plans.

In the life support business, the performance obligation is to provide household services such as cleaning and meal preparation, and revenue is recognized based on the operating hours at the time the services are provided.

In all of the life solutions businesses, the period between fulfilling the performance obligation and receiving payment is typically within one year, so no significant financial adjustments are made to the receivables based on the contract with the customer.

(6) Regional Revitalization and Tourism Solutions

Regional Revitalization and Tourism Solutions involve collaborating and cooperating with local residents, businesses, and local governments to create new industries and jobs in rural areas through regional revitalization and tourism projects.

The primary performance obligations under Regional Revitalization and Tourism Solutions are to provide customers with food and beverage services, amusement services, and accommodation services. These performance obligations are satisfied through the provision of food and beverages, the use of attractions, and the use of accommodation facilities, so revenue is recognized when goods or services are provided to customers.

Since the period between fulfilling the performance obligations and receiving payment is typically within one year, no significant financial adjustments are made to the receivables arising from contracts with such customers.

3. Information for understanding the amount of income for the current and subsequent periods

(1) Balance, etc., of contract assets and contract liabilities

(Millions of yen)

| | As of May 31, 2024 | | As of May 31, 2025 | |
|---|--------------------|----------------|--------------------|----------------|
| | beginning balance | ending balance | beginning balance | ending balance |
| Receivables arising from contracts with customers | 41,047 | 33,776 | 33,776 | 33,429 |
| Contract assets | 11,577 | 9,678 | 9,678 | 7,842 |
| Contract liabilities | 7,488 | 2,111 | 2,111 | 3,162 |

Contract assets mainly relate to the Group companies' rights to consideration for business support services that have been partially completed but not yet invoiced as of the balance sheet date, mainly for BPO Solutions contracts. Contract assets are reclassified into receivables arising from contracts with customers when the Group's rights to the consideration become unconditional. Consideration for such business support services is reclassified into accounts receivable when all contracted services have been completed, the business report and other documents have been submitted to the customer, and the customer has inspected and invoiced the services.

Contract liabilities mainly relate to advance payments received from customers prior to the provision of services in connection with contracts for outplacement support under the Career Solutions segment. Contract liabilities are reversed as revenue is recognized.

Of the revenue recognized in the previous fiscal year, the amount included in contract liabilities at the beginning of the period was ¥4,745 million.

Revenue recognized in the previous consolidated fiscal year from performance obligations satisfied (or partially satisfied) in prior periods is not material.

Of the revenue recognized in the current consolidated fiscal year, the amount included in contract liabilities at the beginning of the period was ¥1,623 million.

Revenue recognized in the current consolidated fiscal year from performance obligations satisfied (or partially satisfied) in prior periods is not material.

(2) Transaction prices allocated to remaining performance obligations

The Group applies the practical expedient method in noting the transaction price allocated to the remaining performance obligations and does not include the notes contracts with an initial expected term of one year or less. The performance obligations are mainly contracts for BPO Solutions. The total transaction price allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are as follows. The amount of consideration received from contracts with customers does not include the amount of significant variable consideration not included in the transaction price.

(Millions of yen)

| | As of May 31, 2024 | As of May 31, 2025 |
|---|--------------------|--------------------|
| Due within one year | 12,607 | 16,503 |
| Due after one year through two years | 6,526 | 7,979 |
| Due after two years through three years | 3,949 | 3,625 |
| Over three years | 12,285 | 3,380 |
| Total | 35,369 | 31,489 |

(Segment information, etc.)

Segment information

1. Outline of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate their performance.

The Group operates a comprehensive human resources-related business, and based on the characteristics of the services that it provides, the Company has five reportable segments: "BPO Solutions, Expert Solutions," "Career Solutions," "Global Solutions," "Life Solutions," and "Regional Revitalization and Tourism Solutions." As a holding company, the Company is also responsible for formulating group management strategies and supporting business execution, business management, and the optimal allocation of management resources, along with the development of new businesses related to job creation.

(2) Matters concerning changes in reportable segments, etc.

The reporting segments of our group were classified as "Expert Services, BPO Services, etc.," "Career Solutions," "Outsourcing," "Life Solutions," and "Regional Revitalization Solutions" in the previous consolidated fiscal year, but we have reorganized some of them at the beginning of the current consolidated fiscal year and changed them to "BPO Solutions, Expert Solutions," "Career Solutions," "Global Solutions," "Life Solutions," and "Regional Revitalization and Tourism Solutions."

Benefit One Inc. and its subsidiaries, which were engaged in outsourcing at the end of the previous consolidated fiscal year, were excluded from the scope of consolidation, and the outsourcing segment was discontinued at the beginning of the current consolidated fiscal year.

Segment information for the previous consolidated fiscal year is presented based on the new classification.

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

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

Income of reportable segments is based on operating profit.

Intersegment revenues and transfers are based on prevailing market prices.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment and breakdown of income
Previous consolidated fiscal year (June 1, 2023 to May 31, 2024) (Millions of yen)

| Previous consolidated fiscal year (June 1, 2023 to May 31, 2024) | | | | | | | | | | (millions of yen) |
|--|--|---------------------|---------------------|-------------------|--|-------------|---------|------------------------|---|-------------------|
| | Reporting segments | | | | | | Total | Adjustment (Note 1) | Figures in consolidated statements of income | |
| | HR Solutions | | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | Outsourcing | | | | |
| | BPO Solutions, Expert Solutions | Career Solutions | | | | | | | | |
| Net Sales | | | | | | | | | | |
| BPO Solutions | 145,059 | — | — | — | — | — | 145,059 | — | 145,059 | |
| Expert Solutions | 136,501 | — | — | — | — | — | 136,501 | — | 136,501 | |
| Career Solutions | — | 13,031 | — | — | — | — | 13,031 | — | 13,031 | |
| Global Solutions | — | — | 10,791 | — | — | — | 10,791 | — | 10,791 | |
| Life Solutions | — | — | — | 7,229 | — | — | 7,229 | — | 7,229 | |
| Regional Revitalization and Tourism Solutions | — | — | — | — | 5,688 | — | 5,688 | — | 5,688 | |
| Outsourcing | — | — | — | — | — | 38,431 | 38,431 | — | 38,431 | |
| Revenue from contracts with customers | 281,560 | 13,031 | 10,791 | 7,229 | 5,688 | 38,431 | 356,733 | — | 356,733 | |
| Other revenue | — | — | — | — | — | — | — | — | — | |
| Net sales to outside customers | 281,560 | 13,031 | 10,791 | 7,229 | 5,688 | 38,431 | 356,733 | — | 356,733 | |
| Intersegment sales and transfers | 3,101 | 22 | 233 | 563 | 922 | 530 | 5,372 | (5,372) | — | |
| Total | 284,661 | 13,054 | 11,024 | 7,792 | 6,610 | 38,962 | 362,106 | (5,372) | 356,733 | |
| Segment profit (loss) | 11,582 | 4,042 | 270 | 128 | (2,671) | 7,615 | 20,968 | (14,174) | 6,794 | |
| Segment assets | 133,920 | 22,030 | 5,100 | 2,208 | 14,094 | — | 177,354 | 123,735 | 301,090 | |
| Other items | | | | | | | | | | |
| Depreciation and Amortization | 1,005 | 106 | 177 | 59 | 1,171 | 2,249 | 4,768 | 801 | 5,569 | |
| Amortization of Goodwill | 455 | — | — | — | 0 | 294 | 750 | — | 750 | |
| Impairment losses | 834 | — | — | — | 9,977 | — | 10,811 | — | 10,811 | |
| Increase in tangible and intangible fixed assets | 1,932 | 127 | 206 | 15 | 6,948 | 3,019 | 12,249 | 8,231 | 20,480 | |

