Note: Regarding “The 19th Fiscal Year Annual Securities Report (From June 1, 2025 to May 31, 2026)” 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

19th Fiscal Year From June 1, 2025 to May 31, 2026

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

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 14, 2026
Fiscal year:	19th fiscal year (June 1, 2025 to May 31, 2026)
Company name:	Pasona Group Inc.
Name and title of representative:	Hirotaka Wakamoto, Representative Director, Chairperson and CEO
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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		15th	16th	17th	18th	19th
Closing month/year		May 2022	May 2023	May 2024	May 2025	May 2026
Net sales	(¥, millions)	366,096	372,579	356,733	309,240	308,496
Ordinary profit (loss)	(¥, millions)	22,496	15,366	7,152	(460)	138
Profit (loss) attributable to owners of parent	(¥, millions)	8,621	6,099	95,891	(8,658)	(3,388)
Comprehensive income	(¥, millions)	14,433	10,468	99,351	(8,416)	(2,816)
Net assets	(¥, millions)	67,162	71,640	154,677	141,134	132,929
Total assets	(¥, millions)	203,746	275,504	301,090	265,038	235,482
Net assets per share	(¥)	1,276.41	1,378.81	3,789.83	3,517.00	3,397.06
Net profit (loss) per share	(¥)	220.19	155.70	2,447.56	(221.80)	(90.07)
Diluted earnings per share	(¥)	219.41	155.22	2,446.80	—	—
Equity-to-asset ratio	(%)	24.5	19.6	49.3	50.9	53.9
Return on equity	(%)	19.6	11.7	94.7	(6.1)	(2.6)
Price earnings ratio	(times)	9.5	11.2	0.9	—	—
Cash flow from operating activities	(¥, millions)	10,115	5,961	7,397	4,327	2,897
Cash flow from investing activities	(¥, millions)	(29,624)	(12,502)	94,252	(47,600)	(27,285)
Cash flow from financing activities	(¥, millions)	23,543	(2,292)	(12,879)	(15,055)	101
Cash and cash equivalents, end of period	(¥, millions)	56,578	47,919	137,047	78,664	54,577
Number of employees (Average number of temporary workers)	(persons)	10,364 (13,124)	9,786 (15,132)	10,001 (15,045)	8,894 (14,088)	9,028 (13,403)

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: Although there are potential shares, no information is provided regarding diluted profit per share for the 18th fiscal year and 19th fiscal year because there is a net loss per share.

Note 3: The price-earnings ratio for the 18th fiscal year and 19th 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.

(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-to-asset ratio after deduction of these assets and liabilities are as follows.

Fiscal period	17th	18th	19th
Closing month/year	May 2024	May 2025	May 2026
Total assets (¥, millions)	246,115	229,719	226,679
Equity-to-asset ratio (%)	60.3	58.7	56.0

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

Fiscal period	15th	16th	17th	18th	19th
Closing month/year	May 2022	May 2023	May 2024	May 2025	May 2026
Sales (¥, millions)	10,060	15,646	10,004	7,645	10,176
Ordinary profit (loss) (¥, millions)	(4,231)	691	(8,778)	(9,411)	(5,013)
Profit (loss) (¥, millions)	1,338	2,033	100,843	(13,099)	(6,822)
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)	18,758	19,396	118,855	100,998	88,930
Total assets (¥, millions)	89,955	97,963	194,284	175,638	171,319
Net assets per share (¥)	478.85	495.11	3,033.18	2,632.46	2,380.84
Dividend per share (¥) (Interim dividends per share) (¥)	35.00 (－)	35.00 (－)	75.00 (－)	75.00 (－)	75.00 (－)
Net profit (loss) per share (¥)	34.18	51.90	2,573.96	(335.56)	(181.32)
Diluted profit per share (¥)	—	—	—	—	—
Equity-to-asset ratio (%)	20.9	19.8	61.2	57.5	51.9
Return on equity (%)	7.2	10.7	145.9	(11.9)	(7.2)
Price earnings ratio (times)	61.3	33.5	0.8	—	—
Payout ratio (%)	102.4	67.4	2.9	—	—
Number of employees (Average number of temporary workers) (persons)	674 (296)	731 (370)	770 (479)	880 (544)	795 (547)
Total shareholder return (%) (Comparative indicator: TOPIX including dividends) (%)	112.3 (101.8)	95.3 (116.6)	122.8 (155.2)	131.8 (160.8)	100.4 (232.4)
Highest share price (¥)	3,860	2,215	3,030	2,479	2,498
Lowest share price (¥)	1,847	1,707	1,298	1,861	1,588

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, the 18th fiscal year, and the 19th 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 and 19th 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 and net loss 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, 2026)

Year/Month	Topic
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. (currently Pasona 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. (currently Pasona 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 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	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

Year/Month	Topic
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. (currently Pasona Furusato Incubation 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 wholly owned subsidiary
Aug. 2021	Established Kosyunoya Inc. (currently Pasona Koshukura Inc.) as a wholly owned subsidiary
Sep. 2021	Established awajishima resort Inc. (currently Pasona Resort Inc.) as a subsidiary
Dec. 2021	Established All Japan Tourism Alliance Inc. (currently Pasona Tourism 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	Established 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. (currently Pasona Koshukura Inc.) established Japanese Kosyukura Inc. as a subsidiary.
May 2024	Transferred all shares of Benefit One Inc. and made it a non-subsidiary company.
Jun 2024	Established Pasona Safety Net Inc. as a wholly owned subsidiary.
Feb 2025	Established Pasona Sustainability Inc. as a subsidiary.

Year/Month	Topic
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.
Aug 2025	awajishima resort Inc. changed its name to Pasona Resort Inc.
Dec 2025	All Japan Tourism Alliance In. changed its name to Pasona Tourism Inc.
Jan 2026	PASONA VIV JAPAN Inc. established as a joint-venture company with VIV Technologies Co., Ltd.
	Smart Stye Co., Ltd. changed its name to Pasona Data & Design, Inc.
Apr 2026	Established Pasona Future Gateway Inc. as a subsidiary
	Established Pasona NATIVE Design Inc. as a subsidiary
	Pasona Heartful West Inc. as a subsidiary
	Pasona Nihon Somubu Co., Ltd. integrates all businesses of gotop Co., Ltd. through an absorption-type split
May 2026	Kosyunoya Inc. changed its name to Pasona Koshukura Inc.
	Bewith, Inc. acquired shares of Radiant Communication Sdn. Bhd. and made it as subsidiary.

(Note 1) Effective June 1, 2026, we acquired additional shares in CCH Sound Co., Ltd., making it a subsidiary, and changed its trade name to Pasona CCH Sound Inc.

(Note 2) Effective July 1, 2026, we changed the trade name of Chihou Sousei Inc. to Pasona Chihou Sousei Inc.

3. Contents of business

The Group consists of the Company as a holding company, 66 consolidated subsidiaries, and four equity-method affiliates. Regarding reporting segments, we have 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, Life support, etc.), and Regional Revitalization and Tourism Solutions. We are engaged in human resources-related businesses and regional revitalization businesses.
The business segments and main group companies as of May 31, 2026 are as follows.

(1) Business Segments and Major Group Companies

Business Segments	Major Group Companies	
HR **Solutions**		
BPO Solutions (Contracting & Outsourcing) **Expert Solutions (Temporary Staffing)**	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 Sustainability Inc. Pasona Heartful Inc. Pasona Heartful West Inc. PASONA VIV JAPAN Inc.	Bewith, Inc. Pasona Nihon Somubu Co., Ltd. Asahi Beer Communications Co., Ltd. Nagasaki diamond staff Pasona Joinus Inc. Pasona Force Inc. Pasona Data & Design Inc. Pasona Safety Net Inc. Profelier, Inc. TECHNORESEARCH CO.,LTD. iBRID Co., Ltd. Doinet Co., Ltd. Radiant Communication Sdn. Bhd.
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, Life support, etc.)	Pasona Foster Inc.	Pasona Life Care Inc.
Regional Revitalization and Tourism Solutions	Pasona Furusato Incubation Inc. Nijigennomori Inc. Pasona Agri-Partners Inc. Awaji Nature Farm Inc. Pasona HR Hub Inc. Takumi Sousei Inc. Pasona Kosyukura Inc. Japanese Kosyukura Inc. Tango Kingdom Brewery Inc. Tangokura Inc.	Pasona Tohoku Sousei Inc. Chihou Sousei Inc. RE BORN Inc. Pasona Furusato Marche Inc. Pasona Wellness Tourism Inc. Pasona Tourism Inc. Pasona Resort Inc. Pasona Future Gateway Inc. PASONA NATIVE Design Inc.

(Note 1) Effective June 1, 2026, we acquired additional shares in CCH Sound Co., Ltd., making it a subsidiary, and changed its trade name to Pasona CCH Sound Inc.

(Note 2) Effective July 1, 2026, we changed the trade name of Chihou Sousei Inc. to Pasona Chihou Sousei Inc.

(2) Major Segments Details

HR Solutions

(i) BPO Solutions (Contracting & Outsourcing)

We accept and undertake work from customers, and the Group companies process the work using the 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 the 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, the 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 the 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 the 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, Life support, etc.)

We provide childcare support services, including the operation of licensed and certified daycare centers, on-site corporate daycare facilities, and after-school care facilities; life support services such as housekeeping; and long-term care services such as day care services and home-visit nursing care services.

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

Various Service Users

Customers

Pasona Group Inc. (a holding company)

Group management strategy formulation, business management, and optimization of business resources.
New business development related to job creation and regional development, etc.

HR Solutions

Employment Educational & Training Services,etc

Expert Services (Temporary Staffing), BPO Services (Contracting & Outsourcing), HR Consulting, Education & Training, and Others

Pasona Inc.
Pasona HS Inc.
Pasona JOB HUB Inc.
Pasona Logicom Inc.
Pasona art now Inc.
Pasona HR Solution Inc.
Pasona Masters Inc.
Pasona Heartful Inc.
Pasona Heartful West Inc.
Pasona Knowledge Partner Inc.
Pasona Intellectual Property Trust Inc.
Pasona Safety Net Inc.
Pasona Sustainability Inc.
Bewith, Inc.
Pasona Nihon Somubu Co., Ltd.
Pasona Joinus Inc.
Pasona Force Inc.
PASONA VIV JAPAN Inc.
Asahi Beer Communications Co., Ltd.
Nagasaki diamond staff
Pasona Data & Design, Inc.
Profelier, Inc
TECHNORESEARCH CO.,LTD.
IBRID.Co.Ltd
Doinet Co., Ltd
Radiant Communication Sdn. Bhd.

Temporary Staffing Outsourced Contracting

Outplacement

Career Solutions (Placement/Recruiting and Outplacement)

Pasona Inc.

Placement Re-employment Support

Global Solutions

Employment, Outplacement, Educational& Training Services,etc

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 India Private Limited
Pasona Tech 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.
Pasona Human Resources (Shanghai) Co., Ltd.
Pasona Recruitment (Thailand) Co., Ltd.
Pasona HR Consulting (Thailand) Co., Ltd.
Pasona Oversea Recruitment (Thailand) Co., Ltd.

Temporary Staffing Placement Outsourced Contracting

Life Solutions

Childcare, Nursing care, Housekeeping Srevice,etc.

Pasona Foster Inc.
Pasona Life Care Inc.

Employee Support,etc.

Regional Revitalization and Tourism Solutions

Tourism, Sales, Services,etc

Pasona Furusato Incubation Inc.
Nijigennomori Inc.
Pasona Agri-Partners Inc.
Awaji Nature Farm Inc.
Pasona HR HUB Inc.
Takumi Sousei Inc.
Pasona Koshukura Inc.
Japanese Koshukura Inc.
Tango Kingdom Brewery Inc.
Tangokura Inc.
Pasona Tohoku Sosei Inc.
Chihou Sousei Inc.
RE BORN Inc.
Pasona Furusato Marche Inc.
Pasona Wellness Tourism Inc.
Pasona Tourism Inc.
Pasona Resort Inc.
Pasona Future Gateway Inc.
PASONA VIV JAPAN Inc.

Job Creation Industry Creation Regional Revitalization, etc.

(Note) Effective July 1, 2026, we changed the trade name of Chihou Sousei Inc. to Pasona Chihou Sousei Inc.

4. Status of associated companies

The 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, Life support, etc.), Regional Revitalization and Tourism Solutions, and other businesses. As of May 31, 2026, we have 66 consolidated subsidiaries and four 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)	Minato-ku, Tokyo	100	Temporary staffing, BPO (contracting and outsourcing), placement and outplacement	100.00	Business management Trademark licensing Business consignee Concurrent director 3 Receipt of funds Debt guarantees/guarantees
Bewith, Inc. (Note 1, 2, 3, 6, 7)	Shinjuku-ku, Tokyo	1,044	Contact center, BPO (outsourcing & contracting)	54.58	Business consignee Concurrent director 1
Pasona Nihon Somubu Co., Ltd.	Osaka City, Osaka	20	BPO Services (General Affairs, Facility Management, Real Estate Management), Communications Services, Facility Design Services	66.50	Trademark licensing Business consignee Concurrent director 1 Receipt of funds
Nijigennomori Inc.	Awaji City, Hyogo Prefecture	30	Operation of "Nijigen-no-mori" 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 JOB HUB Inc.	Minato-ku, Tokyo	50	ProShare, BPO (contracting and outsourcing), executive search business, 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 Foster Inc. (Note 4)	Minato-ku, Tokyo	30	Childcare support, operation of daycare centers and nurseries, staffing services, etc.	100.00 (100.00)	Business management Trademark licensing Receipt of funds
58 other companies					
(Equity method-applied affiliated companies) 4 companies					

Note 1: The company is a specified subsidiary company.

Note 2: The company submits Annual Securities Report.

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	¥187,693 million
(2) Ordinary profit	¥7,375 million
(3) Profit	¥4,576 million
(4) Net assets	¥43,554 million
(5) Total assets	¥81,444 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 submits Annual Securities Report.

Note 7: The calculation of the percentage of voting rights held by Bewith, Inc. includes voting rights for 21,000 shares lent under a stock lending agreement.

I-2. Status of business

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

The Group's management policies, management environment, and challenge to address etc. are as follows.
Please note that the forward-looking statements in this document are based on the Group's judgment as of the date of submission of the securities report (August 14, 2026).

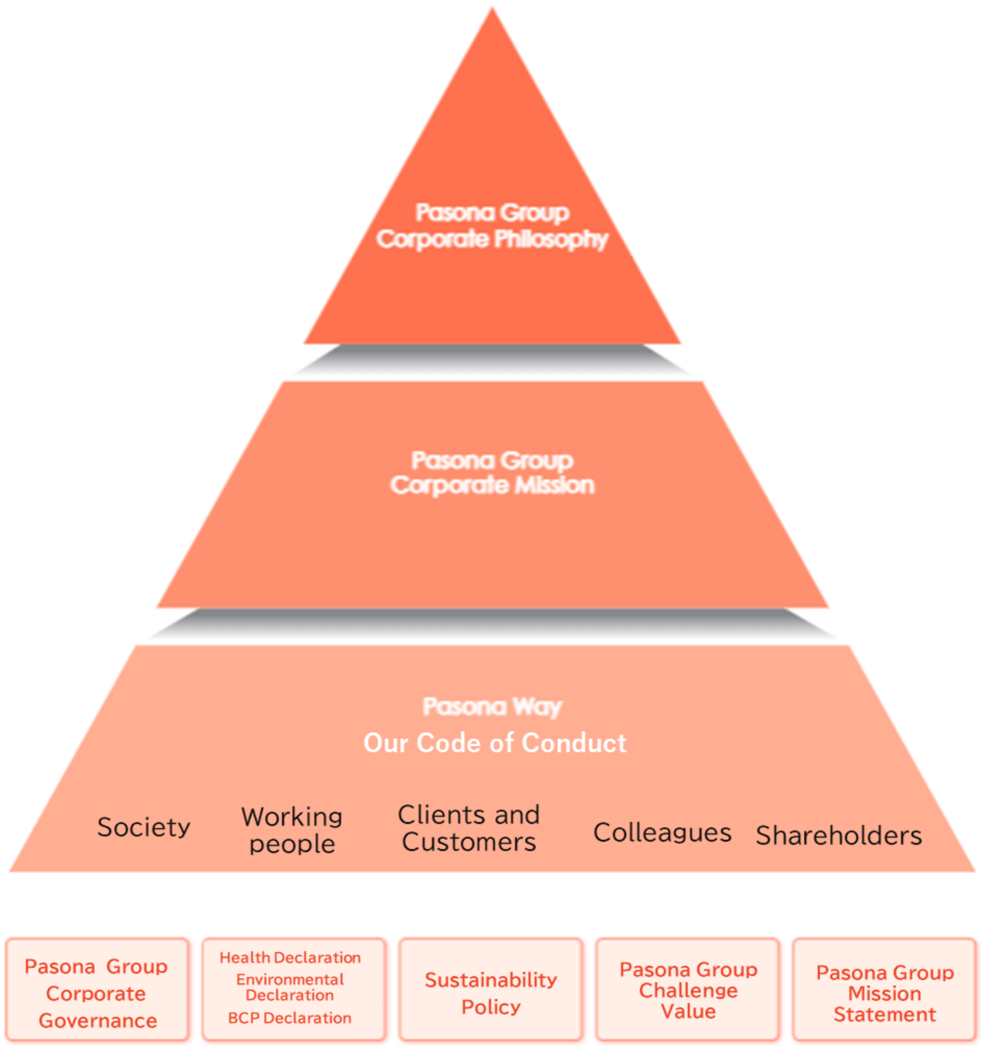
(1) Basic policy for company management

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 create lives of abundance for people. 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," which is shared among Pasona companies worldwide-all executives and employees from Pasona Group top management down are required to have a correct understanding as these are action guidelines. 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, Pasona Group will continue to pursue sound corporate activities having a social sensibility while aiming to realize the “NATUREVERSE,” which will create lives of abundance for people.



(2) Management Strategy

●The Society Pasona Group Aims to Create

Last year, we celebrated our 50th anniversary since our founding. Additionally, following the sale of shares in a consolidated subsidiary in the fiscal year ended May 2024, which resulted in changes to our business portfolio, we formulated our mid-term vision, “PASONA GROUP VISION 2030,” to ensure sustainable growth over the next 50 years. We have established growth strategies for reforming our revenue structure and fostering new business growth, with the goal of achieving sustainable corporate growth and further enhancing corporate value.

In this mid-term vision, building on our accumulated business expertise and network, we aim to create a new “Well-being Industry” and realize a “NATUREVERSE” (*) where “physical health, mental health, and social health” are achieved for all people.

Details regarding “PASONA GROUP VISION 2030” are available on our website.

(URL: https://www.pasonagroup.co.jp/Portals/0/resources/english/ir/pdf/VISION2030_en.pdf)

(*) NATUREVERSE is the vision pursued by Pasona Group: a truly prosperous world where people, nature, and technology coexist, and where the well-being of each individual, society, and the Earth is realized through connections built on compassion.

●Toward Achieving Our Mid-Term Vision, “PASONA GROUP VISION 2030”

Under our five-year mid-term vision, “PASONA GROUP VISION 2030,” which covers the period from the fiscal year ended May 2026 to the fiscal year ending May 2030, our financial targets for the fiscal year ending May 2030 are net sales of ¥400 billion, ordinary profit margin of 5%, ROE of 8% or higher, and a PBR of over 1x.

Currently, the business environment surrounding our company is characterized by a declining working-age population due to Japan’s aging population, while people’s values and lifestyles are becoming increasingly diverse year by year. Furthermore, the advancements in digital technologies such as AI are remarkable, and not only are work styles changing, but the nature of work itself is undergoing significant transformation.
Against this backdrop, in the business areas we have cultivated to date, we will strengthen our profitability by providing higher-value-added services while working to reform our revenue structure. Furthermore, as we enter the era of the “100-Year Life,” where people work for longer periods throughout their lives and society is transitioning toward a model that allows for flexible work arrangements tailored to individual lifestyles and career advancement, initiatives to support and maintain individual health will become a critical issue for companies, individuals, and society as a whole in Japan, where the population is set to decline. By leveraging our accumulated business expertise to create a new well-being industry, we will address future societal challenges while driving our own business growth.

Regarding our full-year consolidated financial results for the fiscal year ended May 2026, we have revised our full-year consolidated earnings forecast downward from the initial plan due to changes in our business outlook. For the fiscal year ending May 2027, we will drive renewed growth in our HR solutions—including by expanding our BPO business in the specialized fields outlined in our mid-term vision—while also promoting business growth through our newly launched Well-being business. We are also working to reform our revenue structure. Regarding company-wide costs, for the fiscal year ended May 2026, each administrative department is identifying cost issues and selecting items for review. For the fiscal year ending May 2027, we will rigorously implement cost controls by setting appropriate cost allocations and reduction targets for each specific item in line with business growth. To achieve the target set forth in our mid-term vision—“Company-wide costs as a percentage of net sales (3.5% or less for the fiscal year ending May 2030)”—we will enhance business efficiency and improve profitability across the entire Group.

●Cash Allocation (Use of Funds)

As a result of the sale of shares in a consolidated subsidiary in the fiscal year ended May 2024, our cash on hand temporarily increased. We intend to use the proceeds from this sale for growth investments—such as investments in new businesses, capital expenditures, and M&A—as well as to strengthen our management foundation and return value to shareholders, with the aim of achieving our mid-term vision.

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 "Solutions 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 the 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. Information regarding our ESG and sustainability initiatives is available on 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. We have established a dedicated department for sustainability that manages the Group’s sustainability information and works to identify challenges and drive improvements. 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

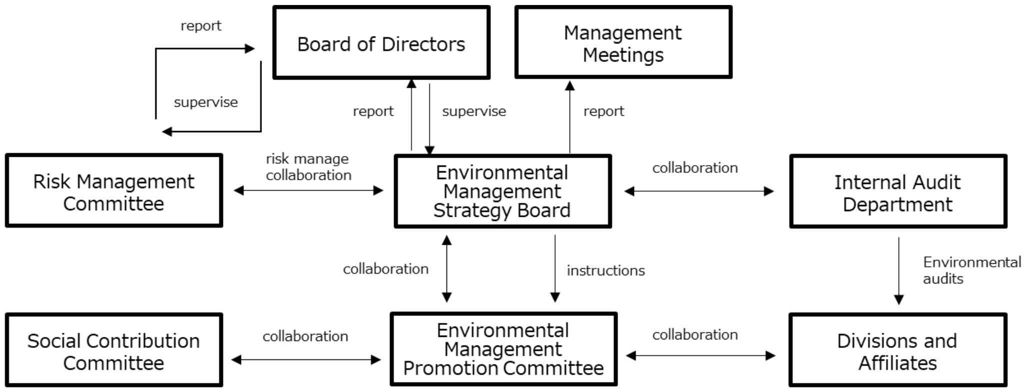
Since the Team Minus 6% project led by the Japanese Government commenced in 2005, Pasona Group（hereinafter referred to as "the Group") established an Environment Committee consisting of the officers and employees of each of the Group companies. We have made every effort to treat limited resources as 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 environmental damage, such as global warming, abnormal weather, and damage to the ecosystem in recent years, as a social solutions company, the 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 Group 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 Group 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 targets for the Group’s environmental management and response to climate change were formulated.

To reduce greenhouse gas emissions, we are implementing initiatives such as using 100% renewable energy at our restaurants and tourism facilities on Awaji Island, composting food waste using large-scale composters, and decarbonizing our company vehicles. We are also working to reduce the environmental impact of our overall business operations through measures such as installing energy-efficient equipment and promoting paperless operations. By expanding the use of renewable energy and promoting resource recycling, we aim to realize a decarbonized society. Details regarding our initiatives to reduce greenhouse gas emissions and our environmental conservation efforts are available on our website.
(URL: https://www.pasonagroup.co.jp/koken/ecology/)

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

Governance

The Environmental Management Strategy Board formulated 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 setting climate-related targets and their progress by receiving reports and providing appropriate advice from the Environmental Management Strategy Board.



Board of Directors	Oversight of climate change response	At least once a year
Environmental Management Strategy Board	Determination of policies, strategies and targets for environmental management and climate change response Officer in charge: Director and Executive Vice President Executive General Manager of the Pasona Way Group Headquarters	At least once a month

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.

Aanalytical Pprocess

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			Severity	Definition of countermeasures
Risk	Transition risk	Soaring carbon prices and the cost of using fossil fuels	Moderate	Steady implementation of the reduction plan • Improving energy efficiency in offices and facilities • Optimizing business-related transportation • Further promoting the transition to electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) • Further promoting the switch to renewable energy for electricity
		Reputational risks to Regional Revitalization Initiatives due to inadequate climate change measures	Low	･Continuing to use 100% renewable energy at facilities on Awaji Island and promoting resource recycling ･Establishing an ecotourism brand ･Proactively disclosing information in accordance with the TCFD
	Physical risk	Increase in air conditioning costs due to rising average temperatures(Increase in heating and cooling expenses)	Low	･Improving the environmental performance of offices, facilities, and other locations
		Business disruptions caused by employees and staff being unable to come to work due to heavy rain and strong winds	Low	･Continuous improvement of the remote work environment ･Development of client sites that allow remote work
		Continuous increase in BCP costs due to measures to address escalating extreme weather events	Low	･Deployment of emergency supplies to all locations ･Automation of disaster assessment ･Development of crisis management and BCP manuals ･Distribution of functions across business locations and information systems
		Difficulties in conducting business due to heavy rain, strong winds, and storm surges; damage to buildings; and a decline in customers due to disrupted transportation (on Awaji Island)	Low	･Risk assessment of each facility's location and structures ･Development and implementation of risk mitigation measures for each facility ･Thorough implementation of measures to ensure customer safety in the event of a disaster ･Implementation of risk mitigation measures for each facility
Opportunity	Transition Opportunities	Providing BPO, human resources, and various consulting services to advance Green Transformation ･Environmental management support ･Support for visualizing greenhouse Gas Emissions ･Support for responding to environmental surveys ･Fostering organizational culture and environmental education ･Supplier management ･Green Transformation human resources services	Moderate	･Expanding awareness of our sustainability brand based on our existing business ･Strengthening cross-group sales efforts ･Securing specialized talent ･Improving productivity through systemization and AI adoption ･Enhancing our services and differentiating ourselves from competitors

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 greenhouse gas 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 greenhouse gas emissions. For more details, please refer to the “Climate Change Response (TCFD)” section on our website. (URL: https://www.pasonagroup.co.jp/english/csr/tcfd.html)

Risk management
The Group has established Risk Management Regulations and Risk Management Committee as the overarching body responsible for risk-related matters 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 and integrated into the overall risk-management process through the Risk Management Committee.
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)	Fiscal year 2025 (ending May 31, 2026)
Scope 1 + Scope 2 (Market-based method) total	6,108	6,473
Scope 1	2,094	2,397
Scope 2 (Market-based method)	4,015	4,076
Scope 2 (Location-based method)	6,691	6,718
Scope 3 total	128,848	119,092
Category 1 (Purchased goods and services)	92,680	76,464
Category 2 (Capital goods)	8,629	18,052
Category 3 (Fuel- and energy-related activities not included in Scope 1 or Scope 2)	1,633	1,738
Category 4 (Upstream transportation and distribution)	12,360	11,832
Category 5 (Waste generated in operations)	1,240	1,851
Category 6 (Business travel)	5,699	2,761
Category 7 (Employee commuting)	6,398	6,185
Category 8 (Upstream leased assets)	210	210
Grand total	134,956	125,565

Notes: 1 The scope of the Group includes the results of the Company on a non-consolidated basis and the results of 11 consolidated companies that account for a large percentage of consolidated net sales.
2 Actual results may vary due to the refinement of the aggregation method.
3 All greenhouse gas emissions figures are calculated in accordance with the GHG Protocol.

2) Initiatives for human capital

Since our founding in 1976, the Group has conducted its business activities under the corporate philosophy of "Solutions to Society's Problems," promoting diversity and striving to create a society where everyone is free to choose the work they love and can work in a way that suits their individual lifestyles. Internally, we support diverse work styles and career development that maximize the potential of each employee, and we promote the creation of a workplace environment where employees can work with peace of mind, thereby contributing to the Group's sustainable growth and the enhancement of our corporate value.

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

The 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 the Group but also to the realization of a sustainable society.

In addition, we adhere to the "Pasona Way" as our guiding principle, which represents the core values of the Pasona Group. Every year, for a two-month period beginning on February 16, the anniversary of our founding, we reflect on the role that the Group plays and look back on our business history. Through discussions centered on our philosophy and the setting of individual action goals, all executives and employees share the "Pasona Way" as a constant, unwavering guide for decision-making, ensuring that we carry forward the spirit of our founding.

Financial targets and key strategies		Three pillars of human resources strategy Measures linked to key strategies		Most important KPI	May 2026 Results	May 2030 Targets
Financial targets for the fiscal year ending May 2030 Net sales ¥400 billion Ordinary profit ratio 5% ROE 8% or higher PBR Over 1	**i) Adding high value to BPO Solutions** Evolution to X-TECH BPO and the expansion of specialized fields	Discovering human resources who will help shape the future	● Discovering and developing human resources who will lead X-TECH BPO and various specialized fields ● Review and expansion of human resource systems leading to the realization of human resource strategies	Percentage of employees with advanced specialized skills and expertise	14.2% (+1.2pt YOY)	20%
	ii) Deepening Regional Revitalization and Tourism Solutions Establishing a sustainable growth model for rural areas through tourism	Developing human resources who create new value	● Developing "DX human resources" who can create new added value ● Strengthening training to support autonomous career development	Number of internal DX human resources trained	1,500 People *1 (+300 people YOY)	3,000 people
	iii) Creating new industries Establishing a new business foundation for realizing NATUREVERSE	Creating an environment where diverse human resources can thrive	● Further promotion of health management and the creation of an environment where each individual can maximize their abilities ● Improving employee well-being indicators	Percentage of high ratings for Well-being *2	74.7% (+4.6pt YOY)	More than 80%

*1 Cumulative number of employees trained since 2021

*2 Percentage of employees who responded positively to the items in our proprietary Career Well-being Index—"Are we able to share the richness and joy of work and work with vitality and good health?"—

The main initiatives related to our human resources strategy during the current consolidated fiscal year (hereinafter referred to as "the current fiscal year") are as follows.

Discovering Human Resources Who Will Help Shape the Future

Revision and Expansion of the Expert Career Track System

To enable both human resources responsible for value creation across a wide range of fields and human resources who generate new value through advanced expertise to thrive, we have introduced a competency-based grading system that allows for role design, evaluation, and compensation tailored to individual career aspirations.

・Generalist Track: A track aimed at building a comprehensive career by gaining work experience across a wide range of fields

・Expert Track: A track for deepening advanced expertise in a specific field and leveraging extensive knowledge and experience

To strengthen the recruitment and development of expert human resources, we established a special allowance for the Expert Position System during the current fiscal year and expanded the system. We have introduced a mechanism whereby the allowance varies annually based on performance, impact, and innovation over the most recent year. Under a mission-grade system linked to our business strategy, we have established specific duties and performance targets for expert human resources and created an environment where they can thrive by leveraging their specialized knowledge and extensive experience.

Achieving Optimal Staffing Through Strengthening the Talent Management System Infrastructure

To promote the visualization of human resources information and optimal staffing in our core BPO solutions business, we enhanced the data management capabilities of our talent management system. In addition to realizing the career plans of each individual employee—which we have always prioritized—we have established a system that centrally manages information such as employees' skills, past evaluations, and the operational experience, specialized knowledge, and skills required by each department. By enabling the HR department to comprehensively grasp this information, we have made it possible to assign the right people to the right roles for each BPO project. Moving forward, we will continue to maximize our human capital and drive business growth by promoting personnel assignments and human resources development aimed at realizing our key strategy of "adding high value to BPO solutions."

Developing Human Resources who Create New Value

DX Human Resources Development Program

To realize the key strategies outlined in our mid-term vision, we are focusing on developing human resources to drive digital transformation (DX).

During the current fiscal year, under the theme of "DX Based on AI Utilization," we promoted tiered training and reskilling initiatives. Internally, we provided practical AI training and support for obtaining IT Passport certification, primarily targeting employees in their fourth and fifth years with the company. For managers, we implemented the “Reskilling Initiative Phase 6,” a program centered on the theme of “Collaboration Between People and AI,” developed through joint research with Ritsumeikan University. Managers from various Group companies and departments participated in the program. By exploring and implementing AI in their work, they not only improved operational efficiency and quality but also identified value-added tasks that should be performed by people. Furthermore, we engaged in human resources development both internally and externally, including offering DX leader development programs for external local governments and private companies. In recognition of these ongoing human resources development efforts, the Company was selected as a “DX Stock 2026.” Moving forward, we will continue to implement reskilling programs for all employees while promoting the recruitment and development of DX human resources, thereby strengthening our management foundation and creating new value.

Training for Engineering Roles for Those with No Prior Experience

Pasona, Inc. operates the “Engineer-Pass” program, a recruitment initiative designed to help individuals with no prior IT experience become infrastructure engineers. After joining the company, participants undergo a three-month training program to acquire business skills, foundational knowledge of IT infrastructure, and hands-on experience, with the goal of obtaining the CCNA certification in the networking field. We hired approximately 30 people in the current fiscal year and have trained a cumulative total of about 100 individuals to date. Additionally, within the company, employees who joined as general staff can transition to engineering roles based on their aspirations and aptitude; and we have established an environment that supports career shifts to expert or engineering positions.

Implementation of “Design the NATUREVERSE Action”

In 2007, the Group launched the “Pasona Shadow Cabinet,” an internal organization where employees—regardless of position or years of service—discuss social issues and make concrete proposals for their resolution. As part of this initiative, we implemented “Design the NATUREVERSE Action” in the current fiscal year, which is a project to propose new businesses that will shape the next 50 years. Marking the Group’s 50th anniversary, this project was launched to encourage all executives and employees to reconnect with our founding spirit and to nurture an organizational culture that fosters autonomous innovation. A total of 1,277 proposals were submitted. Following a review process spanning approximately six months, outstanding proposals were selected, and we are currently proceeding with feasibility studies toward commercialization.

Creating an Environment Where Diverse Human Resources Can Thrive

Health Management Promotion Framework and Initiatives

Under the leadership of top management’s health management policy, the Group promotes a health management approach that enables employees to thrive and work with vitality through collaboration among occupational physicians, the Health Promotion Office, the Human Resources Department, and other relevant units. We have established the “Pasona Group Health Declaration” as our company-wide health policy and developed a “Strategic Map” that outlines the connections between the specific health promotion initiatives, expected outcomes, and management challenges that we aim to address. In addition, we offer health promotion programs, have set up an online consultation service, provide training for managers, and offer support for balancing medical treatment with work. In recognition of these efforts, we have been selected for the third time—and for the second consecutive year—as a “KENKO Investment for Health Stock” by the Tokyo Stock Exchange, honoring companies that practice particularly outstanding health management.

Hosting “Town Hall Meetings” as a Forum for Dialogue on the Future

As the Group marks its 50th anniversary, we held “Town Hall Meetings”—a forum for dialogue between top management and employees—with the aim of sharing our future business direction with employees and passing on the Group’s DNA. Hirotaka Wakamoto (Representative Director, Chairman, and CEO) and Shintaro Nakao (Representative Director, President, and COO) engaged in direct dialogue with a total of more than 14,000 employees to share the Group’s future vision and business strategies. Participating employees provided feedback such as “It was an opportunity to reaffirm what makes the Pasona Group unique” and “My understanding of the business deepened through dialogue with senior management.” This event served as an opportunity to instill our corporate philosophy and promote a better understanding of our business strategies.

Expo 2025 Osaka, Kansai: Operation of the “PASONA NATUREVERSE” Pavilion

At the “PASONA NATUREVERSE” pavilion, which our company exhibited at Expo 2025 Osaka, Kansai, Japan, we brought together the diverse specialized expertise of the Group—including facility operations, VIP and guest reception, provision of cultural and artistic content, safety management, and food and beverage services—to welcome a total of over 2.15 million visitors during the event. In managing the pavilion, we broadly recruited a diverse workforce of various nationalities with a wide range of specialized skills. By fostering an organization that embodies our spirit of hospitality and “*omotenashi*”—the Japanese spirit of selfless hospitality and utmost respect—we were also able to attract and develop human resources for our Well-being business.