Notes:

- The following are included in the adjustment item.
 - Adjustment of segment loss totaling ¥(14,174) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(14,228) million, as well as intersegment sales and transfers totaling ¥53 million.
 - Adjustment of segment assets totaling ¥123,735 million includes the Company's cash and deposits and assets relating to Group management totaling ¥159,144 million, as well as intersegment sales and transfers totaling ¥(35,408) million.
 - Adjustment of depreciation and amortization totaling ¥801 million is mainly comprised of depreciation and amortization of assets relating to Group management.
 - Adjustment of increase in tangible and intangible fixed assets totaling ¥8,231 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥8,240 million, as well as intersegment sales and transfers totaling ¥(8) million.
- Segment profit is adjusted with operating profit under consolidated statements of income.
- Benefit One Inc. which was responsible for outsourcing in the previous consolidated fiscal year, and its subsidiaries have been excluded from the scope of consolidation. As a result, there are no segment assets recorded at the end of the previous consolidated fiscal year.

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

(Millions of yen)

| | Reporting segments | | | | | Total | Adjustment (Note 1) | Figures in consolidated statements of income |
|---|--|---------------------|---------------------|-------------------|--|---------|------------------------|---|
| | 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 contracts with customers | 269,349 | 14,487 | 11,121 | 8,105 | 6,176 | 309,240 | — | 309,240 |
| Other revenue | — | — | — | — | — | — | — | — |
| Net 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 |
| Segment 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 and Amortization | 1,247 | 93 | 199 | 58 | 510 | 2,108 | 647 | 2,756 |
| Amortization of Goodwill | 324 | — | — | — | 12 | 336 | — | 336 |
| Impairment losses | 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 profit 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.

(Related information)

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

1. Information by product and service

Statement is omitted because the same information is disclosed in the segment information.

2. Information by area

(1) Net sales

Statement is omitted because net sales to external customers in Japan exceed 90% of the sales reported in the consolidated profit & loss statement.

(2) Property, plants, and equipment

Statement is omitted because the amount of property, plants, and equipment located in Japan exceeds 90% of the amount of property, plants, and equipment in the consolidated balance sheet.

3. Information by major customer

There is no statement because no customer accounts for 10% or more in net sales reported in the consolidated profit & loss statement.

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

1. Information by product and service

Statement is omitted because the same information is disclosed in the segment information.

2. Information by area

(1) Net sales

Statement is omitted because net sales to external customers in Japan exceed 90% of the sales reported in the consolidated profit & loss statement.

(2) Property, plants, and equipment

Statement is omitted because the amount of property, plants, and equipment located in Japan exceeds 90% of the amount of property, plants, and equipment in the consolidated balance sheet.

3. Information by major customer

There is no statement because no customer accounts for 10% or more in net sales reported in the consolidated profit & loss statement.

(Information on impairment loss on non-current assets by reported segment)

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

Statement is omitted because the same information is disclosed in the segment information.

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

Statement is omitted because the same information is disclosed in the segment information.

(Information on the amortization amount of goodwill and the unamortized balance by reported segment)

Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)

(Millions of yen)

| | Reportable segment | | | | | Adjustment | Total |
|-----------------------------|------------------------------------|---------------------|------------------|-------------------|--|------------|-------|
| | BPO Solutions, Expert Solutions | Career Solutions | Global Solutions | Life Solutions | Regional Revitalization and Tourism Solutions | | |
| Balance at end of period | 842 | — | — | — | — | — | 842 |

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

(Millions of yen)

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

(Information on gain from negative goodwill by reported segment)

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

Not applicable

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

Not applicable

(Information on related parties)

1. Transactions with related parties

(1) Transactions between the company submitting the consolidated financial statements and related parties

i Subsidiaries and affiliates of companies submitting consolidated financial statements

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

| Type | Name or company's name | Location | Capital or investment (millions of yen) | Business or occupation | Percentage of voting rights, etc., held (%) | Relationship with related parties | Transaction details | Transaction amounts (millions of yen) | Subject | Balance at end of period (millions of yen) |
|--------------|---------------------------|--------------------|---|---|---|-----------------------------------|---------------------------------|---------------------------------------|---------|--|
| subsidiaries | Benefit One Inc. (Note 3) | Shinjuku-ku, Tokyo | 1,527 | Welfare benefit agency service business | Ownership Directly 50.0 | Concurrent directors (1 person) | Gain on sale of shares (Note 4) | 112,040 | — | — |

Notes:

1. Transaction amounts are presented exclusive of consumption taxes, and year-end balances are presented inclusive of consumption taxes.
2. Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.
All transaction terms and conditions are determined by general terms and conditions or by negotiation, taking into consideration the terms and conditions or market prices of other companies that are not related to the Company.
3. As a result of the transfer of all shares held by the Company to Benefit One Inc. on May 23, 2024, the Company is no longer a related party. The transaction amounts above are for the period during which the companies were related parties. The percentage of voting rights, etc. owned is the percentage at the time of ceasing to be a related party.
4. The sale of shares represents the transfer of shares of Benefit One Inc. held by the Company as a result of a share buyback conducted by the company. The transfer price was determined based on the results of a stock price calculation by a third-party institution.

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

Not applicable

ii Directors and major shareholders of the company submitting the consolidated financial statements

Previous consolidated fiscal year (From June 1, 2023 to May 31, 2024)

Not applicable

Current consolidated fiscal year (From June 1, 2024 to May 31, 2025)

Not applicable

(2) Transactions between the consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Directors and major shareholders of the company submitting the consolidated financial statements

Previous consolidated fiscal year (June 1, 2023 to May 31, 2024)

| Type | Name or company's name | Location | Capital or investment (millions of yen) | Business or occupation | Percentage of voting rights, etc., held (%) | Relationship with related parties | Transaction details | Transaction amounts (millions of yen) | Subject | Balance at end of period (millions of yen) |
|--|---|------------------------------|---|---|---|-----------------------------------|---------------------|---------------------------------------|---------|--|
| Companies in which the majority of voting rights are held in their own account by officers and close relatives of officers of significant subsidiaries | Sustainable Planning Inc. (Note 3) | Shibuya -ku, Tokyo | 100 | Healthcare business, business activation business | — | Purchase of goods | Purchase of goods | 21 | — | — |
| Foundations whose directors and their immediate family members serve as representative directors | Pasona Foundation for the Preparation of the Establishment of Pasona Professional Graduate School | Awaji-City, Hyogo Prefecture | — | (Note 4) | — | — | Donation | 680 | — | — |

Notes:

1. Transaction amounts are presented exclusive of consumption taxes, and year-end balances are presented inclusive of consumption taxes.
2. Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.
All transaction terms and conditions are determined by general terms and conditions or by negotiation, taking into consideration the terms and conditions or market prices of other companies that are not related to the Company.
3. Sustainable Planning Inc. is a company in which the majority of voting rights are held by close relatives of directors of our subsidiary Pasona Inc.
4. The purpose of the foundation's activities is to establish a graduate university with the aim of developing human resources who can contribute to the creation of attractive regions by utilizing the unique resources of each region, such as the natural environment, history, culture, and food.
5. The amount of donation to Pasona Foundation for the Preparation of the Establishment of Pasona Professional Graduate School is determined based on a resolution of the Board of Directors of the Company's subsidiary.