In addition, by utilizing our “Open Position System”—where employees who wish to take on new challenges volunteer to participate—27 employees served as Expo attendants at the pavilion, and approximately 250 employees from various Group companies also participated in operational support during the event. The pavilion’s participation not only provided opportunities for employee growth that transcended organizational and business boundaries but also served as a venue for putting “One PASONA”—where the Group works as one to create business value—into practice.

Details on other human capital initiatives are available on our website.
(URL: https://www.pasonagroup.co.jp/english/ir/esg/human_resources.html)

3. Risk of business, etc.

(1) The 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.

(2) Risk identification and assessment process

The process for identifying and assessing risks related to the Group’s business operations is as follows.

・Risk Identification

Risks identified in light of changes in the environment surrounding the Group are classified based on the risk categories outlined in the Crisis Management Manual.

・Risk Assessment

The Risk Management Department, each department, and Group company assess each risk based on likelihood of occurrence, impact on business activities, impact on credibility and reputation, legal implications, impact on stakeholders, and impact on business continuity.

・Risk Verification

Risks assessed by each department and Group company are verified by the Risk Management Committee.

・Risk Review (Update Process)

Each department and Group company periodically updates the identification and assessment of risks to continuously improve the effectiveness of risk management.

(3) Major risks that may affect the 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. Furthermore, 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.

In addition to the significance assessments of each risk obtained through the risk identification and evaluation process, and taking into account the status of risks that have actually materialized, we identify risks deemed to be of high significance as “Priority Risk Areas” based on their impact on the Group’s management strategy and medium- to long-term management objectives.

Please note that forward-looking statements in this document are based on judgments as of the end of the current consolidated fiscal year, unless otherwise stated, and do not cover all risks associated with investing in the Company’s stock.

List of Risk Items　Note：Items rated “Impact: High, Probability: Moderate” or higher are identified as “Priority Risk Areas.”

Risk Items	Impact	Probability
(i) Management of personal information and confidential information	High	Moderate
(ii) Risks of system failures and cyber-attacks	High	Moderate
(iii) Business investment	High	Moderate
(iv) Risks in the Regional Revitalization and Tourism Solutions business	High	Moderate
(v) Business approvals and contracts with public agencies, etc., and compliance with related laws and regulations	High	Low
(vi) Fund procurement	High	Low
(vii) Impact of economic trends and other macroeconomic	High	Low
(viii) Risks associated with technological innovation	High	Low
(ix) Business continuity risks due to natural disasters, pandemics, etc.	High	Low
(x) Holding of investment securities	Moderate	Moderate
(xi) Litigation, scandals, and reputation risk	Moderate	Moderate
(xii) Securing human resources	Moderate	Low
(xiii) Climate change risks	Moderate	Low
(xiv) Risks in Childcare support and Life support services	Low	Moderate

Priority Risk Areas

(i) Management of personal information and confidential Information　(Impact: High, Probability: Moderate)

●Risks

In the course of operating its various businesses, the Group holds a large volume of personal and confidential information regarding temporary staff, job seekers, service users, client companies, employees, and other stakeholders. The Group’s handling of personal information is subject not only to Japan’s “Act on the Protection of Personal information” but also to the personal information laws of relevant countries, including the “General Data Protection Regulation (GDPR)” of the European Union, which came into effect in May 2018. These laws and regulations tend to apply across national borders, and compliance with them, as well as the costs associated with business operations, may increase.

Furthermore, if personal and confidential information is leaked externally due to intentional or negligent acts by employees or other parties, or due to unforeseen circumstances, this could affect the Group’s financial condition and operating results not only through penalties imposed by relevant authorities but also through claims for damages and a loss of public trust.

●Countermeasures

The Group has formulated a “Personal information Protection Policy” and other guidelines that comply with the GDPR. We ensure the proper collection, use, and disclosure of personal information, implement necessary and appropriate technical and organizational security measures to prevent the leakage or loss of personal information, and provide thorough training on personal information protection management to all executives and employees.

Furthermore, we have established information management systems and procedures to prevent the leakage of trade secrets and important information pertaining to the Group and our business partners, and we strive to ensure that these are thoroughly understood and implemented. Specifically, regarding the various confidentiality obligations mentioned above, we have established provisions in our respective employment regulations and confidential information retention policies. We also implement technical measures to defend against information security threats such as ransomware and targeted attacks, as well as conduct regular training and drills for our employees.

(ii) Risk of system failures and cyber-attacks　(Impact: High, Probability: Moderate)

●Risk

In addition to the fact that the Group’s business relies heavily on computer systems and their communication networks—both domestically and internationally—we recognize that the significance of this risk has increased further due to the expansion of remote work within the Group in recent years. Furthermore, certain aspects of our system infrastructure and its maintenance are outsourced to external vendors, including cloud service providers. If these computer systems or communication networks become unavailable due to human error, cyberattacks, widespread natural disasters, or issues with external vendors, the Group's operations and the services that it provides could be suspended. Should such a situation persist for an extended period, it could lead to a loss of trust in the Group and adversely affect its financial condition and operating results.

●Countermeasures

In response to the expanding scope of system use and the diversification of operational models, the Group is implementing various measures to prepare for unforeseen circumstances, including establishing response frameworks in the event of system failures, strengthening system security, and enhancing communication lines and hardware. In particular, to address the increasingly sophisticated and complex cyberattacks of recent years, we have established PASONA-CSIRT in accordance with the cybersecurity guidelines set forth by the Ministry of Economy, Trade and Industry (METI), with the aim of further strengthening our company-wide information security framework. We are implementing technical measures to defend against information security threats such as ransomware and targeted attacks, as well as conducting regular training and drills for our employees.

(iii) Business investment (Impact: High, Probability: Moderate)

As we mark our 50th anniversary since founding, we have established "Realizing NATUREVERSE" as our long-term vision for the next 50 years. Furthermore, we have designated the five-year period beginning with the fiscal year ending May 2026 as our mid-term vision, "PASONA GROUP VISION 2030," and aim to achieve sustainable corporate growth and further enhance corporate value through growth strategies focused on reforming our revenue structure and fostering new business growth. As we make various business investments in line with these growth strategies, the following risks may arise.

a. Impairment accounting

●Risks

The Group owns tangible and intangible fixed assets—including commercial real estate related to Regional Revitalization and Tourism Solutions business, as well as goodwill and software—which are recorded on the consolidated balance sheet.

These assets may incur an impairment loss depending on the future cash flows they generate. Although future cash flows used to determine impairment of fixed assets are based on business plans for each cash-generating unit, these forecasts involve uncertainty. Therefore, if business operations do not progress as anticipated, the recognition of impairment losses on fixed assets could affect the Group's financial position and operating results.

●Countermeasures

In addition to evaluating profitability at the investment stage, the Group continuously monitors the profitability and cash flow status of each asset even after investment has been made. We regularly review the progress of business plans for each cash-generating unit, and in the event of deviations from the plan, we analyze the causes and promptly consider and implement measures to improve profitability, thereby striving to maintain and enhance asset value.

Furthermore, when executing new investments or corporate acquisitions, we formulate plans from the investment evaluation stage with a view toward post-investment business operations and the creation of synergies. At the same time, relevant departments collaborate to promote early profitability and business improvement.

b. Corporate acquisitions

●Risks

The Group may undertake corporate acquisitions as an effective means of strengthening and expanding its business. Such acquisitions may result in significant capital requirements and the amortization of goodwill, among other items. Furthermore, while we proceed with acquisitions after carefully considering market trends, customer needs, and the target company's business performance and financial condition, such acquisitions do not necessarily contribute to consolidated earnings or generate synergies as anticipated by the Group. If the business performance of the acquired companies does not progress as expected due to significant changes in the business environment or business conditions, this could result in impairment losses on goodwill or valuation losses on equity investments, which may adversely affect the Group's business performance and financial condition.

●Countermeasures

To mitigate the risks associated with corporate acquisitions, the Group conducts detailed due diligence—utilizing external experts—on the target company's business operations, financial condition, legal and contractual matters, and other relevant aspects during the investment evaluation stage. Furthermore, when making investment decisions, we comprehensively consider factors such as alignment with our growth strategy, profitability, and capital efficiency, while ensuring the appropriateness of decision-making through deliberations within our internal approval process.

Following an acquisition, we place a high priority on PMI (Post Merger Integration) and strive to realize synergies at an early stage by systematically promoting the integration of the target company's management structure and business processes, as well as strengthening collaboration with the Group. Furthermore, we have established a system to continuously monitor post-acquisition performance and business progress, as well as to promptly implement corrective measures should any deviations from the initial plan occur.

c. Investments in and loans to subsidiaries and affiliates

●Risks

The Group intends to invest in new businesses that contribute to solving societal problems, with the aim of expanding its service areas to meet the diverse needs of companies and workers, and realizing its growth strategy for the next 50 years. With regard to investments in new businesses, there is a possibility that substantial capital requirements will arise; furthermore, there is no guarantee that earnings will necessarily develop as initially planned, and it is possible that the anticipated level of earnings may not be achieved. We will work to foster these businesses at an early stage by monitoring their progress in a timely manner and leveraging our existing business infrastructure and sales networks; however, if these efforts fail to generate the expected returns, the Group's business performance may be adversely affected.

While such business investments may be made through equity investments in subsidiaries and affiliates, the shares in affiliated companies held by the Company may affect the Company's financial results and asset values in its non-consolidated financial statements due to the recognition of valuation losses resulting from a significant decline in their fair value, depending on market trends, the business environment, and performance trends. Furthermore, if the net book value becomes negative, it may be necessary to record provisions against the estimated loss amount to prepare for losses related to receivables (including loans to the company in question) and debt guarantees, as well as to bear any losses incurred by the company in excess of these amounts; this could affect the Group's financial position and operating results.

●Countermeasures

To appropriately manage the risks associated with investments in and loans to subsidiaries and affiliates, the Group conducts thorough verification of business viability and profitability prior to making an investment and financing, and has established a monitoring system to regularly assess the management and financial conditions of each company after the investment and financing. Specifically, we continuously monitor the progress of each company's business plans and verify their earnings status; if deviations from the plan are identified, we promptly identify issues and provide necessary support for improvement and management guidance.

Furthermore, we support the rapid launch and monetization of these businesses through collaboration with the Group's existing business infrastructure and sales networks. We also continuously monitor changes in the financial conditions of our subsidiaries and affiliates and the market environment, and we strive to minimize the impact on our finances by implementing appropriate accounting treatments and risk management measures as necessary.

(iv) Risks in the Regional Revitalization and Tourism Solutions Business (Impact: High, Probability: Moderate)

●Risks

In the Group's Regional Revitalization and Tourism Solutions Business, we operate multiple commercial facilities that serve as hubs for regional revitalization, human resource development, and job creation; as such, the following specific risks exist:

・The opening of new commercial facilities entails significant capital expenditures and working capital requirements, depending on the scale of the facility. During the period following opening until visitor numbers reach a certain level, expenses such as labor costs tend to be incurred upfront, which may put pressure on the Group's profits in the short term.

・Operations may be suspended or may experience a decline in visitors due to the effects of weather, natural disasters, pandemics, and other factors. Furthermore, if the business fails to sufficiently appeal to users or fails to achieve user satisfaction, revenue may fall short of projections, resulting in performance below business plan targets or the need for additional investment.

・In this business, securing and developing personnel responsible for facility operations and service provision is critical. If personnel recruitment does not proceed as planned or if employee retention is insufficient, business operations may be affected by factors such as a decline in service quality or an increase in labor costs.

・Since this project is being carried out on the premise of collaboration with local governments, business partners, and other entities, changes in local government policies or financial conditions, failure to establish cooperative relationships with local stakeholders as anticipated, or changes in relationships with collaborating business partners may necessitate a revision of the business plan or additional measures.

・Due to the nature of this business, the services provided at our facilities are subject to various laws and regulations, such as Japan's Hotel Business Act, the Food Sanitation Act, and the Building Standards Act. Should amendments to relevant laws or the introduction of new regulations occur, this could result in additional capital expenditures and operating costs, which may affect business revenue.

・While we exercise due care regarding the safety management of attractions and other facilities, as well as the quality and safety of services at lodging facilities, quality control, and food hygiene in the provision of meals and sale of food, should an accident occur, it could result in a decline in the Group’s credibility or in legal action—or could even force us to suspend operations.

・As a result of these factors, if the future cash flows expected from the relevant business decline, we may be required to recognize an impairment loss on fixed assets; furthermore, if we decide to downsize or withdraw from the business, we may incur one-time expenses.

●Countermeasures

・When opening new facilities or making business investments, we carefully evaluate demand trends, profitability, and the potential for return on investment. After opening, we regularly monitor usage patterns and financial performance, and review our operational methods and cost structures as necessary.

・We strive to attract new visitors and foster repeat customers by planning facility content and events tailored to local characteristics and leveraging digital initiatives, while also implementing flexible customer acquisition strategies in response to changes in the external environment.

・In terms of human resources, we aim to ensure stable facility operations and maintain and improve service quality by establishing comprehensive education and training systems.

・Through ongoing dialogue and the building of cooperative relationships with local governments and regional businesses, we promote business operations that integrate the entire community and strive to strengthen our ability to respond to policy changes and shifts in the operating environment.

・We strictly comply with relevant laws and regulations, closely monitor trends such as legislative amendments, and make necessary structural adjustments and investments in a timely manner to minimize the impact on our operations.

・We are advancing the development of safety management, quality control, and crisis management systems. We have also established a Business Continuity Plan (BCP) to prepare for natural disasters, infectious diseases, and other emergencies, and we are committed to ensuring business continuity by reviewing the plan as necessary.

Other Risks

(v) Business approvals and contracts with public agencies, etc., and compliance with related laws and regulations
(Impact: High, Probability: Low)

The Group’s BPO Solutions’ outsourcing and contracting business provides services to a wide range of clients—including private companies, government agencies, local governments, and various organizations—by undertaking operations such as general administration, accounting and finance, reception, sales administration and order processing, human resources, labor management, payroll, and education and training. In particular, when carrying out projects commissioned by government agencies and local governments, it is necessary to conduct operations appropriately in accordance with the client’s instructions. However, in recent years, these projects have become larger and more complex, and there has been an increase in projects undertaken not only by the Group but also in collaboration with subcontractors. The Group strives to ensure proper business operations by adhering to guidelines covering compliance with relevant laws and regulations, thorough employee training, and conducting due diligence in the selection of subcontractors. However, should any violation of relevant laws and regulations, serious errors, or other improper operations occur within the Group or among our subcontractors, this could not only undermine the Group’s reliability and damage its social credibility but could also result in measures such as suspension from bidding—in accordance with the client’s regulations—and this could adversely affect our financial condition and operating results. Furthermore, since some projects have pre-set upper limits on scale and duration, our business performance may fluctuate significantly from one fiscal year to the next.

Expert Solutions’ temporary staffing business is conducted primarily as a worker dispatch business under a license granted by the Minister of Health, Labor, and Welfare in accordance with the “Act on Securing the Proper Operation of Worker Dispatch Businesses and the Protection of Dispatched Workers” (hereinafter, the “Worker Dispatch Act”). To ensure the proper operation of the worker dispatch business, the Worker Dispatch Act stipulates that if a dispatching entity (dispatching employer) falls under any grounds for disqualification as a dispatching employer or violates laws and regulations, its business license may be revoked or it may be ordered to suspend operations. Within the Group, the Corporate Governance Division of Pasona Group, Inc. takes the lead in developing guidelines for proper temporary staffing transactions and strives to thoroughly educate employees. At the same time, we continuously monitor compliance with relevant laws and regulations through internal audits and other means, and strive to prevent violations of laws and regulations. However, in the unlikely event that a serious violation of laws and regulations occurs by any Group company or its officers and employees, resulting in the revocation of our business license or an order to suspend operations, we may be unable to continue operating our temporary staffing business.

Career Solutions' recruitment agency business is conducted as a fee-based employment placement service under the "Employment Security Act," with a license granted by the Minister of Health, Labor, and Welfare. Similar to the temporary staffing business, the recruitment agency business is subject to measures such as revocation of the business license or suspension of operations if certain requirements are not met; therefore, similar risks are anticipated.

Similarly, Career Solutions' re-employment support business is conducted as a paid employment placement business under the "Employment Security Act," with a license granted by the Minister of Health, Labor and Welfare. Although its revenue structure and business model differ from those of the recruitment agency business, it is subject to the same regulations, guidance, and supervision as the aforementioned recruitment agency business insofar as it introduces job seekers to hiring companies; therefore, similar risks are anticipated.

Furthermore, as relevant laws and regulations are amended in response to changes in the labor market and other circumstances, the Group takes appropriate measures in response to each amendment to ensure proper business operations; however, future amendments could potentially affect the Group's business operations and financial performance.

(vi) Fund procurement　(Impact: High, Probability: Low)

To ensure a stable supply of funds necessary for maintaining and expanding our business activities, the Group effectively utilizes both internal and external funding sources. Regarding Group-wide funds, we have implemented a Group Cash Management System (CMS) to facilitate the efficient use of funds among Group companies and centralize funding operations. In addition to establishing commitment lines with financial institutions primarily to meet short-term working capital needs, we raise funds for long-term working capital and capital expenditures through long-term borrowings, corporate bonds, and other means. Changes in financial conditions—such as future business conditions, credit tightening, or rising interest rates—as well as breaches of financial covenants attached to commitment lines or certain long-term borrowings, could result in the Group's inability to secure necessary funding, the immediate need to repay debts, or an increase in funding costs, all of which could impact the Group's business operations and financial performance.

(vii) Impact of economic trends and other macroeconomic　(Impact: High, Probability: Low)

In addition to providing various solution services related to human resource utilization and productivity improvement for companies and organizations, the Group operates an employment infrastructure that supports diverse work styles for individuals. These services are subject to changes in the business environment, such as domestic and international economic trends and technological innovations, as well as the impact of labor-related laws and regulations.

The Group offers 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.), and Regional Revitalization and Tourism Solutions, and is working to build a business portfolio that is not dependent on any specific sector. However, should the market environment, employment conditions, or customer demand change rapidly, this could affect the performance and revenue structure of each business segment. Furthermore, in the long term, changes in domestic demographic trends could lead to a worsening labor shortage or a shrinking market.

Taking into account changes in the social environment, the Group is striving to diversify risks and achieve sustainable growth through the development and expansion of new businesses and services.

(viii) Risks associated with technological innovation　(Impact: High, Probability: Low)

Rapid advances in AI technologies—including generative AI—and digital technologies are transforming corporate business processes, workforce utilization, and decision-making, and the business environment surrounding the Group is undergoing a period of structural transformation.

If the spread of digital and AI technologies leads to increased automation of business operations and more sophisticated decision-making, resulting in greater efficiency, increased in-house processing, and reduced staffing at client companies, the demand structure for staffing and BPO services may change. This could result in a decline in demand for the Group's existing services, lower price levels, a narrowing of the scope of services provided, and changes in the competitive environment. The Group is committed to responding to technological innovation through continuous monitoring of technological trends, investment in the digital sector, workforce development, collaboration with external partners, and the enhancement of services through the use of AI. However, if we are unable to provide services that address changes in our client companies' workforce utilization and human resources demand resulting from technological innovation, or if we fail to timely and appropriately advance the transformation of our business models using data and AI, this could adversely affect the Group's business and financial performance.

Furthermore, the use of AI carries risks such as information leaks, intellectual property infringement, the use of inaccurate information, and bias; should these risks materialize, they could lead to damage to our reputation or claims for damages. While the Group is addressing these risks under our Basic Policy on AI through measures such as establishing guidelines, providing training, and strengthening governance, these measures may not function adequately due to technological advancements or changes in legal and regulatory trends.

(ix) Business continuity risks due to natural disasters, pandemics, etc. (Impact: High, Probability: Low)

The Group has group companies and business locations nationwide. In preparation for large-scale natural disasters such as earthquakes and floods, pandemics, incidents, accidents, and other events that threaten the Group's continued existence (hereinafter referred to as "natural disasters, etc."), we have established measures in our crisis management manual to confirm the safety of employees and temporary staff and ensure their safety. Furthermore, as measures to ensure business continuity, we have formulated a Business Continuity Plan (BCP) manual and implemented measures such as the geographical diversification of business locations and information systems. Additionally, starting in September 2020, as part of our BCP measures designed to address not only infectious diseases but also risks from natural disasters, etc., the Group has been gradually decentralizing its head office and headquarters functions and relocating them to Awaji Island in Hyogo Prefecture. While we are committed to responding promptly and appropriately in the event of a crisis, if a natural disaster or other event occurs on a scale far exceeding our expectations, it could affect the Group's business operations, financial condition, and business performance.

(x) Holding of investment securities (Impact: Moderate, Probability: Moderate)

To enhance corporate value from a medium- to long-term perspective, the Group holds investment securities, such as listed and unlisted stocks, with the aim of strengthening and maintaining relationships of trust with customers and business partners, expanding business transactions, and creating opportunities for collaboration and business synergies. For securities whose fair value can be determined based on market prices, valuation losses resulting from a significant decline in actual value may be recognized due to trends in stock and bond markets; for securities without market prices, such losses may be recognized based on the financial condition and performance trends of the investee companies. These factors could affect the Group's operating results and financial condition.

(xi) Litigation, scandals, and reputation risk (Impact: Moderate, Probability: Moderate)

Although the Group conducts its business activities with a strong emphasis on legal compliance, it may not be possible to completely eliminate the risk of becoming a party to various lawsuits, disputes, or claims for damages, or the risk of scandals, defamation, and similar incidents. Should any of these occur, the Group's social credibility and corporate image could be damaged, which could affect the Group's business performance through factors such as a decline in sales.

(xii) Securing human resources (Impact: Moderate, Probability: Low)

Since its founding, guided by the clear corporate philosophy of "Solutions to Society's Problems," the Group has promoted diversity and built various social infrastructures with the aim of ensuring that everyone can freely choose the work they desire and have the opportunity to work. To adapt to changes in the business environment and achieve sustainable growth, we must continue to secure and develop talent capable of shaping the future.

Therefore, if the Group is unable to secure the necessary talent in a timely and sufficient manner, this could affect the Group's operating results. Details regarding human capital management, including policies and measures to address this risk, are described in "2. Approach to sustainability and Initiatives (2) ESG/Sustainability Management 2) Initiatives for human capital."

(xiii) Climate change risks (Impact: Moderate, Probability: Low)

The Group formulates its strategies, policies, and targets for environmental management and climate change response through the Environmental Management Strategy Council. Based on these policies, the Environmental Management Promotion Committee promotes effective action plans across all departments and group companies, while also conducting 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 division 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.

Our response to business risks associated with climate change is described in “2. Approach to sustainability and Initiatives (2) ESG/Sustainability Management 1) Commitment to Sustainable Global Environment.”

(xiv) Risks in Childcare support and Life support services　(Impact: Low, Probability: Moderate)

The Group operates childcare-related facilities, such as community-based childcare centers, on-site corporate childcare facilities, and after-school programs, as well as life support services such as housekeeping, and long-term care services, including in-home care (day services) and home-visit care. While we exercise the utmost care in safety management when operating these facilities and services, unexpected accidents specific to these businesses may occur. In the unlikely event of an accident, it could undermine the Group’s credibility and adversely affect our business performance and financial condition.

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, 2026

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

(Millions of yen)

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

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

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

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

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

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

Segment Information (Figures include intersegment sales)

Consolidated Net Sales by Segment

(Millions of yen)

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

Consolidated Operating Profit (Loss) by Segment

(Millions of yen)

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

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

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

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

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

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

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

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

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

[Career Solutions (Placement/Recruiting, Outplacement)]

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

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

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

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

Global Solutions (Overseas Human Resource Services)

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

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

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

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

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

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

Regional Revitalization and Tourism Solutions

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

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

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

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

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

(2) 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, Life support, 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	FY2025		
	Net sales (millions of yen)	Composition (%)	Year-on-Year change(%)
HR Solutions	280,221	90.8	98.7
BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary staffing)	266,211	86.3	98.8
BPO Solutions (Contracting, Outsourcing)	130,459	42.3	96.6
Expert Solutions (Temporary staffing)	135,751	44.0	101.1
Career Solutions (Placement/Recruiting, Outplacement)	14,010	4.5	96.7
Global Solutions (Overseas Human Resource Services)	11,717	3.8	105.4
Life Solutions (Childcare support, Life support, etc.)	9,195	3.0	113.4
Regional Revitalization and Tourism Solutions	7,362	2.4	119.2
Total	308,496	100.0	99.8

(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	FY2025		
	Net sales(millions of yen)	Composition ratio (%)	Year-on-year change (%)
Hokkaido/Tohoku	12,742	4.1	102.6
Kanto (outside Tokyo)	32,238	10.5	88.1
Tokyo	127,480	41.3	100.0
Tokai / Hokushinetsu	20,304	6.6	100.9
Kansai	71,293	23.1	102.0
Chugoku/Shikoku/Kyushu	32,675	10.6	103.7
Overseas	11,762	3.8	105.3
Total	308,496	100.0	99.8

(3) Financial Position

Status of Assets, Liabilities and Net Assets

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

Assets

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

Liabilities

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

Net Assets

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

As a result of the above, the equity ratio as of May 31, 2026 was 53.9% (50.9% at the end of the previous fiscal year). Total assets, after deducting “cash and deposits” associated with “deposits received” related to contracted projects, amounted to ¥226,679 million (¥229,719 million at the end of the previous fiscal year), resulting in an equity ratio of 56.0% (58.7% at the end of the previous fiscal year).

(4) Cash Flows

Cash and cash equivalents (hereafter “net cash”) in FY2025 decreased by ¥24,087 million, compared with May 31, 2025, to ¥54,577 million. “Net cash” does not include “Cash and deposits” corresponding to temporary “Deposits received” from customers related to contracted projects. Details are described in 5. Status of accounting 1. Consolidated financial statements, etc., (1) Notes to the Consolidated Financial Statements (Matters related to the Consolidated statements of cash flows).”

Cash Flows from Operating Activities

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

Major cash inflows included depreciation and amortization expenses of ¥2,731 million (¥2,756 million in the previous fiscal year), a decrease in accounts receivable-trade and contract assets of ¥4,175 million (a decrease of ¥2,244 million in the previous fiscal year), and an increase of ¥1,123 million in accrued consumption taxes (an increase of ¥371 million in the previous fiscal year).
Major cash outflows included net loss before income taxes of ¥1,006 million (net loss of ¥5,826 million in the previous fiscal year), a decrease in trade payable of ¥1,104 million (an increase of ¥763 million in the previous fiscal year), a decrease in accounts payable - other of ¥1,160 million (an increase of ¥425 million in the previous fiscal year), and income taxes paid of ¥1,822 million (¥322 million in the previous fiscal year).

Cash Flows from Investing Activities
Net cash used in investing activities decreased to ¥27,285 million (a decrease of ¥47,600 million in the previous fiscal year).
Major cash inflows included proceeds from the redemption of securities totaling ¥22,500 million (none occurred in the previous fiscal year), among other factors.
Major cash outflows were the purchase of securities totaling ¥24,000 million (¥14,500 million in the previous fiscal year) and purchase of property, plant and equipment totaling ¥18,071 million (¥14,909 million in the previous fiscal year), along with purchase of intangible assets totaling ¥3,697 million (¥3,421 million), among other factors.

Cash Flows from Financing Activities
Net cash provided by financing activities increased to ¥101 million (a decrease of ¥15,055 million in the previous fiscal year).
Major cash inflows included long-term borrowings of ¥12,300 million (none in the previous consolidated fiscal year), among other factors.
Major cash outflows included the repayments of long-term borrowings of ¥5,728 million (¥9,099 million in the previous fiscal year), the purchase of treasury shares of ¥2,467 million (¥1,731 million in the previous fiscal year), and dividends paid of ¥3,514 million (¥3,417 million in the previous fiscal year), among other factors.

(Reference) Cash Flow Benchmarks

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

Notes:
1. Equity-to-asset ratio: Shareholders' equity / Total assets
   Equity-to-asset ratio based on market capitalization: Market capitalization / Total assets
   Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
   Interest coverage ratio: Cash flows / Interest payments
2. Each benchmark is calculated based on the consolidated financial statements.
3. Market capitalization is calculated by multiplying the period-end closing share price with the number of outstanding shares at period-end (after deducting treasury shares).
4. Cash flows from operating activities are used in calculations for cash flows.
5. Interest-bearing debt includes all interest-bearing debt under liabilities recorded on the consolidated balance sheets. In addition, for interest payments, we use the "Interest Paid" figure from the consolidated statement of cash flows.
6. The equity-to-asset 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-to-asset ratio based on market value was 26.5% (38.1% 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 Revitalization 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, Notes to the Consolidated Financial Statements (Material matters that 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 to the Consolidated Financial Statements (Material matters that serve as the basis for preparing consolidated financial statements),".

5. Important business contracts, etc.

(Construction contract with Obayashi Corporation)

(1) Name of contracting company: Pasona Group Inc.
(2) Name of counterparty: OBAYASHI CORPORATION
(3) Contract date: March 30, 2026
(4) Contract details: Construction contract for the "Awaji Island Iwaya Area Hotel Development Project"
(5) Contract amount: 16.8 billion

(Important loan agreements with financial covenants)

(1) Contract date: March 31, 2022
(2) Balance at the end of the current fiscal year: ¥13,389 million
(3) Maturity date: March 31, 2032
(4) Counterparty: Financial institution
(5) Use of funds : Operating Funds
(6) Collateral: None
(7) 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 profit 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 ¥23,229 million, which was used for the establishment of commercial facilities in Regional Revitalization and Tourism Solutions segment, and the development of core systems in 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)	351	—	3,135	3,486
Career Solutions (Placement/Recruiting, Outplacement)	10	—	604	615
Global Solutions (Overseas Human Resource Services)	120	—	14	134
Life Solutions (Childcare support, Life support, etc.)	281	—	31	313
Regional Revitalization and Tourism Solutions	12,346	—	71	12,417
Corporate	5,539	148	573	6,261
Total	18,649	148	4,431	23,229

2. Status of major equipment

Major equipment and employees of the Company as of May 31, 2026 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 6 other offices	Corporate	Business site equipment	170	—	—	449	32	652	250 (63)
GLOBAL HUB SQUARE (Awaji City, Hyogo Prefecture) and 11 other offices	Corporate	Business site equipment	3,646	287	—	7	448	4,389	392 (153)
ZENBO SEINEI (Awaji City, Hyogo Prefecture) and 11 other offices	Regional Revitalization and Tourism Solution	Commercial facilities	2,241	107	5	0	433	2,788	—

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 are lease and guarantee deposits totaling ¥2,538 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.	292	0	—	7,061	96	7,451	3,634 (5,131)
Nijigennomori Inc. (Awaji City, Hyogo Prefecture)	Regional Revitalization and Tourism Solutions	Commercial facilities, etc.	776	—	—	219	1,357	2,353	13 (14)
Bewith, Inc. (Shinjuku-ku, Tokyo)	BPO Solutions, Expert Solutions	Office facilities, etc.	958	—	—	231	388	1,579	865 (5,172)
Pasona Agri-Partners Inc. (Minato-ku, Tokyo)	Regional Revitalization and Tourism Solutions	Commercial facilities, etc.	649	—	—	0	169	819	21 (9)
Pasona Nihon Somubu Co., Ltd. (Osaka City, Osaka)	BPO Solutions	Office facilities, etc.	148	65	21	211	26	473	1,084 (704)
Pasona Foster Inc. (Minato-ku, Tokyo)	Life Solutions	Office facilities, etc.	381	—	—	5	19	407	538 (389)
gotop Co., Ltd. (Matsuzaka City, Mie Prefecture)	BPO Solutions	Office facilities, etc.	30	201	10	4	32	279	0 (8)
Chihou Sousei Inc. (Minato-ku, Tokyo)	Regional Revitalization and Tourism Solutions	Commercial facilities, etc.	166	22	—	—	25	214	6 (4)
Pasona Lifecare Inc. (Minato-ku,Tokyo)	Life Solutions	Office facilities, etc.	15	—	—	36	92	144	84 (147)
Tango kingdom Brewry Inc. (Kyotango-City, Kyoto)	Regional Revitalization and Tourism Solutions	Commercial facilities, etc.	48	—	58	—	35	142	10 (33)
Pasona JOB HUB Inc. (Minato-ku, Tokyo)	BPO Solutions, Expert Solutions	Business-related systems, etc	15	—	—	123	1	141	185 (27)
Pasona Furursato Incubation Inc. (Awaji City, Hyogo Prefcture)	Regional Revitalization and Tourism Solutions	Commercial facilities, etc.	33	—	3	1	84	123	66 (64)
TECHNORESEA RCH CO., LTD. (Hamamatsu City, Shizuoka Prefecture)	BPO Solutions, Expert Solutions	Office facilities, etc.	20	84	—	—	3	108	26 (2)

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., ¥127 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 ¥3,680 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	
Radiant Communication Sdn Bhd (Kuala Lumpur, Malaysia)	BPO Solutions	Office facilities, etc.	—	—	18	—	663	682	12 (—)
Pasona N A, Inc. (New York, U.S.A.)	Global Solutions	Office facilities, etc.	2	—	222	6	15	246	129 (3)
PT. Dutagriya Sarana (Jakarta, Indonesia)	Global Solutions	Office facilities, etc.	8	93	1	—	9	112	27 (32)

Notes

1 "Other" in book value includes vehicles, tools and construction in progress.

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.

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	22,000	19,041	Funds on hand
Pasona Group Inc. (Awaji City, Hyogo Prefecture)	Corporate	Seawalls/ Structure	5,900	5,414	Funds on hand
Pasona Inc. (Minato-ku, Tokyo)	BPO Solutions, Expert Solutions	Business system	5,000	4,193	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	Business Facilities	2,500	310	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	Seawalls/ Land Improvement	2,300	1,806	Funds on hand
Nijigennomori Inc. (Awaji City, Hyogo Prefecture)	Regional Revitalization and Tourism Solutions	Commercial facilities	1,700	164	Funds on hand
Pasona Group Inc. (Awaji City, Hyogo Prefecture)	Regional Revitalization and Tourism Solutions	Commercial facilities	1,400	114	Funds on hand
Pasona Group Inc. (Awaji City, Hyogo Prefecture)	Corporate	Business Facilities	1,300	90	Funds on hand
Pasona Group Inc. (Awaji City, Hyogo Prefecture)	Corporate	Company housing	1,000	112	Funds on hand
Nijigennomori Inc. (Awaji City, Hyogo Prefecture)	Regional Revitalization and Tourism Solutions	Commercial facilities	700	76	Funds on hand
Nijigennomori Inc. (Awaji City, Hyogo Prefecture)	Regional Revitalization and Tourism Solutions	Commercial facilities	700	54	Funds on hand
Pasona Inc. (Minato-ku, Tokyo)	Career Solutions	Business system	500	425	Funds on hand

Notes

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

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, 2026)	Number of issued shares as of the date of submission (August 14, 2026)	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 share have been retired.

(5) Status of shares by shareholder

As of May 31, 2026

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	20	91	138	35	15,015	15,316	—
Number of shares held (unit)	—	52,804	5,172	55,775	50,783	142	236,402	401,078	82,500
Percentage of shares held (%)	—	13.17	1.29	13.91	12.66	0.03	58.94	100.00	—

Note 1: Of 1,918,906 treasury shares, 19,189 units are included in “Individual & other,” while 6 shares are included in “Status of shares less than one unit.”

Note 2: Of the 467,725 shares of the Company held by the Stock Benefit Trust (BBT), 467,700 shares (4,677 units) are included in "Financial Institutions," and 25 shares are included in "Status of Odd-lot Shares.”
Of the 451,242 shares of the Company held by the Stock Benefit Trust (J-ESOP) 451,200 shares (4,512 units) are included in "Financial Institutions," and 42 shares are included in "Status of Odd-lot Shares."