Current consolidated fiscal year (June 1, 2024 to May 31, 2025)

| type | Name or company's name | location | Capital or investment (millions of yen) | Business or occupation | Percentage of voting rights, etc. held (%) | Relationship with related parties | Transaction details | Transaction amount (Millions of yen) | subject | Balance at end of period (Millions of yen) |
|--|--------------------------|------------------|---|------------------------|--|-----------------------------------|--|--------------------------------------|---------|--|
| Companies in which the majority of voting rights are held in their own account by officers and close relatives of officers | Safety Net Inc. (Note 2) | Minato-ku, Tokyo | 95 | Mental Health Business | — | — | Absorption-type split Amount of assets Amount of liabilities | 482 132 | — | — |

Notes:

1. Transaction Terms and Conditions and Policy for Determining Transaction Terms and Conditions
All transaction terms and conditions are determined based on general transaction terms and conditions or through consultation, taking into consideration conditions similar to those of other companies not affiliated with our company or market prices.
2. Safety Net Inc. is a company in which our representative director, Mr. Yasuyuki Nambu, and his close relatives own a majority of the voting rights. Safety Net Inc. has been liquidated during the current fiscal year.
3. Mr. Yasuyuki Nambu resigned as representative director on May 31, 2025.

2. Notes on the parent company or any material affiliated company

Not applicable

(Per share information)

| Item | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
|--------------------------|--|--|
| Net assets per share | ¥3,789.83 | ¥3,517.00 |
| Profit (loss) per share | ¥2,447.56 | ¥(221.80) |
| Diluted profit per share | ¥2,446.80 | — |

Note 1: Although there are potential shares, no information is provided regarding diluted net income per share for the current consolidated fiscal year because there is a net loss per share.

Note 2: Treasury shares remaining in the Board Benefit Trust (BBT) and the Japanese version of the Employee Stock Ownership Plan (J-ESOP) that are recorded as treasury shares in shareholders' equity are included in treasury shares deducted from the total number of issued shares as of the end of the year for the calculation of net assets per share, as well as in treasury shares deducted in the calculation of the average number of shares during the year for the calculation of profit (loss) per share.

The number of shares of treasury stock deducted from the calculation of net assets per share at the end of the fiscal year was 601,862 shares for the stock benefit trust (BBT) in the previous fiscal year and 601,862 shares in the current fiscal year, and 464,274 shares for the stock benefit trust (J-ESOP) in the previous fiscal year and 451,803 shares in the current fiscal year. The average number of shares of treasury stock deducted from the calculation of profit or loss per share is 572,362 shares for the year ended May 31, 2024 and 601,862 shares for the year ended May 31, 2025 for the stock benefit trust (BBT), 441,470 shares for the year ended May 31, 2024 and 453,584 shares for the year ended May 31, 2025 for the stock benefit trust (J-ESOP).

Note 3: As stated in "Changes in Accounting Policies," the changes in accounting policies for the current consolidated fiscal year have been applied retroactively, and the consolidated financial statements for the previous consolidated fiscal year have been restated to reflect these changes. As a result, compared to before the retroactive application, net assets per share for the previous consolidated fiscal year have increased by ¥0.41.

Note 4: The basis for calculating profit or loss per share and diluted profit per share is as follows.

| Item | Previous consolidated FY (June 1, 2023 to May 31, 2024) | Current consolidated FY (June 1, 2024 to May 31, 2025) |
|--|---|--|
| Profit or loss attributable to owners of parent (millions of yen) | 95,891 | (8,658) |
| Amount not attributable to common shareholders (millions of yen) | — | — |
| Profit or loss attributable to owners of parent related to common shares (millions of yen) | 95,891 | (8,658) |
| Average number of common shares during the period (shares) | 39,178,295 | 39,036,161 |
| Diluted profit per share | | |
| Adjustment to profit attributable to owners of the parent (millions of yen) | (29) | — |
| (Adjustment due to latent shares of consolidated subsidiaries) (millions of yen) | ((29)) | — |
| Summary of latent shares that was not included in the calculation of diluted profit per share due to the absence of dilutive effects. | — | — |

Note 5: Basis for calculation of net assets per share is as follows

| Item | Previous consolidated FY (May 31, 2024) | Current consolidated FY (May 31, 2025) |
|---|--|---|
| Total net assets (millions of yen) | 154,677 | 141,134 |
| Amount deducted from total net assets (millions of yen) | 6,173 | 6,199 |
| Net assets related to common stock (millions of yen) | 148,504 | 134,934 |
| Number of shares of common stock for the calculation of net assets per share at end of period (shares) | 39,184,940 | 38,366,529 |

(Significant events after reporting period)

Not applicable.

5) Consolidated supplementary schedules

[Schedule of corporate bonds]

| Company | Name | Issue Date | Balance, beginning of period (Millions of yen) | Balance, end of period (Millions of yen) | Interest Rate (%) | Collateral | Redemption date |
|-------------------|--------------------|----------------|---|---|-------------------|------------|-----------------|
| Pasona Group Inc. | 1st unsecured bond | March 28, 2018 | 64 | — | 0.31 | none | March 28, 2025 |
| Pasona Group Inc. | 2nd unsecured bond | April 30, 2020 | 1,500 | 1,250 (250) | 0.21 | none | March 29, 2030 |
| Pasona Group Inc. | 3rd unsecured bond | June 11, 2021 | 1,660 | 1,380 (280) | 0.15 | none | March 29, 2030 |

Notes: 1. The figures in parentheses in the "Balance at the end of current period" column represent the current portion of the redemption schedule.

2. The following are the scheduled redemption amounts per year within five years from the consolidated balance sheet date.

(Millions of yen)

| Due within one year | Due after 1 year through 2 years | Due after 2 years through 3 years | Due after 3 years through 4 years | Due after 4 years through 5 years |
|---------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 530 | 530 | 530 | 530 | 510 |

[Schedule of borrowings, etc.]

| Category | Balance, beginning of period (millions of yen) | Balance, end of period (millions of yen) | Average interest rate (%) | Due date |
|--|---|---|---------------------------|--------------|
| Short-term borrowings | 192 | 315 | 7.56 | — |
| Long-term borrowings to be repaid within 1 year | 9,071 | 5,728 | 0.77 | — |
| Lease obligations to be repaid within 1 year | 342 | 311 | 2.16 | — |
| Long-term borrowings (excluding loans to be repaid within 1 year) | 29,427 | 23,671 | 0.93 | 2026 to 2033 |
| Lease obligations (excluding lease obligations to be repaid within 1 year) | 678 | 551 | 2.16 | 2026 to 2034 |
| Total | 39,712 | 30,578 | — | — |

Note 1: "Average interest rate" represents the weighted average interest rate for the balance of loans, etc., at the end of the year. The figures include those of overseas subsidiaries.