(6) Status of major shareholders

As of May 31, 2026

Name	Address	Number of shares held	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
Yasuyuki Nambu	ROME, ITALY	14,897,337	38.93
Nambu Enterprise Inc.	1-30, 3-chome, Minami-Aoyama, Minato-ku, Tokyo	3,364,600	8.79
Master Trust Bank of Japan Ltd. (Trust account)	Akasaka Intercity AIR 8-1, 1-chome, Akasaka, Minato-ku, Tokyo	2,790,500	7.29
Custody Bank of Japan, Ltd. (Trust account)	8-12, 1-chome, Harumi, Chuo-ku, Tokyo	1,016,900	2.66
Custody Bank of Japan, Ltd. (Trust E account)	8-12, 1-chome, Harumi, Chuo-ku, Tokyo	918,967	2.40
Medical Concierge Co., Ltd.	5-5, 1-choume, Ebisu Minami, Shibuya-ku, Tokyo	650,000	1.70
Gratitude Ltd.	3-1, 2-chome, Atago, Minato-ku, Tokyo	596,600	1.56
Pasona Group Employee Stock Ownership Plan	1-30, 3-chome, Minami-Aoyama, Minato-ku, Tokyo	544,368	1.42
STATE STREET BANK AND TRUST COMPANY 505301 (Standing proxy: Custody Operations Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS, U.S.A. (15-1, 2-chome, Konan, Minato-ku, Tokyo)	432,376	1.13
Custody Bank of Japan, Ltd. (Trust account 4)	8-12, 1-chome, Harumi, Chuo-ku, Tokyo	382,500	1.00
Total		25,594,148	66.88

Note 1: In addition to the above, there are 1,918,906 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 918,967 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 May 21, 2026, Oasis Management Company Ltd. is stated to own the following shares as of May 14, 2026. But we are unable to confirm the actual number of shares owned as of May 31, 2026.
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	76,804	0.19

(7) Status of voting rights

(i) Issued shares

As of May 31, 2026

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 1,918,900	―	―
Shares with voting rights (Other)	Common shares 38,188,900	381,889	―
Shares less than one unit	Common shares 82,500	―	―
Total number of issued shares	40,190,300	―	―
Voting rights of all shareholders	―	381,889	―

Note 1: Common shares in the “Shares with voting rights (Other)” column include 467,700 shares of the Company (the number of voting rights: 4,677) held by the Board Benefit Trust (BBT) and 451,200 shares of the Company (the number of voting rights: 4,512) 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, 25 shares held by the Stock Benefit Trust (BBT), and 42 shares held by the Stock Benefit Trust (J-ESOP).

(ii) Treasury shares, etc.

As of May 31, 2026

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	1,918,900	―	1,918,900	4.77
Total	―	1,918,900	―	1,918,900	4.77

Note 1: 467,700 shares of the Company (1.16%) held by the Board Benefit Trust (BBT) and 451,200 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-based stock compensation 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

467,725 shares (As of May 31, 2026)

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.

451,242 shares (As of May 31, 2026)

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	830,800	1,730
Treasury shares acquired during the current fiscal year	1,169,200	2,467
Total number and total value of remaining resolved shares	—	802
Percentage of unexercised options as of the end of the current fiscal year (%)	—	16.04
Treasury shares acquired during the period	—	—
Percentage of unexercised options as of the date of submission (%)	—	—

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

No applicable.

(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	–	–	–	–
Acquired treasury shares through mergers, share exchanges, and corporate divestitures	–	–	–	–
Other (Disposal of treasury shares as restricted stock compensation)	20,400	44	—	—
Number of treasury shares held	1,918,906	–	1,918,906	–

Note 1: The 467,725 shares held by the Stock Benefit Trust (BBT) and the 451,242 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, 2026 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 income attributable to owners of the parent company was negative for the current consolidated fiscal year, in accordance with our policy of maintaining consistent and stable dividends and progressive dividend, 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, 2026: the Board of Directors	2,870	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 five non-audit committee members (three men and two women) and five audit committee members (all men), of whom four are independent outside directors. By having 40% 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 the 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 General Meeting of Shareholders 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)

Based on the status of the Company's directors as of August 14, 2026 (date of filing the securities report)

Name		Knowledge, experience, and abilities possessed by director								
		Corporate Management	HR Development	New Business/ Development	Compliance/ Risk Management	Finance/ Accounting	Regional revitalization/ Culture/Arts	Sustainability /ESG	Global	Well-being
Hirotaka Wakamoto	Representative Director, Chairperson and CEO	●	●	●	●	●		●		
Shintaro Nakao	Representative Director, President and COO	●	●	●	●		●			●
Junko Fukasawa	Director and Executive Vice President	●	●				●	●		●
Kinuko Yamamoto	Director and Executive Vice President	●	●	●			●			●
Makiya Nambu	Director and Executive Vice President	●		●			●		●	
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
Corporate 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
Hirotaka Wakamoto	Representative Director, Chairperson and CEO	100% (17/17 times)
Shintaro Nakao	Representative Director, President and COO	100% (14/14 times)
Junko Fukasawa	Director and Executive Vice President	100% (17/17 times)
Kinuko Yamamoto	Director and Executive Vice President	100% (17/17 times)
Makiya Nambu	Director and Executive Vice President	100% (17/17 times)
Kazufumi Nomura	Director (Full-time Audit and Supervisory Committee Member)	100% (17/17 times)
Haruo Funabashi	Outside Director (Audit and Supervisory Committee Member)	100% (17/17 times)
Kazuo Furukawa	Outside Director (Audit and Supervisory Committee Member)	100% (17/17 times)
Ryohei Miyata	Outside Director (Audit and Supervisory Committee Member)	100% (17/17 times)
Yutaka Atomi	Outside Director (Audit and Supervisory Committee Member)	100% (17/17 times)

(Note) Shintaro Nakao’s attendance record at Board of Directors meetings for fiscal year 2025 covers only those meetings held after he assumed office on August 22, 2025.

(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:

・Medium- to Long-term Management Strategy of the Group
・New Business Strategies (Including New Business)
・M&A and Organizational Restructuring
・Financial Results, Business Performance, and Financial Strategies
・Budget Management
・Acquisition of Assets and Investments (Including Fixed Assets)
・Transactions involving conflicts of interest
・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 survey of all directors to evaluate the effectiveness of the Board of Directors as a whole. For fiscal year 2025, we conducted a survey of directors in April 2026 covering the following items.

In light of Five Principles for Boards of Directors to Enhance “Growth Power” issued by the Ministry of Economy, Trade and Industry in April 2025, as well as the revised Corporate Governance Code in July 2026, we have revised some of the survey questions.

The results of the evaluation and analysis were reported to and deliberated upon by the Board of Directors. Based on these results, we discussed future measures to further enhance the effectiveness of the Board of Directors. (May 2026)

[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. Furthermore, while generally appropriate measures have been taken to expand opportunities for reporting on management and business strategies—which were identified as issues last fiscal year—and to continuously improve the operation of the Board of Directors, the assessment confirmed that further improvements are still needed regarding the expansion of reporting opportunities on the activities of each committee and the follow-up on the progress of digital transformation (DX). Additionally, it was confirmed that, with regard to management and business strategies, there is a need to expand discussions on the business portfolio and capital efficiency.

3. Future Challenges

The results of the fiscal year 2025 survey identified the following as new challenges: expanding opportunities for management to report on business progress; exploring ways to ensure diversity on the Board of Directors; overseeing the implementation of employee training aimed at preventing information leaks; and expanding discussions regarding the business portfolio and capital efficiency. In addition, we assess that continued improvement is needed regarding follow-up on the progress of digital transformation (DX) initiatives and expanding opportunities to report on the activities of various committees.

Going forward, we will continue to review and implement necessary measures as appropriate to further enhance the overall effectiveness of the Board of Directors.

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 a meeting 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% (1/1 times)
Haruo Funabashi	Audit and Supervisory Committee Member (Independent Outside Director)	100% (1/1 times)
Kazuo Furukawa	Audit and Supervisory Committee Member (Independent Outside Director)	100% (1/1 times)

The Nomination and Compensation Committee is chaired by Yutaka Hori.

d. Management Meeting

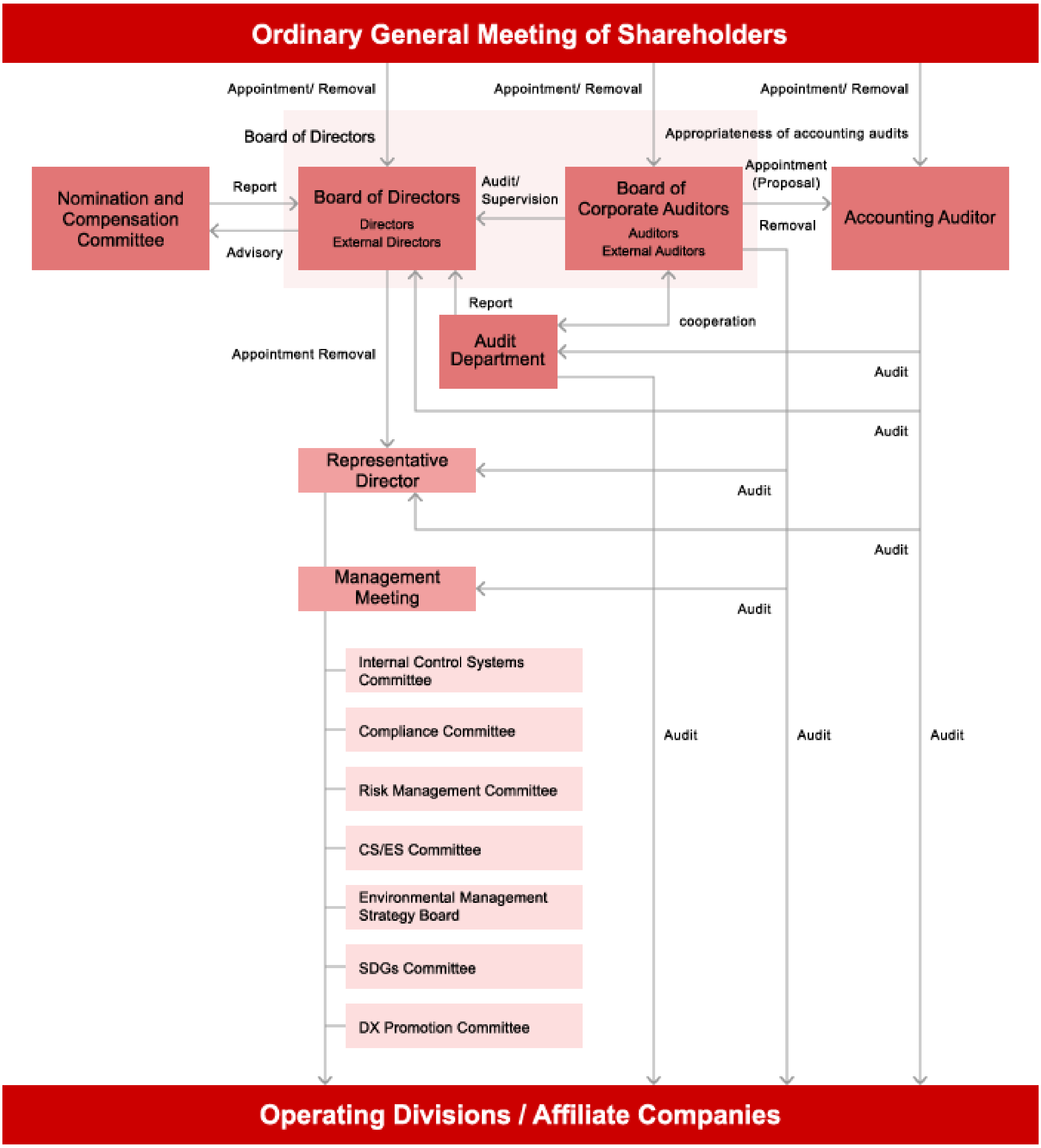
Management meetings are held twice a month, in principle, to make quick and efficient decisions on important matters that affect the entire company. The members of the management meeting are listed on our website (URL: https://www.pasonagroup.co.jp/ir/esg/governance.html). The CEO serves as the chair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

As of August 14, 2026 (date of submission of securities report), the status of our officers is as follows.

Eight males and two females (20% of the officers are female)

Position	Name	Birth date	Biography		Term of office	No. of Company shares owned (No. of potential shares)
Representative Director, Chairperson and CEO	Hirotaka Wakamoto	Nov 2, 1960	Apr. 1984 Jun. 1989 Sep. 2006 Dec. 2007 Jul. 2012 Aug. 2017 Aug 2018 Jun. 2019 Aug. 2020 Dec. 2021 Feb. 2023 Aug. 2024 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. Executive Officer & Vice President, General Manager of the Corporate Planning & Administration Headquarters, Pasona Group Inc. Executive Officer & Vice President, General Manager of the Corporate Planning Headquarters, Pasona Group Inc. President & COO, Pasona Knowledge Partner Inc. Director. Bewith, Inc. Director, Vice President and Executive Officer, COO, General Manager of the Corporate Planning Headquarters, General Manager of the Growth Strategy General Headquarters, Pasona Group Inc. President & COO, Pasona Force Inc. Director, Vice President and Executive Officer, COO, General Manager of the Growth Strategy General Headquarters, General Manager of the Corporate Planning Headquarters, Pasona Group Inc. Representative Director, President and CEO, Pasona Group Inc. Representative Director, Chairperson and CEO. Pasona Group Inc. (to present)	(Note 3)	47,400 (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. Director and Executive Officer, responsible for solution, Sales & Marketing Headquarters, General Manager, Dotank division, Pasona Inc. Director and Managing Executive Officer, Pasona Inc. Director and Executive Officer, Pasona Group Inc. Managing Executive Officer, Pasona Group Inc. President and Representative Director, Pasona Inc. (to present) Director, circlace Inc. Managing Executive Officer, General Manager of the Group Sales General Headquarter, Pasona Group Inc. Representative Director, President and COO, Pasona Group Inc. (to present)	(Note 3)	13,600 (26,827)

Position	Name	Birth date	Biography		Term of office	No. of Company shares owned (No. of potential shares)
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)	199,000 (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.		
			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.		
			Aug. 2024	Director and Executive Vice President Executive General Manager of the Pasona Way Group Headquarters, Social Contribution Department, Pasona Group Inc. (to present)		
			Oct. 2024	Chairperson and Representative Director, Pasona Heartful Inc. (to present)		
Director, Vice President and Executive Officer 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)	151,500 (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.)		
			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.		
			Aug. 2024	Director and Executive Vice President Executive General Manager of the NATUREVERSE Group Headquarters, Pasona Group Inc.(to present)		

Position	Name	Birth date	Biography		Term of office	No. of Company shares owned (No. of potential shares)
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	Apr. 2008 Jun. 2013 Sep. 2018 Dec. 2018 Sep. 2021 Aug. 2022 Aug. 2024 Jun. 2025 Aug 2025	Joined Mitsubishi Corporation Joined Pasona Inc. Executive Officer, General Manager of the Global Business Division, Pasona Inc. General Manager of the International Business Division, Pasona Group Inc. Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc Managing Executive Officer & Director, General Manager of the International 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. Director and Senior Managing Executive Officer, General Manager of the Global Business Division, Pasona Inc. Director and Managing Executive Officer, General Manager of the Global Strategy General Headquarters, General Manager of the International Business Headquarters, Pasona Group Inc. Director and Executive Vice President Executive General Manager of the Global Strategy Group Headquarters, Executive General Manager of the International Business Headquarters, Pasona Group Inc. (to present) Director and Executive Vice President, Pasona Inc. (to present)	(Note 3)	1,400 (1,531)
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 and Full-time Audit and Supervisory Committee Member, Pasona Group Inc. (to present)	(Note 4)	48,400 (—)

Position	Name	Birth date	Biography		Term of office	No. of Company shares owned (No. of potential shares)
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 and Audit and Supervisory Committee Member, Pasona Group Inc, (to present) Outside Director, EPS Holdings, Inc. (to present)	(Note 4)	21,100 (—)
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, Pasona Group Inc, (to present)	(Note 4)	20,200 (—)

Position	Name	Birth date	Biography		Term of office	No. of Company shares owned (No. of potential shares)
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)	5,300 (－)
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, Pasona Group Inc, (to present)	(Note 4)	3,600 (－)
Total						511,500 (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.

(ii) Status of Outside Directors

As of the date of submission of the Annual Securities Report, the Company has four Outside Directors, and 40% 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 compensation exceeding ¥10 million per year directly from the Company or its subsidiaries as a legal, accounting, or tax specialist or consultant (excluding compensation as an Officer of the Company and compensation 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 17 times during the year. The attendance status of each member is shown below.

Name	Number of meetings	Attendance
Kazufumi Nomura	17 times	17 times
Haruo Funabashi	17 times	17 times
Kazuo Furukawa	17 times	17 times
Ryohei Miyata	17 times	17 times
Yutaka Atomi	17 times	17 times

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 (10 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

19 years

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

Designated limited liability partner, engagement partner: Nobuo Son, 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 15 certified public accountants and 28 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. Compensation for certified public accountants, etc., involved in audits (Millions of yen)

Category	Previous consolidated FY		Current consolidated FY	
	Compensation based on audit and attestation services	Compensation based on non-audit operations	Compensation based on audit and attestation services	Compensation based on non-audit operations
Reporting company	69	2	72	—
Consolidated subsidiary	78	—	79	—
Total	147	2	151	—

In the previous 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.

Compensation for audit and assurance services provided to the reporting company during the current consolidated fiscal year includes ¥3 million in additional compensation related to the previous consolidated fiscal year, while compensation for audit and assurance services provided to consolidated subsidiaries includes ¥2 million in additional compensation related to the previous consolidated fiscal year.

b. Compensation 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	
	Compensation based on audit and attestation services	Compensation based on non-audit operations	Compensation based on audit and attestation services	Compensation based on non-audit operations
Reporting company	—	—	—	0
Consolidated subsidiary	2	—	2	6
Total	2	—	2	6

The non-audit services provided by the reporting company during the current consolidated fiscal year consisted of legal support services.

The non-audit services provided by the consolidated subsidiaries during the current consolidated fiscal year consisted of training-related services.

c. Compensation 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 compensation 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 compensation 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 compensation, etc., for Financial Auditors.

(4) Compensation 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 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- based 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.

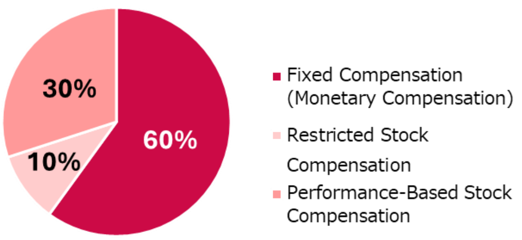
(d) Compensation Governance Concept

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

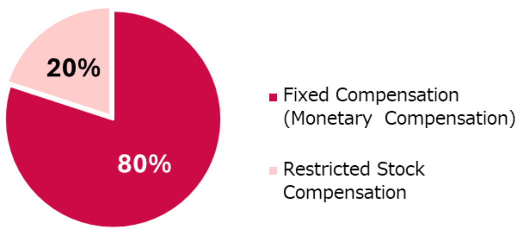
(Reference) Standard model for compensation systems and compensation structures

Type of Compensation	Eligibility	Overview
Fixed Compensation (Monetary Compensation)	Directors who are not members of the Audit and Supervisory Committee	Compensation commensurate with duties
	Directors who are members of the Audit and Supervisory Committee	Determined through deliberation within the Audit and Supervisory Committee
Restricted Stock Compensation	Directors who are not members of the Audit and Supervisory Committee Directors who are members of the Audit and Supervisory Committee	To provide incentives aimed at the sustainable enhancement of the Company's corporate value and to further promote value sharing with shareholders
Performance-Based Stock Compensation	Directors who are not members of the Audit and Supervisory Committee (excluding outside directors)	To foster a greater sense of commitment to improving medium- to long-term performance and corporate value

Directors who are not members of the Audit and Supervisory Committee



Directors who are members of the Audit and Supervisory Committee



*The percentage of the total compensation amount accounted for by performance-based stock compensation is generally between 0% and 30% when performance targets are met.

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 compensation, 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. 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 fixed 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 profit attributable to owners of parent, a specific maximum amount has been set to increase transparency and objectivity.

The fixed compensation (monetary compensation) is set on an annual basis, with one-twelfth of the total amount paid each month starting in September. Restricted stock awards are generally granted once a year, and shares related to the Performance-Based Stock Trust (BBT) are generally delivered upon retirement.

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

In determining the details of fixed compensation, 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-based 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 delegation related to the decision on the compensation, etc., of individual Directors

The details of the resolutions passed at the General Meeting of Shareholders regarding directors' compensation, the dates of the resolutions, and the number of directors at the time of the resolutions are as follows.

a. Compensation for directors who are not members of the Audit and Supervisory Committee

Type of Compensation	Upper Limit	Date of Resolution	Number of Directors at Time of Resolution
Fixed Compensation (Monetary Compensation)	¥600 million per year (of which ¥50 million per year is for outside directors)	Held on August 18, 2017 10th Ordinary General Meeting of Shareholders	5 members (of which 0 are outside directors)
Restricted Stock Compensation	Granted within the upper limit of the fixed compensation amount stated above Total Annual Payment: ¥300 million (of which ¥25 million is for outside directors) Number of Shares: 150,000 shares per year (of which 12,500 shares are for outside directors)	Held on August 22, 2025 18th Ordinary General Meeting of Shareholders	5 members (of which 0 are outside directors)
Performance-Based Stock Compensation *Excluding Outside Directors	Contribution Amount: ¥800 million over 5 fiscal years Number of Points Granted: 260,000 points per fiscal year (As a general rule, converted to 1 share per point at the time of grant)	Held on August 18, 2017 10th Ordinary General Meeting of Shareholders	5 members

b. Compensation for Directors Who Are Members of the Audit and Supervisory Committee

Type of Compensation	Upper Limit	Date of Resolution	Number of Members at Time of Resolution
Fixed Compensation (Monetary Compensation)	¥200 million per year	Held on August 22, 2025 18th Ordinary General Meeting of Shareholders	5 members
Restricted Stock Compensation	Granted within the limits of the above fixed compensation amount Total Amount Granted: ¥100 million per year Number of Shares: 50,000 shares per year	Held on August 22, 2025 18th Ordinary General Meeting of Shareholders	5 members

（ⅲ）Matters Concerning Delegation of Authority Regarding the Determination of Individual Directors' Compensation, etc.

With regard to fixed compensation and restricted stock compensation 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 compensation 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 compensation 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' compensation, 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 compensation, etc., of Directors for the current fiscal year are as follows.

a. Board of Directors

June 2021: Matters concerning the policy for determining individual compensation, etc. for directors.
June 2024: Matters Concerning the Establishment of an Executive Compensation Policy
August 2025: Matters Concerning the Revision of the Executive Compensation Policy and the Guidelines for Determining Individual Directors' Compensation

b. Nomination and Compensation Committee

July 2024 : Matters concerning compensation of directors after the conclusion of the 17th Ordinary General Meeting of Shareholders.
March 2025: Matters concerning market trends in executive compensation
May 2025 : Matters concerning compensation policy, matters concerning compensation of Directors after the conclusion of the 18th Ordinary General Meeting of Shareholders

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

The Company utilizes a Stock Benefit Trust (BBT) and restricted stock compensation. Details regarding the Stock Benefit Trust (BBT) are described in "4. Status of Corporate Governance, etc. (4) Compensation for Officers, etc. (v) Matters regarding performance-based stock compensation, etc."; details regarding restricted stock compensation are described in "4. Status of Corporate Governance, etc. (4) Compensation for Officers, etc. (vi) Matters concerning the introduction of restricted stock compensation."

(v) Matters regarding performance-based stock compensation, etc.

The Company has adopted a stock benefit trust (BBT) as a performance-based stock 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-based stock compensation 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-based 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-based stock 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
Representative Director and Chairperson	120	1	51,500
Representative Director and President	100	1	42,900
Vice Presidents Executive Officers	80	4	34,300
Managing Executive Officers	65	1	27,900
Total	―	7	―

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-based 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.

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

(millions of yen)

Indicators	Fiscal year ended May 31, 2026 Target	Fiscal year ended May 31. 2026 Actual	Reference: Fiscal year ending May 31, 2027 Target
Consolidated operating profit	2,500	(1,149)	1,500
Profit attributable to owners of the parent	500	(3,388)	(1,000)

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-based stock compensation plan (hereinafter referred to as the "Plan") is a performance-based 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 Ordinary General Meeting of Shareholders. 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.

(vi) Matters concerning the introduction of restricted stock compensation

The Company has introduced a restricted stock compensation program for its Directors (including directors who serve on the Audit and Supervisory Committee and Outside Directors; hereinafter referred to as “Eligible Directors”) with the aim of providing incentives to promote the sustainable enhancement of the Company’s corporate value and to further share value with our shareholders.

a. Overview of the Program

The compensation granted to Eligible Directors under this program shall consist of either (1) the Company’s common stock or (2) monetary claims to be used as in-kind contributions for acquiring the Company’s common stock; Eligible Directors shall receive the issuance or disposition of the Company’s common stock based on a resolution of the Company’s Board of Directors. The total amount of the Company’s common stock or monetary claims granted under this program to directors who are not members of the Audit and Supervisory Committee shall not exceed 300 million yen per year (of which, the portion for outside directors shall not exceed 25 million yen per year; however, this does not include the employee portion of the salary for directors who also serve as employees). The total amount of the Company’s common stock or monetary claims granted to directors who are members of the Audit and Supervisory Committee shall not exceed 100 million yen per year. Furthermore, the total number of common shares newly issued or allocated by the Company to directors who are not members of the Audit and Supervisory Committee shall not exceed 150,000 shares per year (of which, the portion for outside directors shall not exceed 12,500 shares per year), and the total number of common shares newly issued or allocated to directors who are members of the Audit and Supervisory Committee shall not exceed 50,000 shares per year.

The specific timing and allocation of payments to each eligible director shall be determined by the Nomination and Compensation Committee, which is composed of a majority of independent outside directors who meet the Company’s independence criteria.

Furthermore, in connection with the issuance or disposition of the Company’s common stock (hereinafter referred to as “the Shares”) under this system, and the provision of monetary claims as property contributed in kind, the following conditions shall apply between the Company and the applicable director: (1) Prohibition of any transfer to a third party, creation of security interests, or any other disposition of the Shares for a specified period (hereinafter referred to as the “Restricted Transfer Period”); (2) the Company may acquire the Shares without consideration if certain events occur; To ensure that these shares cannot be transferred, encumbered, or otherwise disposed of during the Transfer Restriction Period, they will be held in a dedicated account opened by the relevant director at Nomura Securities Co., Ltd. during that period.

Furthermore, we have introduced a restricted stock compensation plan with transfer restrictions similar to this system for executive officers who do not concurrently serve as directors of the Company.

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

Executive classification	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. By type (millions of yen)			Number of eligible Officers (persons)
		Monetary compensation	Non-monetary compensation		
			Performance-based stock compensation	Restricted stock compensation	
Directors not serving as Audit and Supervisory Committee Members (excluding Outside Directors)	216	205	—	10	5
Directors serving as Audit and Supervisory Committee Members (excluding Outside Directors)	21	18	—	3	1
Outside Officers	68	57	—	11	4

Note : 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

Since there are no individuals whose total consolidated compensation, etc., amounts to ¥100 million or more, this information is not disclosed.

(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	23	2,628
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	713	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)

	Number of stocks (issue)	Total acquisition cost related to increase in number of shares (millions of yen)
Unlisted stocks	2	0
Stock other than unlisted stocks	—	—

(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 (Quantitative Holding Effects) (Note)	None
	3	2		
PERSOL HOLDINGS CO.,LTD.	3,000	3,000	(Purpose of holding) Business research and information gathering (Quantitative Holding Effects) (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 other than pure investment to pure investment during the four fiscal years preceding the current fiscal year and the current fiscal year

Not applicable

5. Status of employees, etc.

(1) [Basic Policies on Human Resources Strategy, etc.]
Details regarding the Group's human resources strategy are described in "2. Approach to sustainability and Initiatives (2) ESG/Sustainability Management 2) Initiatives for human capital."

Based on the above human resources strategy, the Group aims to create sustainable corporate value by supporting the autonomous growth and pursuit of new challenges of each individual employee through evaluation and compensation tailored to their roles and expertise.
Employee compensation and wage levels are determined comprehensively, taking into account job duties, roles, expertise, performance, market standards, and internal equity, while complying with the minimum wage established by law and adhering to various legal requirements, such as "equal pay for equal work."
Pay raises and promotions are determined by comprehensively considering expected roles, performance evaluations, organizational performance, expertise, professional competencies, and job titles. By appropriately reflecting each employee's mission and level of contribution in their compensation, we encourage their autonomous growth and willingness to take on new challenges. In addition, we have adopted a dual-track system based on professional competence and job title, with a mechanism in place to ensure that appropriate evaluations are reflected in pay raises and promotions. To clarify the roles of the organization, departments, and individuals, and with the goals of "building a stronger company and organization" and "developing human resources with high market value," we have introduced an MBO (Management by Objectives) system based on two pillars: "Performance" and "Behavioral Guidelines." Bonuses are paid based on the evaluation results under this system, taking into account company performance, individual performance, and other factors.
By evaluating and determining compensation based on both results and behavior, we have designed a system that places equal emphasis on actions leading to the creation of medium- to long-term corporate value, rather than focusing solely on short-term results. Additionally, in the sales department, we have introduced incentives paid according to the performance and results of both individuals and teams.

(2) Status of employees

(i) Status of consolidated companies

As of May 31, 2026

Segment	Number of employees
BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary Staffing)	6,392 (12,082)
Career Solution (Placement/Recruiting, Outplacement)	400 (100)
Global Solutions (Overseas Human Resources Services)	558 (57)
Life Solutions (Childcare support, Life support, etc.)	622 (537)
Regional Revitalization and Tourism Solutions	325 (286)
Companywide	731 (341)
Total	9,028 (13,403)

Note : 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.

(ii) Status of the reporting company

As of May 31, 2026

Number of employees	Average age	Average years of service	Average annual salary (¥, thousands)	Percentage Change in Average Annual Salary Compared to the Previous Fiscal Year (%)
795 (547)	35.9	9.2	6,497	3.3

Segment	Number of employees
BPO Solutions (Contracting, Outsourcing), Expert Solutions (Temporary Staffing)	64 (206)
Companywide	731 (341)
Total	795 (547)

(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.
2 When calculating the average length of service, the length of service at the relevant company is included for employees who have been transferred from our consolidated subsidiaries.
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.

(2) Status of companies with the largest employees

(ｉ) The company with the largest number of employees during the current fiscal year

Pasona Inc.

As of May 31, 2026

Number of Employees	Average Age (years)	Average Length of Service (years)	Average Annual Salary (thousand yen)	Percentage Change in Average Annual Salary Compared to the Previous Fiscal Year (%)
3,634 (5,131)	40.8	11.4	6,282	1.9

(Note) 1 The number of employees refers to the number of regular employees; the number of temporary employees is shown in parentheses as an external figure based on the annual average.
2 When calculating the average length of service, the length of service at the relevant company is included for employees who have been transferred from our consolidated subsidiaries.
3 Average annual salary is calculated based on employees who have been with the company for one year or more, including bonuses and non-standard wages.

(ⅱ) The company with the second-highest number of employees after the company listed in (ｉ) above

Pasona Nihon Somubu Co., Ltd.,

As of March 31, 2026

Number of Employees	Average Age (years)	Average Length of Service (years)	Average Annual Salary (thousand yen)	Percentage Change in Average Annual Salary Compared to the Previous Fiscal Year (%)
933 (700)	48.2	13.8	5,802	0.2

(Note) 1 The number of employees refers to the number of regular employees; the number of temporary employees is shown in parentheses as an external figure based on the annual average.
2 When calculating the average length of service, the length of service at the relevant company is included for employees who have been transferred from our consolidated subsidiaries.
3 Average annual salary is calculated based on employees who have been with the company for one year or more, including bonuses and non-standard wages.

(4) Status of labor unions

There is nothing special to report.

(5) Details of the Stock Ownership Plan for Officers and Employees Exclusively for Staff and Other Employees

The Company has implemented a stock ownership plan for officers and employees exclusively for staff and other employees. Details regarding this stock ownership plan are described in “1. Status of Shares, etc. (8) Information on the Officer/employee stock ownership plan.”

In addition, the Company has introduced an Employee Stock Ownership Plan (J-ESOP) exclusively for employees. The purpose of this plan is to encourage each employee to participate in the Company’s growth from a medium- to long-term perspective and to foster awareness of enhancing corporate value. Under this plan, employees can acquire the Company’s shares by contributing a voluntary amount from their salaries or other sources, and the Company grants an incentive bonus (10%) based on the amount contributed.

(6) 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, the 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.	57.4	72.7	83.6	84.4	72.9
Pasona Inc.	59.6	89.8	72.9	81.2	70.0
Bewith, Inc. (Note 5)	20.0	68.4	79.0	86.1	90.5
Pasona Nihon Somubu Co., Ltd. * (Note 6)	16.9	100.0	80.9	86.4	74.2
Pasona Fosters Inc.	70.4	100.0	113.9	89.9	111.8
Pasona Life Care Inc.	78.1	－	71.3	98.2	80.1
Pasona HS Inc.	58.1	－	84.7	79.8	85.4
Pasona Joinus Inc. *	33.3	100.0	66.7	73.7	72.3
Pasona Masters, Inc. *	63.6	－	93.1	79.3	88.4
Pasona HR HUB Inc.	40.0	100.0	63.9	77.0	81.2
Nagasaki diamond staff *	42.9	－	63.9	88.0	63.8
Pasona Heartful Inc.	68.4	－	97.7	104.6	92.2
Pasona HR Solution Inc. *	63.3	－	66.8	71.6	70.7
Asahi Beer Communications Co.,Ltd. *	52.6	－	86.9	86.9	103.0
Pasona JOB HUB Inc.	48.3	100.0	79.9	85.2	75.7
PASONA LOGICOM Inc.	100.0	100.0	78.8	129.6	76.7
Pasona Furusato Incubation Inc.	20.0	33.3	52.1	80.0	34.4
gotop Co., Ltd. * (Note 6)	0.0	0.0	77.1	76.5	99.2
Pasona Knowledge Partner Inc. *	20.0	－	82.9	65.7	85.3
Pasona Safety Net Inc.	60.0	100.0	87.8	79.1	101.6

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

・Percentage of female workers in management positions

Period covered: As of May 31, 2026. * as of March 31, 2026

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

Period covered: June 1, 2025 to May 31, 2026. * is from April 1, 2025 to March 31, 2026

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: Pursuant to the provisions of the “Act on the Welfare of Workers Engaged in Childcare or Family Care, Including Childcare Leave and Family Care Leave” (Act No. 76 of Heisei 3), this calculation reflects the rate of taking child-care leave, etc., as specified in Article 71-6, Item 1 of the “Enforcement Regulations of the Act on the Welfare of Workers Taking Child-Care Leave, Family Care Leave, etc., for Child-Rearing or Family Care” (Ministry of Labor Ordinance No. 25 of Heisei 3) (or the rate of taking child-care leave, etc., and leave for child-rearing purposes as specified in Article 71-6, Item 2).

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 Report for details.

Note 6: As of April 1, 2026, Pasona Nihon Somubu Co., Ltd. has integrated all of GoTop Co., Ltd.’s businesses through an absorption-type spin-off.