Note 2: The amount of lease obligations (excluding lease obligations to be repaid within one year) to be repaid within five years of the consolidated closing date is as follows:

(Millions of yen)

| Category | Over 1 year and within 2 years | Over 2 years and within 3 years | Over 3 years and within 4 years | Over 4 years and within 5 years |
|---------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Long-term borrowing | 4,953 | 5,443 | 4,914 | 3,375 |
| Lease obligations | 247 | 228 | 25 | 23 |
| Total | 5,201 | 5,672 | 4,940 | 3,398 |

[Schedule of asset retirement obligations]

The schedule of asset retirement obligations is omitted because the items to be presented in this schedule are presented as notes stipulated in Article 15-23 of the Regulations Concerning Consolidated Financial Statements.

(2) Other

Semi-annual information for the current consolidated fiscal year.

| | Interim consolidated accounting period | The current consolidated fiscal year |
|---|---|---|
| Net sales (¥ mil.) | 153,934 | 309,240 |
| Net interim profit before income taxes or net interim loss before income taxes (¥ mil.) | (2,355) | (5,826) |
| Net interim profit attributable to owners of parent or net interim loss attributable to owners of parent (¥ mil.) | (3,762) | (8,658) |
| Net interim profit per share or net interim loss per share (¥) | (96.01) | (221.80) |

2. Financial statements, etc.

(1) Financial statements

(i) Balance Sheet

(Millions of yen)

| | As of May 31, 2024 | As of May 31, 2025 |
|---------------------------------------|--------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 121,517 | 72,731 |
| Accounts receivable - trade | *1 638 | *1 725 |
| Securities | — | 14,500 |
| Raw materials and supplies | 32 | 240 |
| Prepaid expenses | *1 787 | *1 1,032 |
| Short-term loans receivable | *1 116 | *1 235 |
| Accounts receivable - other | *1 2,330 | *1 3,225 |
| Deposits received from CMS | *1 4,517 | *1 6,766 |
| Other | *1 1,053 | *1 670 |
| Allowance for doubtful accounts | (3,416) | (4,665) |
| Total current assets | 127,576 | 95,461 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 6,398 | 8,217 |
| Structures | 565 | 690 |
| Machinery and equipment | 0 | 1 |
| Vessels | 119 | 88 |
| Tools, furniture, and fixtures | 537 | 1,609 |
| Land | 7,537 | 8,789 |
| Leased assets | 343 | 314 |
| Construction in progress | 15,134 | 21,641 |
| Total Property, plant and equipment | 30,637 | 41,352 |
| Intangible assets | | |
| Software | 593 | 747 |
| Other | 9 | 11 |
| Total intangible assets | 602 | 759 |
| Investments and other assets | | |
| Investment securities | 725 | 4,975 |
| Shares of subsidiaries and associates | 31,086 | 29,036 |
| Long-term loans receivables | *1 78 | *1 861 |
| Prepaid pension cost | 195 | 280 |
| Leasehold and guarantee deposits | *1 2,500 | *1 2,268 |
| Other | *1 770 | *1 549 |
| Total investments and other assets | 35,356 | 37,972 |
| Total non-current assets | 66,596 | 80,084 |
| Deferred assets | | |
| Bond issuance costs | 111 | 92 |
| Total deferred assets | 111 | 92 |
| Total assets | 194,284 | 175,638 |

| | As of May 31, 2024 | As of May 31, 2025 |
|---|--------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 8,903 | 5,578 |
| Current portion of bonds payable | 594 | 530 |
| Deposits received from CMS | *1 26,864 | *1 35,132 |
| Lease liabilities | 67 | 67 |
| Account payable-other | *1 2,671 | *1 3,021 |
| Accrued expenses | 871 | 1,006 |
| Income taxes payable | 136 | 49 |
| Provision for bonuses | 150 | 258 |
| Asset retirement obligations | 93 | — |
| Other | *1 337 | *1 974 |
| Total current liabilities | 40,690 | 46,618 |
| Non-current liabilities | | |
| Bonds payable | 2,630 | 2,100 |
| Long-term borrowings | 28,302 | 22,742 |
| Lease obligations | 298 | 264 |
| Long-term guarantee deposits received | 12 | 10 |
| Provision for share awards for Directors (and other Officers) | 418 | 253 |
| Allowance for stock benefit for employee | 160 | 160 |
| Deferred tax liabilities | 116 | 145 |
| Asset retirement obligations | 155 | 221 |
| Other | 2,643 | 2,122 |
| Total non-current liabilities | 34,738 | 28,021 |
| Total liabilities | 75,429 | 74,640 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,000 | 5,000 |
| Capital surplus | | |
| Legal capital surplus | 5,000 | 5,000 |
| Other capital surplus | 7,971 | 6,180 |
| Total capital surplus | 12,971 | 11,180 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 103,527 | 87,409 |
| Total retained earnings | 103,527 | 87,409 |
| Treasury shares | (2,645) | (2,572) |
| Total shareholders' equity | 118,853 | 101,016 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1 | (18) |
| Total valuation and translation adjustments | 1 | (18) |
| Total net assets | 118,855 | 100,998 |
| Total liabilities and net assets | 194,284 | 175,638 |

(ii) Profit and Loss Statement

(Millions of yen)

| | For the fiscal year ended May 31, 2024 | For the fiscal year ended May 31, 2025 |
|--|---|---|
| Net sales | *1 10,004 | *1 7,645 |
| Cost of sales | *1 1,484 | *1 1,590 |
| Gross profit | 8,520 | 6,054 |
| Selling, general and administrative expenses | *1,2 13,726 | *1,2 14,734 |
| Operating loss | (5,206) | (8,679) |
| Non-operating income | | |
| Interest income | *1 38 | *1 129 |
| Subsidy income | 1 | 1 |
| Real estate rent | *1 336 | *1 363 |
| Sponsorship income | *1 101 | *1 250 |
| Other | *1 166 | *1 445 |
| Total non-operating income | 644 | 1,190 |
| Non-operating expenses | | |
| Interest expenses | *1 376 | *1 353 |
| Commitment fees | 52 | 30 |
| Provision of allowance for doubtful accounts | 3,264 | 1,246 |
| Real estate rental expenses | *1 440 | *1 163 |
| Other | *1 81 | *1 128 |
| Total non-operating expenses | 4,215 | 1,923 |
| Ordinary loss | (8,778) | (9,411) |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | — |
| Gain on sales of shares of subsidiaries and associates | *3 122,329 | — |
| Total extraordinary income | 122,329 | — |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 148 | 141 |
| Impairment losses | 4,727 | — |
| Loss on valuation of investment securities | 685 | 50 |
| Loss on valuation of shares of subsidiaries and associates | *4 5,962 | *4 190 |
| Cost on sale of shares of subsidiaries and associates | 1,164 | — |
| Loss on extinguishment of bundled shares | — | *5 37 |
| Expo exhibit related expenses | — | *6 4,839 |
| Total extraordinary losses | 12,687 | 5,258 |
| Profit before taxes | 100,864 | (14,669) |
| Income taxes -current | (1,099) | (1,599) |
| Income taxes -deferred | 1,120 | 28 |
| Total income taxes | 20 | (1,570) |
| Profit (loss) | 100,843 | (13,099) |