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, 2025 to May 31, 2026) and the business year (June 1, 2025 to May 31, 2026) 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, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	※1 124,771	※1,5 76,779
Notes receivable - trade	※2 23	※2 1
Accounts receivable - trade	※2 33,406	※2 33,073
Contract assets	7,842	4,397
Securities	14,500	16,000
Inventories	※3 2,352	※3 2,360
Income taxes refund receivable	120	84
Other	5,980	6,595
Allowance for doubtful accounts	(48)	(43)
Total current assets	188,948	139,248
Non-current assets		
Property, plant and equipment		
Buildings	※4,5 19,642	※4,5 21,138
Accumulated depreciation	(8,283)	(8,940)
Buildings, net	11,358	12,198
Structures	2,428	2,738
Accumulated depreciation	(1,299)	(1,409)
Structures, net	1,128	1,328
Land	※5 9,255	※5 9,375
Leased assets	1,540	1,522
Accumulated depreciation	(772)	(897)
Leased assets, net	768	625
Construction in progress	22,103	37,217
Other	※4 8,505	※4 8,134
Accumulated depreciation	(5,974)	(6,392)
Other, net	2,531	1,742
Total property, plant and equipment	47,145	62,487
Intangible assets		
Goodwill	815	1,292
Software	5,826	8,973
Leased assets	12	8
Customer relation assets	854	787
Other	109	107
Total intangible assets	7,617	11,169
Investments and other assets		
Investment securities	※6 7,655	※6 8,127
Long-term loans receivable	33	33
Retirement benefit asset	3,518	4,551
Deferred tax assets	1,891	1,895
Leasehold and guarantee deposits	6,864	6,584
Other	1,281	1,326
Allowance for doubtful accounts	(11)	(15)
Total investments and other assets	21,233	22,503
Total non-current assets	75,997	96,160
Deferred assets		

(Millions of yen)

	As of May 31, 2025	As of May 31, 2026
Bond issuance costs	92	73
Total deferred assets	92	73
Total assets	265,038	235,482

(Millions of yen)

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

(ii) Consolidated Statements of Income & Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended May 31, 2025	For the fiscal year ended May 31, 2026
Net sales	※1 309,240	※1 308,496
Cost of sales	241,281	238,217
Gross profit	67,958	70,278
Selling, general and administrative expenses	※2 69,196	※2 71,428
Operating loss	(1,237)	(1,149)
Non-operating income		
Interest income	159	402
Share of profit of entities accounted for using equity method	134	210
Sponsorship money income	234	542
Subsidy income	198	179
Expo product sales income	117	540
Other	501	528
Total non-operating income	1,346	2,404
Non-operating expenses		
Interest expenses	331	420
Expo cost of product sales	49	294
Commitment fees	30	181
Other	156	220
Total non-operating expenses	568	1,116
Ordinary profit (loss)	(460)	138
Extraordinary income		
Gain on sale of non-current assets	※3 96	※3 1
Gain on donation non-current assets	-	※4 726
Gain on sale of investment securities	76	181
Gain on change in equity	5	8
Total extraordinary income	178	918
Extraordinary losses		
Loss on sale and retirement of non-current assets	※5 190	※5 320
Impairment losses	※6 237	※6 498
Loss on valuation of investment securities	50	168
Expo exhibit related expenses	※7 4,821	※7 1,075
Loss on litigation	※8 246	-
Total extraordinary losses	5,545	2,063
Loss before income taxes	(5,826)	(1,006)
Income taxes - current	1,989	2,337
Income taxes - deferred	126	(16)
Total income taxes	2,115	2,321
Loss	(7,942)	(3,328)
Profit attributable to non-controlling interests	716	60
Loss attributable to owners of parent	(8,658)	(3,388)

Consolidated statement of comprehensive income

(Millions of yen)

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

(iii) Consolidated statements of changes in Shareholders' Equity

Previous 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)
Loss attributable to owners of parent			(8,658)		(8,658)
Purchase of treasury shares				(1,731)	(1,731)
Cancellation of treasury shares		(1,825)		1,825	－
Disposal of treasury shares by stock payment trust				12	12
Change in ownership interest of parent due to transactions with non-controlling interests		293			293
Net changes in items other than shareholders' equity					－
Total changes during period	－	(1,532)	(11,677)	107	(13,101)
Balance at end of period	5,000	15,963	115,788	(2,577)	134,174

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	121	604	501	1,228	2	6,171	154,677
Changes during period							
Dividends of surplus				－			(3,018)
Loss attributable to owners of parent				－			(8,658)
Purchase of treasury shares				－			(1,731)
Cancellation of treasury shares				－			－
Disposal of treasury shares by stock payment trust				－			12
Change in ownership interest of parent due to transactions with non-controlling interests				－			293
Net changes in items other than shareholders' equity	(26)	(73)	(367)	(467)	－	25	(442)
Total changes during period	(26)	(73)	(367)	(467)	－	25	(13,543)
Balance at end of period	95	530	133	760	2	6,196	141,134

Current consolidated FY (June 1, 2025 to May 31, 2026)

(Millions of yen)

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

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	95	530	133	760	2	6,196	141,134
Changes during period							
Dividends of surplus				—			(2,956)
Loss attributable to owners of parent				—			(3,388)
Purchase of treasury shares				—			(2,467)
Disposal of treasury shares by stock payment trust				—			165
Restricted stock compensation				—			44
Change in ownership interest of parent due to transactions with non-controlling interests				—			94
Capital increase of consolidated subsidiaries				—			(20)
Net changes in items other than shareholders' equity	(121)	180	422	481	(2)	(155)	323
Total changes during period	(121)	180	422	481	(2)	(155)	(8,204)
Balance at end of period	(25)	711	556	1,241	0	6,041	132,929

(iv) Consolidated statements of cash flows

(Millions of yen)

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

(Millions of yen)

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

【Notes】

(Matters regarding going concern assumptions)
Not applicable

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

1. Scope of Consolidation

1) Consoliated subsidiaries

(i) No. of consolidated subsidiaries: 66 companies

(ii) Major consolidated subsidiaries: Pasona Inc.
Bewith, Inc.
Pasona Nihon Somubu Co., Ltd.
Nijigennomori Inc.

c. New consolidated subsidiaries: 5 companies

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

Acquisition of shares: Radiant Communication Sdn. Bhd.

(iv)Exclusion from the scope of consolidation: 1 company
Pasona YSB Inc. (Note)

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

2) Non-consolidated subsidiary

(i) No. of non-consolidated subsidiaries: 3 companies

(ii) Major non-consolidated subsidiaries: IHATOV TOUHOKU Inc.

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

2. Application of the Equity Method

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

(i) No. of affiliated companies that are accounted for by the equity method 4 companies

(ii) Major affiliated companies that are accounted for by the equity method
e-staffing Co., Ltd.
National Examination Center Inc.
circlace Inc.

(iii) Exclusion from the scope of consolidation: 1 company
Shadow Consulting Inc.(Note)

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

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

(i) No. of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method:
4 companies

(ii) Major non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

Aora Now Inc.

(iii) Reasons for exclusion from the scope of the equity method

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

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, Radiant Communication Sdn.Bhd. 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 45 other consolidated subsidiaries is March 31, and their financial statements as of that date are used in preparing the consolidated financial statements.

Pasona Force Inc. has changed its fiscal year end from the end of March to the end of May, aligning it with the consolidated fiscal year end. As a result of this change, the company's accounting period for the current consolidated fiscal year is 14 months.

Pasona Resort Inc. has changed its fiscal year end from the end of May to the end of March. As a result of this change, the company's accounting period for the current consolidated fiscal year is 10 months.

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

Other than non-marketable equity securities, etc.: 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 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: Mainly 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 8 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 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 the 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.

(Material accounting estimates)

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

(1) Amount recorded in the consolidated financial statements

(Millions of yen)

	Account title	Previous consolidated FY (May 31, 2025)	Current consolidated FY (May 31, 2026)
Property, plants, and equipment	Buildings (net)	3,372	4,380
	Structures (net)	701	835
	Land	161	134
	Leased assets (net)	101	62
	Construction in progress	11,657	20,855
	Other (net)	444	575
Total property, plants, and equipment		16,439	26,844
Intangible assets	Software	173	150
	Software in progress	—	71
	Leased assets	0	0
	Other	4	3
Total intangible assets		177	225
Investments and other assets	Other	373	304
Total investments and other assets		373	304
Total non-current assets		16,990	27,374
Impairment loss		—	336

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

Of the total non-current assets of ¥96,160 million recorded in the consolidated financial statements for the current fiscal year, ¥27,374 million consist of non-current assets related to the operation of multiple commercial facilities in Regional Revitalization and Tourism Solutions Segment; an impairment loss of ¥336 million was recognized during the current fiscal year. The main reason leading to the impairment loss is described in “(1) Notes to the Consolidated Financial Statements (Matters related to the Consolidated Statements of Income).”

In Regional Revitalization and Tourism Solutions Segment, we primarily group assets by commercial facility. This segment recorded an operating loss of ¥1,491 million during the current consolidated fiscal year, and we have identified signs of impairment losses for certain asset groups. In determining whether to recognize an impairment loss on non-current assets, we calculate undiscounted future cash flows based on business plans 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 incurs a significant amount of fixed costs, such as labor expenses, and because costs must be borne upfront during the period following the opening of a commercial facility until visitor numbers reach a certain level, several facilities are currently experiencing ongoing operating losses. Furthermore, visitor numbers may fall short of projections due to factors such as adverse weather or natural disasters, or if measures to increase the facility’s appeal to visitors prove insufficient or if high levels of visitor satisfaction are not achieved.

The Group has been actively opening new facilities in the segments where we operate—the food and beverage, amusement, and lodging businesses. During the current fiscal year, we worked to create synergies with our existing

amusement business by organizing short-term events while also optimizing staffing and streamlining advertising and promotional efforts. Through initiatives to expand our reach across wider regions and to enhance the value of the visitor experience, we have continued to see steady growth in attracting foreign visitors to Japan. On the other hand, for facilities that have not performed as expected relative to our business plans despite these measures, we assessed their future recoverability and, as stated above, recognized an impairment loss during the current consolidated fiscal year.
With regard to accounting estimates, such as impairment accounting for non-current assets, we base our projections on current business conditions and information available at the time of preparing the consolidated financial statements. We anticipate an increase in customer traffic to the region driven by synergies from the opening of new facilities, increased costs due to rising purchase prices and wages, and the resulting increase in unit prices. We also factor in the expected effects of measures outlined in our mid-term vision aimed at maximizing business value such as customer strategies, branding strategies, and improvements in customer experience as well as the optimization of management resources and operations.
Since accounting estimates including forecasts of domestic leisure demand and inbound tourism demand, involve uncertainty, changes in the assumptions underlying the accounting for impairment of non-current assets may result in the need to recognize an impairment loss on non-current assets in the next consolidated fiscal year.

(Unapplied accounting standards, etc.)
・ASBJ Statement No. 34, Accounting Standard for Leases (September 13, 2024)
・ASBJ Guidance No. 33, Implementation Guidance on Accounting Standard for Leases (September 13, 2024)
Related amendments to Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance

(1) Overview
Similar to International Accounting Standards, this standard stipulates the treatment of assets and liabilities for all leases by lessees.

(2) Planned date of application
The Company plans to apply the standard from from the beginning of the fiscal year ending May 31, 2028.

(3) Impact of applying these Accounting Standards, etc.
The impact on the consolidated financial statements is currently being evaluated.

・Practical Guidelines on Accounting for Financial Instruments (Revised Transferred Guidance No. 9, March 11, 2025)

(1) Overview
These guidelines revise the accounting treatment of equity interests in venture capital funds held by listed companies and others, with the aim of providing useful information to investors by measuring at fair value shares without a market price as included in venture capital funds and similar vehicles.

(2) Planned date of application
The Company plans to apply the standard from the beginning of the fiscal year ending May 2027.

(3) Impact of applying this Accounting Standard, etc.
The impact on the consolidated financial statements is currently being evaluated.

・ASBJ Statement No. 41, Accounting Standard for Subsequent Events (January 9, 2026)
・ASBJ Guidance No. 35, Implementation Guidance on Accounting Standard for Subsequent Events (January 9, 2026)

(1) Overview
The standard establishes a comprehensive accounting framework for subsequent events, including their definition, accounting treatment, and disclosure requirements. It is based principally on the accounting-related guidance set forth in Practical Guideline No. 1, “Auditing Treatment Regarding Subsequent Events,” under Auditing Standards Committee Statement No. 560 issued by the Japanese Institute of Certified Public Accountants (JICPA), which has been transferred to the Accounting Standards Board of Japan (ASBJ). The standard also revises certain terminology, clarifies the evaluation period for subsequent events, and introduces a new disclosure requirement regarding the approval of the issuance of financial statements.

(2) Planned Date of Application

The Company plans to apply the standard from the beginning of the fiscal year ending May 2028.

(Change in presentation method)

[Consolidated statements of income]

In the previous consolidated fiscal year, “Expo product sales income” was included in “Other” under “Non-operating income,” while “Expo cost of product sales” was included in “Other” under “Non-operating expenses.” However, due to the increased significance of the amount, they are presented separately from the current consolidated fiscal year.

In order to reflect this presentation method, the consolidated statement of income for the previous consolidated fiscal year has been reclassified.

As a result of the above, in the consolidated statement of income for the previous consolidated fiscal year, “Other” of ¥618 million in “Non-operating income” has been reclassified and presented as “Expo product sales income” of ¥117 million, while “Other” of ¥501 million and “Other” of ¥206 million in “Non-operating expenses” has been reclassified and presented as “Expo cost of product sales” of ¥49 million and “Other” of ¥156 million.

[Consolidated statements of cash flows]

In the previous consolidated fiscal year, “Increase (decrease) in accounts payable - other” was included in “Increase (decrease) in other liabilities” under “Cash flows from operating activities.”

However, due to the increased significance of the amount, they are presented separately from the current consolidated fiscal year.

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

As a result of the above, in the consolidated cash flow statement for the previous consolidated fiscal year, “Increase (decrease) in other liabilities” of ¥1,328 million in “Cash flows from operating activities” has been reclassified and presented as “Increase (decrease) in accounts payable - other” of ¥425 million and “Increase (decrease) in other liabilities” of ¥902 million.

(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-based stock 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 year-end book value and number of shares of such treasury stock were ¥842 million and 601,862 shares, respectively, at the end of the previous consolidated fiscal year, and ¥677 million and 467,725 shares, respectively, 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 its employees, etc., and allocates shares to its 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 its 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 year-end book value and number of shares of such treasury stock were ¥653 million and 451,803 shares, respectively, at the end of the previous consolidated fiscal year, and ¥653 million and 451,242 shares, respectively, 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. Restricted Stock Compensation Plan
Pursuant to a resolution adopted at the 18th Ordinary General Meeting of Shareholders held on August 22, 2025, the Company has introduced a restricted stock compensation system for Directors (including Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Executive Officers who do not concurrently serve as Directors. The purpose of this plan is to provide incentives to these individuals to promote the sustainable enhancement of the Company’s corporate value and to further advance the sharing of value with our shareholders.
Furthermore, on September 19, 2025, pursuant to the provisions of Article 370 of Japan's Companies Act and Article 22 of the Company’s Articles of Incorporation (Omission of Board of Directors Resolutions), the Company disposed of 20,400 shares of common stock with a total disposal value of ¥44 million through the disposal of treasury shares under the restricted stock compensation system, with October 17, 2025, designated as the disposal date.

(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, 2025)	Current consolidated FY (May 31, 2026)
Deposits received	35,319	8,802

*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, 2025)	Current consolidated FY (May 31, 2026)
Merchandise	1,269	1,299
Supplies	557	529
Work in process	138	147
Finished goods	94	74
Raw materials	293	309

*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, 2025)	Current consolidated FY (May 31, 2026)
Amount of reduction entry	17	17
(Of which, buildings)	7	7
(Of which, other property, plant and equipment)	10	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, 2025)	Current consolidated FY (May 31, 2026)
Time deposit	—	188
Buildings	0	24
Land	0	0
Total	0	212

(2) Liabilities related to collateral

(Millions of yen)

	Previous consolidated FY (May 31, 2025)	Current consolidated FY (May 31, 2026)
Short-term borrowings	90	90
Long-term borrowings	1,125	1,338
Total	1,215	1,428

*6: The amounts due to unconsolidated subsidiaries and affiliated companies are as follows:

(Millions of yen)

	Previous consolidated FY (May 31, 2025)	Current consolidated FY (May 31, 2026)
Investment securities (stocks)	1,888	2,088

(Matters related to the Consolidated Statements of Income)

*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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Salaries and bonuses	30,505	31,130
Provision for employee bonuses	2,390	2,376
Provision for Director bonuses	20	14
Retirement payments	(166)	449
Provision for share awards for Directors (and other Officers)	0	—
Provision for employee stock ownership plans	(5)	0
Rent expenses on land and buildings	5,627	5,875
Depreciation	1,784	1,693
Allowance for doubtful accounts	17	18
Amortization of goodwill	336	207

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

(Millions of yen)

	Previous consolidated FY (June 1, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Gain on sales	96	1
Land	30	—
Other property, plant and equipment	66	1
Software	—	0

*4 Gain on donation of non-current asset

This gain resulted from the receipt, without consideration, of tools, furniture, and equipment, as well as software, from a subsidiary of the Company.

*5: The breakdown of loss on sales and disposal of non-current assets is as follows:

(Millions of yen)

	Previous consolidated FY (June 1, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Loss on disposal	166	319
Buildings	48	34
Other property, plant and equipment	94	217
Software	20	67
Other intangible assets	2	1
Loss on sales	23	0
Buildings	4	—
Land	13	—
Other property, plant and equipment	5	0

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

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

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

Location	Usage	Asset Class	Amount (in millions of yen)
Fukuoka City, Fukuoka	Business and office assets	Buildings	169
		Tools, furniture and fixtures (Note)	31
Shinjuku-ku, Tokyo	Business and office assets	Software	36

(Note) “Tools, furniture and fixtures” are included in “Other” under Property, plant and equipment in the consolidated balance sheets.

(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) Asset grouping method

In principle, the Group classifies 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.

(4) Calculation method of recoverable amount

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

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)

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

Location	Usage	Asset Class	Amount (in millions of yen)
Shinjuku-ku, Tokyo	Business assets	Software	161
Awaji City, Hyogo	Commercial assets	Buildings	180
		Structure	109
		Land	30
		Tools, furniture and fixtures (Note)	15
		Other Assets	1

(Note) “Tools, furniture and fixtures” are included in “Other” under Property, plant and equipment in the consolidated balance sheets.

(2) Main reasons for the impairment loss

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

(3) Asset grouping method

In principle, the Group classifies 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.

(4) Calculation method of recoverable amount

The recoverable amount of the above asset group is measured based on value in use; since the value in use, based on future cash flows, is expected to be negative, it is valued at zero.

*7: 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 extraordinary losses related to facilities and operations for the pavilion as special losses under Expo exhibit related expenses.

*8: Loss on litigation

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

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.

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)

Not applicable.

(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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Valuation difference on available-for-sale securities		
Amount generated in the period	(25)	29
Amount of reclassification adjustment	(0)	(177)
Before income taxes and tax effect adjustment	(25)	(147)
Income taxes and tax effect amount	(0)	34
Valuation difference on available-or-sale securities	(25)	(113)
Foreign currency translation adjustment		
Amount generated in the period	(84)	197
Amount of reclassification adjustment	—	—
Before income taxes and tax effect adjustment	(84)	197
Income taxes and tax effect amount	—	—
Foreign currency translation adjustment	(84)	197
Adjustment for retirement benefits		
Amount generated in the period	193	817
Amount of reclassification adjustment	(756)	(193)
Before income taxes and tax effect adjustment	(562)	623
Income taxes and tax effect amount	198	(197)
Adjustment for retirement benefits	(364)	426
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount generated in the period	(0)	1
Total other comprehensive income	(474)	511

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

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

1. Matters regarding issued shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	41,690,300	—	1,500,000	40,190,300

2. Matters regarding treasury shares

Class of shares	Beginning of current 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 share increase in the number of treasury shares (common stock), 830,800 shares resulted from the acquisition of treasury shares, and 82 shares resulted from the purchase of fractional shares.