(iii) Statement of changes in net assets

Previous fiscal year (June 1, 2023 to May 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|--|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance, beginning of period | 5,000 | 5,000 | 7,653 | 12,653 | 4,080 | 4,080 |
| Changes during the period | | | | | | |
| Dividends of surplus | | | | — | (1,396) | (1,396) |
| Profit (loss) | | | | — | 100,843 | 100,843 |
| Acquisition of treasury shares | | | | — | | — |
| Disposal of treasury shares | | | 318 | 318 | | — |
| Acquisition of treasury shares by stock benefit trust | | | | — | | — |
| Disposal of treasury shares by stock benefit trust | | | | — | | — |
| Changes (net) during the year in items other than Shareholders' equity | | | | — | | — |
| Total changes during period | - | - | 318 | 318 | 99,446 | 99,446 |
| Balance, end of period | 5,000 | 5,000 | 7,971 | 12,971 | 103,527 | 103,527 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|-------------------------|---|---|------------------|
| | Treasury shares | Total retained earnings | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance, beginning of period | (2,338) | 19,394 | 1 | 1 | 19,396 |
| Changes during the period | | | | | |
| Dividends of surplus | | (1,396) | | — | (1,396) |
| Profit (loss) | | 100,843 | | — | 100,843 |
| Acquisition of treasury shares | (0) | (0) | | — | (0) |
| Disposal of treasury shares by stock benefit trust | 279 | 597 | | — | 597 |
| Acquisition of treasury shares by stock benefit trust | (597) | (597) | | — | (597) |
| Disposal of treasury shares by stock benefit trust | 11 | 11 | | — | 11 |
| Changes (net) during the year in items other than Shareholders' equity | | — | 0 | 0 | 0 |
| Total changes during period | (306) | 99,458 | 0 | 0 | 99,459 |
| Balance, end of period | (2,645) | 118,853 | 1 | 1 | 118,855 |

Current fiscal year (June 1, 2024 to May 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|--|-------------------------|
| | Share capital | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings Retained earnings brought forward | Total retained earnings |
| Balance, beginning of period | 5,000 | 5,000 | 7,971 | 12,971 | 103,527 | 103,527 |
| Changes during the period | | | | | | |
| Dividends of surplus | | | | — | (3,018) | (3,018) |
| Profit | | | | — | (13,099) | (13,099) |
| Acquisition of treasury shares | | | | — | | — |
| Disposal of treasury shares | | | (1,790) | (1,790) | | — |
| Disposal of treasury shares by stock benefit trust | | | | — | | — |
| Changes (net) during the year in items other than Shareholders' equity | | | | — | | — |
| Total changes during period | — | — | (1,790) | (1,790) | (16,117) | (16,117) |
| Balance, end of period | 5,000 | 5,000 | 6,180 | 11,180 | 87,409 | 87,409 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|-------------------------|---|---|------------------|
| | Treasury shares | Total retained earnings | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance, beginning of period | (2,645) | 118,853 | 1 | 1 | 118,855 |
| Changes during the period | | | | | |
| Dividends of surplus | | (3,018) | | - | (3,018) |
| Profit or loss | | (13,099) | | - | (13,099) |
| Acquisition of treasury shares | (1,731) | (1,731) | | - | (1,731) |
| Disposal of treasury shares | 1,790 | — | | — | — |
| Disposal of treasury shares by stock benefit trust | 12 | 12 | | — | 12 |
| Changes (net) during the year in items other than Shareholders' equity | | — | (20) | (20) | (20) |
| Total changes during period | 72 | (17,836) | (20) | (20) | (17,856) |
| Balance, end of period | (2,572) | 101,016 | (18) | (18) | 100,998 |

[Notes]

(Matters related to the premise of a going concern)

Not applicable.

(Important accounting policies)

1. Valuation criteria and valuation methods for Securities

(1) Subsidiary company shares and affiliated company shares

The Company uses the cost method by the moving average method.

(2) Held-to-maturity bonds

Amortized cost method

(3) Other securities

- Securities having a fair value

The Company uses the fair value method based on the market price, etc., on the last day of the accounting period. (Valuation differences are included in net assets and the cost of securities sold is calculated by the moving average method.)

- Securities having no fair value

The Company uses the cost method by the moving average method.

The Company and its subsidiaries use the most recent financial statements available as of the reporting date stipulated in the partnership agreement as the basis for calculating the net amount of its interest in the limited liability investment partnerships and similar partnerships (those deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act).

2. Valuation standards and methods for derivatives

Market value method

However, interest rate swaps that meet the requirements for special treatment are treated as such.

3. Valuation standards and methods for inventories

Raw materials and supplies

Stated at cost based on the last purchase price method (book value devaluation based on decreased profitability)

4. Depreciation method of non-current assets

(1) Property, plants, and equipment (excluding lease assets)

Buildings (including attached facilities) and structures

Straight-line method (However, buildings and structures acquired on or before March 31, 2016 are depreciated using the declining-balance method.)

Other property, plants, and equipment

Declining-balance method

(2) Intangible assets (excluding lease assets)

Software Straight-line method over the period of internal use (five years or less)

(3) Lease assets

Leased assets related to finance lease transactions that do not transfer ownership

Depreciation is computed by the straight-line method over the lease term with a residual value of zero.

5. Accounting for deferred assets

Bond issuance cost

Amortized by the straight-line method over the period until redemption of bonds.

6. Recording criteria for allowances

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses on uncollectible receivables. For general receivables, allowance is provided based on historical write-off rates, and for specific doubtful receivables, allowance is provided

for the estimated uncollectible amounts determined by reference to the collectability of individual receivables.

(2) Allowance for bonuses

To provide for the payment of bonuses to employees, an allowance is provided based on the estimated amount of payment.

(3) Provision for Directors' bonuses

To provide for the payment of bonuses to Directors and Corporate Auditors, a reserve for bonuses to Directors and Corporate Auditors is recorded based on the estimated amount of payment.

There was no provision as of the end of the current fiscal year.

(4) Allowance for Directors' and Corporate Auditors' stock benefits

To provide for the payment of shares to Directors and Executive Officers in accordance with the "Directors' Share Benefit Regulations," an allowance is provided based on the estimated amount of liabilities for share benefits as of the end of the current fiscal year.

(5) Allowance for employee stock benefits

To provide for the payment of shares to employees, etc., based on the "Share Benefit Regulations," an allowance is provided based on the estimated amount of liabilities for share benefits as of the end of the fiscal year.

(6) Allowance for retirement benefits

To provide for the payment of retirement benefits to employees, an allowance is provided based on the estimated amount of retirement benefit obligations and pension assets as of the end of the current fiscal year.

(i) Method of attributing estimated retirement benefits to periods

The estimated amount of retirement benefits is attributed to the period through the end of the current fiscal year based on the benefit calculation method.

(ii) Method of amortizing actuarial gains and losses

Actuarial gains and losses are charged to income in a lump sum in the fiscal year following the year in which they are incurred.

7. Basis for Recognition of Significant Revenues

The Company's revenues consist primarily of management planning income and dividend income from subsidiaries. For management planning income, the Company is obligated to provide contracted services to its subsidiaries in accordance with the terms of the contract, and the Company's performance obligation is satisfied when the services are performed, so the Company recognizes revenue at that time.

Dividend income is recognized as of the effective date of the dividend.

8. Hedge Accounting Methods

(1) Hedge accounting method

In principle, deferred hedge accounting is applied. For interest rate swaps, special treatment is applied when the requirements for special treatment are met.

(2) Hedging instruments and hedged items

Hedging instrument: Interest rate swaps

Hedged items: Borrowings

There is no balance at the end of the current fiscal year.

(3) Hedging policy

The Company enters into derivatives transactions to reduce the risk of market fluctuations in interest rates, etc., to reduce financing costs, or to optimize future cash flows. The Company does not enter into derivatives transactions for the purpose of obtaining short-term gains or losses or for speculation.

(4) Evaluation of hedge effectiveness

The Company compares the market fluctuations of hedged items and hedging instruments semiannually and evaluates the effectiveness of hedging based on the amount of fluctuation of both. The assessment of hedge effectiveness is omitted because the interest rate swaps meet the requirements for special treatment.

9. Material matters that serve as the basis for preparing financial statements

(1) Accounting for retirement benefits

The accounting method for unrecognized actuarial differences related to retirement benefits differs from the method used in the consolidated financial statements.

(Material accounting estimates)

1. Valuation of non-current assets belonging to the Regional Revitalization and Tourism Solutions segment

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

| | Account title | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
|---------------------------------------|-------------------------------|--|---------------------------------------|
| Property, plants, and equipment | Buildings | 1,171 | 2,051 |
| | Structures | 165 | 237 |
| | Machinery and equipment | 0 | 1 |
| | Vehicles | 5 | 2 |
| | Tools, furniture and fixtures | 93 | 106 |
| | Land | 29 | 138 |
| | Lease assets | 0 | 0 |
| | Construction in progress | 5,615 | 11,227 |
| Total property, plants, and equipment | | 7,083 | 13,765 |
| Intangible assets | Other | 0 | 2 |
| Total intangible assets | | 0 | 2 |
| Investments and other assets | | 0 | 1 |
| Total investments and other assets | | 0 | 1 |
| Total non-current assets | | 7,083 | 13,769 |
| Impairment loss | | 4,727 | — |

(2) Other information that contributes to an understanding of the nature of significant accounting estimates related to the identified items

Of the total property, plants, and equipment and intangible assets of ¥42,387 million recorded in the financial statements for the current fiscal year, ¥13,769 million are non-current assets belonging to the Regional Revitalization and Tourism Solutions segment. The background leading to the impairment loss and the estimates for impairment accounting of non-current assets are described in "(1) Consolidated financial statements Notes (Material accounting estimates)," so notes have been omitted.

2. Valuation of shares of subsidiaries and affiliates in the Regional Revitalization and Tourism Solution segment

(1) Amount recorded in the financial statements.

(Millions of yen)

| Account | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
|---------------------------------------|--|---------------------------------------|
| Shares of subsidiaries and affiliates | 3,169 | 3,030 |

(2) Other information that contributes to the understanding of accounting estimates by the users of the financial statements

The ¥29,036 million of shares of subsidiaries and associates recorded in the financial statements for the current fiscal year includes stocks that do not have market prices. Of this amount, ¥3,030 million includes shares of subsidiaries and associates belonging to the Regional Revitalization and Tourism Solutions segment, and a loss on valuation of shares of subsidiaries and associates of ¥130 million was recorded for the current fiscal year.

Whether or not to recognize impairment losses on shares of subsidiaries and associates without market prices is determined by comparing the acquisition cost with the real value. When the real value has declined by 50% or more

compared to the acquisition cost, the Company's policy is to recognize impairment losses up to the real value, except in cases where recovery is deemed probable. In calculating the real value, which is the basis for determining impairment, it is necessary to consider whether impairment should be recognized for non-current assets held by subsidiaries, and information regarding the nature of such estimates is presented in the "(1) Consolidated financial statements Notes (Material accounting estimates) ."

If it is determined that impairment losses on fixed assets held by subsidiaries need to be recognized, this may have a significant impact on the calculation of fair value and the amount of investment valuation losses. Furthermore, if the fair value becomes negative, it will be necessary to record a provision for estimated losses in order to prepare for losses related to receivables and debt guarantees for the company, as well as losses incurred by the company that exceed these amounts. During the current fiscal year, an allowance for doubtful accounts of ¥1,244 million was recognized, resulting in a balance of ¥4,640 million at the end of the current fiscal year.

(Change in Accounting Policy)

(Application of Accounting Standards for Corporate Tax, Resident Tax, Business Tax, etc.)

We have applied the Accounting Standards for Corporate Tax, Resident Tax, Business Tax, etc. (Corporate Accounting Standard No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standards") from the beginning of the current fiscal year.

Regarding the amendment to the classification of corporate income tax, etc., we have followed the transitional treatment specified in the proviso of Section 20-3 of the 2022 Revised Accounting Standards. Note that this change in accounting policy has no impact on the financial statements.

(Additional Information)

Our Stock Benefit Trust

1. Board Benefit Trust (BBT)

Notes on transactions of delivering the Company's shares to Directors (excluding Directors that are Audit and Supervisory Committee Members, Outside Directors and Non-Executive Directors) and Executive Officers (limited to those that were Directors immediately before the transition to a company with an Audit and Supervisory Committee) through trust are omitted because the same content is stated in "(1) Consolidated financial statements Notes (Additional Information) ."

2. Japanese version of the Employee Stock Ownership Plan (J-ESOP)

Notes on transactions of delivering the Company's shares to employees of the Company and Officers and employees of the Company's subsidiaries through trust are omitted because the same content is stated in "(1) Consolidated financial statements Notes (Additional Information) ."

(Matters related to the Balance Sheet)

*1: The amounts of monetary claims or monetary liabilities to associated companies are as follows:

| | (Millions of yen) | |
|---------------------------------|--|---------------------------------------|
| | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
| Short-term monetary claims | 7,389 | 6,004 |
| Short-term monetary liabilities | 28,078 | 36,193 |
| Long-term monetary claims | 99 | 863 |

*2: ¥194 million of stocks of subsidiaries and affiliates were lent.

3. Contingent liabilities are as follows:

| | (Millions of yen) | |
|--|--|---------------------------------------|
| | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
| Guarantee of borrowings Nijigennomori Inc. | 1,273 | 1,110 |
| Guarantee of facility loan PT. Dutagriya Sarana | 79 | 347 |
| Guarantee of Debt for Travel Agency Services Nagasaki diamond staff | 5 | 3 |

(Matters related to the Profit and Loss Statement)

*1: Total amount of business transactions and non-business transactions with associated companies

| | (Millions of yen) | |
|--|--|---|
| | Previous fiscal year (June 1, 2023 to May 31, 2024) | Current fiscal year (June 1, 2024 to May 31, 2025) |
| Net sales | 8,345 | 5,766 |
| Cost of sales | 18 | 24 |
| Selling, general and administrative expenses | 3,431 | 3,356 |
| Non-business transactions | 122,754 | 590 |

*2: The approximate percentage of expenses included in selling expenses was 2.1% in the previous fiscal year and 2.5% in the current fiscal year, and the approximate percentage of expenses included in general and administrative expenses was 97.9% in the previous fiscal year and 97.5% in the current fiscal year.

Major expense items and amounts of selling, general, and administrative expenses are as follows:

| | (Millions of yen) | |
|-------------------------------------|--|---|
| | Previous fiscal year (June 1, 2023 to May 31, 2024) | Current fiscal year (June 1, 2024 to May 31, 2025) |
| Salaries and bonuses | 3,719 | 4,171 |
| Provision for bonuses | 141 | 212 |
| Rent expenses on land and buildings | 1,343 | 1,407 |
| Depreciation | 758 | 965 |
| Outsourcing expenses | 2,335 | 2,285 |

*3 Gain on sales of subsidiaries and affiliates' stocks

Previous fiscal year (June 1, 2023 to May 31, 2024)

The sale of shares of a consolidated subsidiary, Benefit One Inc.

Current fiscal year (June 1, 2024 to May 31, 2025)

Not applicable.

*4. Loss on valuation of investments in subsidiaries and affiliates

Previous fiscal year (June 1, 2023 to May 31, 2024)

The loss on valuation of stocks of subsidiaries and affiliates under extraordinary loss was posted in consideration of the financial position of the consolidated subsidiaries. The loss on valuation of stocks of subsidiaries and affiliates belonging to the Regional Revitalization and Tourism Solutions segment is described in "(1) Financial Statements Notes (Material accounting estimates) 2. Valuation of shares of subsidiaries and affiliates in the Regional Revitalization and Tourism Solution segment."

Current fiscal year (June 1, 2024 to May 31, 2025)

The loss on valuation of stocks of subsidiaries and affiliates under extraordinary loss was posted in consideration of the financial position of the consolidated subsidiaries. The loss on valuation of stocks of subsidiaries and affiliates belonging to the Regional Revitalization and Tourism Solutions segment is described in "(1) Financial Statements Notes (Material accounting estimates) 2. Valuation of shares of subsidiaries and affiliates in the Regional Revitalization and Tourism Solution segment."

*5. Loss on extinguishment of bundled shares

Previous fiscal year (June 1, 2023 to May 31, 2024)

Not applicable.

Current fiscal year (June 1, 2024 to May 31, 2025)

In connection with the absorption-type merger of Pasona Tech Inc., which was a consolidated subsidiary of the Company, a loss on extinguishment of bundled shares was recorded as an extraordinary loss.

*6. Expo exhibition-related expenses

Previous fiscal year (June 1, 2023 to May 31, 2024)

No applicable items.

Current fiscal year (June 1, 2024 to May 31, 2025)

With the aim of promoting a well-being society and a truly prosperous society to the world, we are exhibiting at the 2025 Osaka-Kansai Expo. We have recorded temporary expenses related to facilities and operations for the pavilion as Expo-related expenses under extraordinary losses.

(Matters related to securities)

Shares of subsidiaries and affiliates

Previous fiscal year (May 31, 2024)

(Millions of yen)

| Type | Balance sheet amount | Market value | Difference |
|------------------------|----------------------|--------------|------------|
| Shares of subsidiaries | 1,632 | 14,462 | 12,829 |
| Shares of affiliates | 0 | 779 | 779 |
| Total | 1,632 | 15,241 | 13,608 |

Current fiscal year (May 31, 2025)

(Millions of yen)

| Type | Balance sheet amount | Market value | Difference |
|------------------------|----------------------|--------------|------------|
| Shares of subsidiaries | 1,632 | 11,897 | 10,265 |
| Shares of affiliates | 0 | 2,414 | 2,414 |
| Total | 1,632 | 14,312 | 12,680 |

(Note) Carrying amount of non-marketable equity securities of subsidiaries and affiliates not included in the above table

(Millions of yen)

| Category | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
|---------------------------|--|---------------------------------------|
| Subsidiary company shares | 29,249 | 27,199 |
| Affiliated company shares | 204 | 204 |
| Total | 29,454 | 27,403 |

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

| (Deferred tax assets) | | (Millions of yen) | |
|---|--|---------------------------------------|--|
| | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) | |
| Depreciation | 1,791 | 1,692 | |
| Allowance for doubtful accounts | 1,046 | 1,470 | |
| Provision for bonuses | 46 | 79 | |
| Accrued business office taxes | 4 | 4 | |
| Accrued business taxes | 35 | 8 | |
| Accrued expenses | 9 | 15 | |
| Shares of subsidiaries and affiliates due to corporate separation | 843 | 868 | |
| Adjustment of book value of investments in subsidiaries | 740 | 761 | |
| Loss on valuation of shares of subsidiaries and associates | 5,516 | 4,832 | |
| Loss carried forward | 3,953 | 5,808 | |
| Asset retirement obligations | 76 | 69 | |
| Free rent | 998 | 854 | |
| Expo exhibition-related expenses | — | 1,084 | |
| Other | 765 | 687 | |
| Subtotal of deferred tax assets | 15,828 | 18,236 | |
| Valuation allowance for tax loss carryforwards | (3,953) | (5,808) | |
| Valuation allowance for total tax loss carryforwards | (11,845) | (12,387) | |
| Subtotal of valuation allowance | (15,798) | (18,196) | |
| Total deferred tax assets | 29 | 40 | |

| (Deferred tax liabilities) | | (Millions of yen) | |
|--|--|---------------------------------------|--|
| | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) | |
| Prepaid pension cost | (59) | (88) | |
| Unrealized gains (losses) on available-for-sale securities | (0) | (0) | |
| Asset retirement obligations | (35) | (45) | |
| Other | (49) | (51) | |
| Total deferred tax liabilities | (146) | (186) | |
| Balance: Net deferred tax assets | (116) | (145) | |

2. Breakdown by major cause when there is a significant difference between the normal effective statutory tax rate and the burden ratio of corporation tax, etc., after application of tax effect accounting

| (unit: %) | | |
|---|--|---------------------------------------|
| | Previous fiscal year (May 31, 2024) | Current fiscal year (May 31, 2025) |
| Normal effective statutory tax rate | 30.62 | — |
| (adjustment) | | |
| Items that are not deductible forever, such as social expenses | 0.19 | — |
| Items that are not included in income forever, such as dividend income | (38.77) | — |
| Inhabitant tax on per capita basis | 0.02 | — |
| Dividend withholding tax on foreign subsidiaries | 0.02 | — |
| Valuation allowance | 7.93 | — |
| Other | 0.01 | — |
| Burden ratio of corporation tax, etc., after application of tax effect accounting | 0.02 | — |

(Note) Information is omitted because the Company posted a loss before income taxes for the current fiscal year.

3. Accounting treatment of corporate income tax and local corporate income tax, or tax effect accounting related to these
The Company applies the group consolidation system. In addition, in accordance with the "Accounting Treatment and Disclosure for the Application of the Group Consolidation System" (Practical Response Report No. 42, August 12, 2021), we perform accounting treatment of corporate income tax and local corporate income tax, or tax effect accounting related to these, as well as disclosure.

4. Revision of the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates
The "Act Amending Part of the Income Tax Act and Other Laws" (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025. As a result, the "Defense Special Corporate Tax" will be imposed starting from the fiscal year beginning on or after April 1, 2026.

As a result, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in fiscal years beginning on or after June 1, 2026, the statutory effective tax rate has been changed from 30.62% to 31.52% for calculation purposes.

The impact of this change is minimal.

(Revenue recognition related)

Information that provides a basis for understanding revenue from contracts with customers is presented in "(1) Consolidated Financial Statements Notes (Revenue recognition related)."

(Material post-balance sheet events)

Not applicable.

4) Supplementary schedules

[Schedule of property, plants, and equipment, etc.]

(Millions of yen)

| Category | Type of assets | Book value, beginning of period | Increase in the current year | Decrease in the current year | Depreciation in the current year | Book value, end of period | Accumulated depreciation |
|---------------------------------|------------------------------------|---------------------------------------|------------------------------------|------------------------------------|-------------------------------------|------------------------------|-----------------------------|
| Property, plants, and equipment | Buildings | 6,398 | 2,471 | 65 | 587 | 8,217 | 2,289 |
| | Structures | 565 | 170 | 0 | 45 | 690 | 235 |
| | Machinery and equipment | 0 | 0 | — | 0 | 1 | 1 |
| | Vehicles and delivery equipment | 119 | 60 | 0 | 91 | 88 | 379 |
| | Tools, furniture, and fixtures | 537 | 1,354 | 2 | 279 | 1,609 | 1,608 |
| | Land | 7,537 | 1,253 | 1 | — | 8,789 | — |
| | Leased assets | 343 | 35 | — | 64 | 314 | 187 |
| | Construction in progress | 15,134 | 8,682 | 2,174 | — | 21,641 | — |
| | Total | 30,637 | 14,029 | 2,244 | 1,069 | 41,352 | 4,700 |
| Intangible assets | Software | 593 | 386 | — | 232 | 747 | 1,338 |
| | Others | 9 | 4 | — | 1 | 11 | — |
| | Total | 602 | 390 | — | 234 | 759 | 1,338 |

Notes: 1. Main items of increase in buildings

New Employee's residence ¥853 million

Acquisition of commercial facilities ¥673 million

Expo-related expenses ¥509 million

2. Main items of increase in tools, furniture and fixtures

Expo-related expenses ¥1,159 million

3. Main items of increase in land

Commercial and office facilities, etc. ¥1,253 million

4. Main items of increase in construction in progress

Hotel Development Project in Iwaya Area ¥5,322 million

Iwaya Seawall Construction ¥1,779 million

Employee's residence ¥297 million

5. Main items of decrease in construction in progress

Expo-related expenses ¥1,680 million

Employee's residence ¥401 million

[Schedule of allowances]

(Millions of yen)

| Category | Balance, beginning of period | Increase in the current year | Decrease in the current year | Balance, end of period |
|---|------------------------------|------------------------------|------------------------------|------------------------|
| Allowance for doubtful accounts | 3,416 | 1,259 | 10 | 4,665 |
| Provision for bonuses | 150 | 258 | 150 | 258 |
| Provision for retirement benefits | (195) | — | 84 | (280) |
| Provision for share awards for Directors (and other Officers) | 418 | — | 165 | 253 |
| Provision for employee ownership plan | 160 | — | — | 160 |

(Note) Allowance for retirement benefits is presented as "Prepaid pension cost" in "Investments and other assets" on the balance sheet.

(2) Major assets and liabilities

Statement is omitted because the Company prepared the consolidated financial statements.

(3) Other

Not applicable.

I-6. Outline of stock affairs of the reporting company

| | |
|--|--|
| Fiscal year | June 1 of every year to May 31 of the following year |
| Annual General Meeting of Shareholders | During August, every fiscal year |
| Reference date | May 31 every year |
| Dividends of surplus reference date | November 30 and May 31 of every year |
| Number of shares constituting one unit of shares | 100 shares |
| Purchase of shares less than one unit | |
| Place | (Special Account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Head Office, Mizuho Trust & Banking Co. |
| Administrator of the shareholder register | (Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co. |
| Agency | - |
| Purchase fee | Amount separately determined as an amount equivalent to the commission fee for entrustment of stock transactions |
| Method of publishing in public notice | The Company adopts the method of electronic public notice. However, if this method is unavailable due to an accident or other unavoidable reasons, the Company will publish in the Nihon Keizai Shimbun newspaper. Electronic public notice is posted on the Company's website below. https://www.pasonagroup.co.jp/ir/ |
| Benefit for shareholders | <div> <div>1. Lottery-type shareholder special benefit</div> <div>The tickets or products for our group's accommodation facilities, etc. will be awarded by drawing among shareholders that are recorded in our shareholders' register as of May 31, 2025 and that hold one unit (100 shares) or more of our company's stock. (The application method will be described in the notice enclosed with the Notice of Convocation of the Ordinary General Meeting of Shareholders sent on August 7, 2025.)</div> </div> <div> <div>2. Discount coupons for use of food & beverages facilities on Awaji Island</div> <div>All shareholders on our shareholders' register as of May 31, 2025 will receive a 30% discount coupon for up to 4 people to use at restaurants operated by our group on Awaji Island, Hyogo Prefecture. (Enclosed with the Notice of Convocation of the Ordinary General Meeting of Shareholders sent on August 7, 2025)</div> </div> <div> <div>3. Discount coupons for Awaji Island attractions</div> <div>All shareholders of record as of May 31, 2025 will receive a 50% discount coupon for up to 4 people to use at any of the attractions operated by our group on Awaji Island, Hyogo Prefecture. (Enclosed with the Notice of Convocation of the Ordinary General Meeting of Shareholders sent on August 7, 2025)</div> </div> |

Note: The Company's shareholders do not have rights other than the following rights for shares less than one unit held.

1. Rights set forth in the items of Article 189, Paragraph 2 of the *Companies Act*
2. Rights to make requests based on the provisions of Article 166, Paragraph 1 of the *Companies Act*
3. Rights for the allotment of shares for subscription and allotment of share options for subscription according to the number of shares held by the shareholder

I-7. Reference information on the reporting company

1. Information on the reporting company's parent company, etc.

The Company has no parent company, etc., defined by Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The Company submitted the following documents between the first day of the current fiscal year and the date of submission of the annual securities report.

(1) Annual securities report, accompanying documents, and confirmation letter

The 17th fiscal year (June 1, 2023 to May 31, 2024)

Submitted to the Director-general of the Kanto Finance Bureau on August 23, 2024

(2) Internal control report and accompanying documents

Submitted to the Director-general of the Kanto Finance Bureau on August 23, 2024

(3) Semi-annual securities report and confirmation letter

The semi-annual of the 18th fiscal year (June 1, 2024 to November 30, 2024)

Submitted to the Director-general of the Kanto Finance Bureau on January 14, 2025

(4) Extraordinary report

Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Items 12 and 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Events that significantly affect the financial position, operating results, or cash flows of the Company and its consolidated subsidiaries)

Submitted to the Director-General of the Kanto Local Finance Bureau on July 12, 2024

Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Resolution at General Meeting of Shareholders)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 23, 2024

Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Changes in representative director)

Submitted to the Director-General of the Kanto Local Finance Bureau on April 14, 2025

Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Items 12 and 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Events that significantly affect the financial position, operating results, or cash flows of the Company and its consolidated subsidiaries)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2025

(5) Report on the purchase of treasury shares

Submitted to the Director-General of the Kanto Local Finance Bureau on February 7, 2025, March 7, 2025, April 4, 2025, May 12, 2025, June 6, 2025, July 4, 2025 and August 1, 2025.

Part II: Information on the Reporting Company's Guarantor Company, etc.

Not applicable.