Note 4: Of the 1,512,471 share decrease in the number of treasury shares (common stock), 1,500,000 shares resulted from the cancellation of treasury shares, and 12,471 shares resulted from distributions from the Employee Stock Ownership Plan (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 12, 2024 Board of Directors	Common shares	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).

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 (millions of yen)	Dividend per share (Yen)	Reference date	Effective date
July 15, 2025 Board of Directors	Common shares	Retained earnings	2,956	75.0	May 31, 2025	August 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: Dividend per share includes a special dividend of ¥60.0 per share.

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)

1. Matters regarding issued shares

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	40,190,300	—	—	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

Class of shares	Beginning of current consolidated FY	Increase	Decrease	End of current consolidated FY
Common shares (shares)	1,823,771	1,169,200	155,098	2,837,873

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 451,803 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 467,725 shares of the Company held by trust banks based on the Board Benefit Trust (BBT) and 451,242 shares of the Company held by trust banks based on the Japanese version of the Employee Stock Ownership Plan (J-ESOP).

Note 3: In the number of treasury shares (common stock), 1,169,200 shares were acquired through the purchase of treasury shares.

Note 4: Of the 155,098 shares of treasury shares (common stock) that were reduced, 134,137 shares were reduced due to payments from the Board Benefit Trust (BBT), 561 shares were reduced due to payments from the Japanese version of the Employee Stock Ownership Plan (J-ESOP), and 20,400 shares were reduced due to the disposal of treasury shares used as restricted stock compensation.

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	—	—	—	—	—	0
Total			—	—	—	—	0

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 15, 2025 Board of Directors	Common shares	2,956	75.0	May 31, 2025	August 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: 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 (millions of yen)	Dividend per share (Yen)	Reference date	Effective date
July 15, 2026 Board of Directors	Common shares	Retained earnings	2,870	75.0	May 31, 2026	August 10, 2026

Note 1: The total amount of dividend includes a total dividend of ¥68 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 statements of cash flows)

*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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Cash and deposits	124,771	76,779
Time deposits with a deposit term exceeding three months	(10,787)	(13,399)
Deposits from customers	(35,319)	(8,802)
Cash and cash equivalents	78,664	54,577

*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, 2024 to May 31, 2025)

Not applicable.

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)

The breakdown of assets and liabilities at the time of consolidation, as well as the relationship between the acquisition cost of Radiant Communication Sdn. Bhd. and the expenditure (net) for the acquisition, following the consolidation of Radiant Communication Sdn. Bhd. as a result of the acquisition of its shares by our consolidated subsidiary, Bewith, Inc. is as follows:

	(Millions of yen)
Current assets	631
Non-current assets	722
Goodwill	684
Current liabilities	(323)
Non-current liabilities	(219)
Non-controlling Interests	(121)
Acquisition cost of shares	1,373
Accrued liabilities included in the acquisition cost of shares	(62)
Cash and cash equivalents	(65)
Difference: Proceeds from sales	1,245

(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) Notes to the Consolidated Financial Statements (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, 2025)	Current consolidated FY (May 31, 2026)
Within one year	4,643	3,943
Over one year	8,347	5,549
Total	12,990	9,492

(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.

(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 year.

Borrowings, bonds, and lease obligations related to finance lease transactions are aimed primarily at procuring funds required for working capital and capital investment.

(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 Division manages the risk of interest rate fluctuations on long-term borrowings by mitigating the impact of such fluctuations through installment repayments.

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 Division 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

Since the calculation of the fair value of financial instruments takes into account various factors that may fluctuate, the value may change depending on the assumptions and other factors used.

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, 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: 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 funds deposits received are omitted from the statement because they consist of cash and are settled within a short period of time, meaning their fair value approximates their book value.

*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 stocks	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.

Current consolidated FY (May 31, 2026)

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Fair value	Difference
Investment securities	2,911	2,911	—
Lease and guarantee deposits	6,584	5,968	(616)
Total assets	9,496	8,879	(616)
Bonds payable	2,100	1,971	(128)
Long-term borrowings	30,952	28,498	(2,453)
Lease obligations	684	651	(33)
Total liabilities	33,737	31,121	(2,615)

*1: 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 funds deposits received are omitted from the statement because they consist of cash and are settled within a short period of time, meaning their fair value approximates their book value.

*2: Stocks 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	5,030

*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 ¥186 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, 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

Current consolidated fiscal year (May 31, 2026)

(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	76,779	—	—	—
Notes receivable - trade	1	—	—	—
Accounts receivable - trade	33,073	—	—	—
Securities	16,000	—	—	—
Lease and guarantee deposits	1,696	821	3,647	419
Total	127,551	821	3,647	419

Note 2: Amount of long-term borrowings, bonds payable, and other interest-bearing liabilities to be repaid after the consolidated closing date

Previous consolidated fiscal year (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 payable	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

Current consolidated fiscal year (May 31, 2026)

(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	416	—	—	—	—	—
Bonds payable	530	530	530	510	—	—
Long-term Borrowings	5,323	5,725	5,222	3,700	2,907	13,396
Lease obligations	256	282	51	45	16	31
Total	6,526	6,538	5,804	4,255	2,924	13,427

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, 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

Current fiscal year (May 31, 2026)

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	62	―	―	62
Others	―	2,848	―	2,848
Total assets	62	2,848	―	2,911

(2) Financial assets and liabilities that do not have fair value on the consolidated balance sheet

Previous 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
Lease 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

Current fiscal year (May 31, 2026)

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Lease and guarantee deposits	—	5,968	—	5,968
Total assets	—	5,968	—	5,968
Bonds payable	—	1,971	—	1,971
Long-term borrowings	—	28,498	—	28,498
Lease obligations	—	651	—	651
Total liabilities	—	31,121	—	31,121

(Note) Description of valuation techniques and inputs used in calculating fair value

Investment securities

Listed stocks 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

It is calculated using the discounted present value method, based on an interest rate that takes into account the total principal and interest, the remaining term of the debt, and credit risk, and is classified as Level 2 fair value.

(Matters related to securities)

1. Bonds held to maturity

Previous consolidated 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	—

Current consolidated fiscal year (May 31, 2026)

(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	16,000	16,000	—
	Subtotal	16,000	16,000	—
Total		16,000	16,000	—

2. Other securities

Previous consolidated fiscal year (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.

Current consolidated fiscal year (May 31, 2026)

(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	62	7	55
	Subtotal	62	7	55
Securities of which the amount reported in the consolidated balance sheet does not exceed the acquisition cost	Bond	2,848	2,903	(55)
	Subtotal	2,848	2,903	(55)
Total		2,911	2,910	0

Note: Unlisted stocks (consolidated balance sheet amount: ¥5,030 million) and investments in investment limited partnerships (consolidated balance sheet amount: ¥186 million) are not included in the table above because they do not have market prices.

3. Other securities sold during the consolidated fiscal year

Previous 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	—

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

(Millions of yen)

Category	Amount of sale	Total gain on sale	Total loss on sale
Stock	305	181	—
Total	305	181	—

4. Securities for which impairment losses were recognized

Previous 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 previous fiscal year.

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

Impairment loss of ¥168 million (¥168 million for other securities) was recognized in the current fiscal year.

(Matters related to retirement benefits)

1. Outline of Retirement Benefit Plans Adopted

The Company and certain its domestic consolidated subsidiaries have defined benefit pension plans and lump-sum payment plans. Certain domestic consolidated subsidiaries have a defined contribution pension plan as a defined contribution plan. In addition, certain overseas consolidated subsidiaries have established both defined benefit and defined contribution 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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Balance of retirement benefit obligation at beginning of period	5,910	5,684
Service cost	657	628
Interest expense	72	90
Actuarial gains (losses)	(452)	(411)
Retirement benefits paid	(502)	(509)
Other	(1)	7
Balance of retirement benefit obligation at end of period	5,684	5,489

(2) Reconciliation of 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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Balance of pension assets at beginning of period	7,560	7,572
Expected return on assets	121	151
Actuarial gains (losses)	(259)	406
Contribution from employer	465	472
Payment of retirement benefits	(314)	(313)
Other	(1)	4
Balance of pension assets at end of period	7,572	8,292

(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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Balance of liabilities for retirement benefits at the beginning of the period	893	729
Retirement benefit expenses	67	34
Retirement benefit payments	(104)	(82)
Contributions to the plan	(131)	(135)
Other	4	39
Balance of liabilities for retirement benefits at end of period	729	585

(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)

	Previous consolidated FY As of May 31, 2025	Current consolidated FY As of May 31, 2026
Benefit obligation of funded plans	5,563	5,505
Pension assets	8,936	9,903
	(3,373)	(4,397)
Benefit obligation of non-funded plans	2,214	2,179
Net liabilities and assets recorded in the consolidated balance sheets	(1,159)	(2,218)
Liabilities for retirement benefits	2,359	2,333
Assets related to retirement benefits	3,518	4,551
Net liabilities and assets on consolidated balance sheets	(1,159)	(2,218)

(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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Service cost	657	628
Interest expense	72	90
Expected investment income	(121)	(151)
Amortization of actuarial gains and losses	(756)	(193)
Retirement benefit expenses calculated by the simplified method	67	34
Other	(106)	(6)
Retirement benefit expenses for defined benefit plans	(187)	402

(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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Actuarial gains and losses	(562)	623
Total	(562)	623

(7) Accumulated adjustments for retirement benefits

Items recorded in accumulated adjustments for retirement benefits (before income taxes and tax effect deductions)

(Millions of yen)

	Previous consolidated FY As of May 31, 2025	Current consolidated FY As of May 31, 2026
Unrecognized actuarial gains and losses	193	817
Total	193	817

(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.

	Previous consolidated FY As of May 31, 2025	Current consolidated FY As of May 31, 2026
Bonds	41%	42%
Shares	41%	40%
Cash and deposits	5%	5%
General account	8%	7%
Other	5%	6%
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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Discount rate	1.6%	2.0%
Long-term expected rate of return on assets	1.6%	2.0%
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 ¥364 million in the previous fiscal year and ¥398 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 the heirs of the 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	—	—
Granted	—	—
Invalidation	—	—
Vesting	—	—
Unvested	—	—
After rights Vested (shares)		
At the end of the previous fiscal year	520,800	122,400
Vested	—	—
Exercised	121,800	121,400
expiration	5,600	—
Unexercised balance	393,400	1,000

(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)	1,549	1,602
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 ¥231 million

(2) Total intrinsic value of stock options exercised during the current consolidated fiscal year ¥195 million

(Matters related to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	As of May 31, 2025	As of May 31, 2026
Deferred tax assets		
Tax loss carryforward (Note 2)	10,316	13,230
Excess depreciation	4,393	4,704
Provision for bonuses	1,431	1,351
Allowance for doubtful accounts	21	27
Liabilities for retirement benefits	671	489
Asset retirement obligations	939	929
Accrued business office tax	138	130
Accrued enterprise tax	333	368
Asset adjustment account	157	120
Provision for share awards for Directors (and other Officers)	96	96
Allowance for stock benefit for employee	72	72
Adjustment of book value of investments in subsidiaries	740	765
Free rent	854	655
Expo exhibit related expenses	1,084	215
Other	894	1,025
Subtotal of deferred tax assets	22,144	24,182
Valuation allowance		
Valuation allowance for losses carried forward for tax purposes (Note 2)	(10,113)	(12,908)
Valuation allowance for the total of deductible temporary difference, etc.	(8,393)	(7,635)
Subtotal of valuation allowance (Note 1)	(18,506)	(20,544)
Total deferred tax assets	3,637	3,638
Offset against deferred tax liabilities	(1,746)	(1,742)
Net deferred tax assets	1,891	1,895
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(61)	(27)
Asset for retirement benefits	(1,055)	(1,200)
Asset retirement costs related to asset retirement obligations	(315)	(267)
Retained earnings of overseas subsidiaries	(235)	(280)
Customer relationship asset	(307)	(298)
Tax effect on sales of shares of subsidiaries and affiliates	(900)	(900)
other	(203)	(260)
Total deferred tax liabilities	(3,079)	(3,235)
Offset against deferred tax assets	1,746	1,742
Net deferred tax liabilities	(1,333)	(1,492)

Note 1: Valuation allowance increased by ¥2,037 million. This increase is mainly due to an increase in valuation allowances related to tax loss carryforwards.

Note 2: Amount of losses carried forward for tax purposes and their deferred tax assets by time limit for carryover

Previous 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.

Current consolidated fiscal year (May 31, 2026)

(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)	543	3	551	671	1,036	10,423	13,230
Valuation allowance	543	3	551	670	1,023	10,115	12,908
Deferred tax assets	—	—	—	0	12	308	(b) 321

(a) Losses carried forward for tax purposes represent the amount obtained by multiplying the normal effective statutory tax rate.

(b) Deferred tax assets of ¥321 million are recorded for losses carried forward for tax purposes of ¥13,230 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

Notes have been omitted for the previous and current consolidated fiscal years because a 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.

(Matters related to business Combinations, etc.)

(Business combination through acquisition)

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

(1) Overview of the business combination

i. Name of the acquired company and its business description

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

Business description: Omnichannel customer experience (CX) solutions, artificial intelligence (AI), software development, system integration

Sales, rental, and maintenance of communication equipment including IP-PBX

ii. Main reason for the business combination

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

iii.Business combination date

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

iv. Legal format of business combination

Acquisition of shares for cash consideration

v. Name after business combination

No change

vi. Acquired voting rights ratio

85.0%

vii. Main grounds leading to determination of acquiring company

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

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

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

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

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

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

i. Details of contingent consideration

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

ii. Future accounting policies

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

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

Advisory fees, etc.　146 million yen

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

i. Amount of goodwill generated

684 million yen

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

ii. Cause of generation

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

iii. Amortization method and amortization period

Straight-line depreciation over five years is expected.

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

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

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

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

（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 3.0% 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, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Balance at the beginning of the period	2,425	2,989
Increase due to the acquisition of property, plant, and equipment	160	64
Increase due to the acquisition of consolidated subsidiaries	6	—
Adjustments due to the passage of time	7	14
Decrease due to the fulfillment of asset retirement obligations	(177)	(102)
Increase (decrease) due to change in estimate	567	—
Balance at the end of period	2,989	2,965

(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 under the "(1) Notes to the Consolidated Financial Statements (Segment Information, etc) ."

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. The 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 the 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 the 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 the 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 the 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 the recruitment agency business that support companies' mid-career hiring activities and match job seekers with suitable positions, as well as the outplacement business 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 agency 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 the 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, life support services such as housekeeping services, and nursing care services such as home care.

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 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 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 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)

	Previous consolidated FY		Current consolidated FY	
	Balance at beginning of period	Balance at end of period	Balance at beginning of period	Balance at end of period
Receivables arising from contracts with customers	33,776	33,429	33,429	33,074
Contract assets	9,678	7,842	7,842	4,397
Contract liabilities	2,111	3,162	3,162	3,462

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 the outplacement support under 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 ¥1,623 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 ¥2,443 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)

	Previous consolidated FY	Current consolidated FY
Due within one year	16,503	18,882
Due after one year through two years	7,979	5,493
Due after two years through three years	3,625	2,172
Over three years	3,380	7,468
Total	31,489	34,017

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

Current consolidated fiscal year (June 1, 2025 to May 31, 2026) (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 (Note 3)			
	BPO Solutions, Expert Solutions	Career Solutions						
Net Sales								
BPO Solutions	130,459	–	–	–	–	130,459	–	130,459
Expert Solutions	135,751	–	–	–	–	135,751	–	135,751
Career Solutions	–	14,010	–	–	–	14,010	–	14,010
Global Solutions	–	–	11,717	–	–	11,717	–	11,717
Life Solutions	–	–	–	9,195	–	9,195	–	9,195
Regional Revitalization and Tourism Solutions	–	–	–	–	7,362	7,362	–	7,362
Revenue from contracts with customers	266,211	14,010	11,717	9,195	7,362	308,496	–	308,496
Other revenue	–	–	–	–	–	–	–	–
Net sales to outside customers	266,211	14,010	11,717	9,195	7,362	308,496	–	308,496
Intersegment sales and transfers	2,996	22	411	488	934	4,854	(4,854)	–
Total	269,207	14,033	12,128	9,684	8,296	313,350	(4,854)	308,496
Segment profit (loss)	9,990	4,244	266	475	(1,491)	13,486	(14,636)	(1,149)
Segment assets	94,549	29,096	5,609	3,235	32,174	164,665	70,816	235,482
Other items								
Depreciation and Amortization	1,052	124	204	56	676	2,115	615	2,731
Amortization of Goodwill	207	–	–	–	–	207	–	207
Impairment losses	161	–	–	–	336	498	–	498
Increase in tangible and intangible fixed assets	4,921	621	139	320	12,429	18,431	6,266	24,698

Notes:

1. The following are included in the adjustment item.
   (1) Adjustment of segment profit totaling ¥(14,636) million includes Group management costs relating to the Company and incubation cost of our new business totaling ¥(14,568) million, as well as intersegment sales and transfers totaling ¥(67) million.
   (2) Adjustment of segment assets totaling ¥70,816 million includes the Company's cash and deposits and assets relating to Group management totaling ¥120,888 million, as well as intersegment sales and transfers totaling ¥(50,072) million.
   (3) Adjustment of depreciation and amortization totaling ¥615 million is mainly comprised of depreciation and amortization of assets relating to Group management.
   (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥6,266 million is mainly comprised of an increase of assets relating to Group management and headquarters functions totaling ¥6,277 million, as well as intersegment sales and transfers totaling ¥(11) million.
2. Segment profit is adjusted with operating profit under consolidated statements of income.
3. The increase of ¥12,429 million in property, plant, and equipment and intangible assets in the Regional Revitalization and Tourism Solutions Segment does not include the ¥726 million increase resulting from a transfer received without consideration.

(Related information)

Previous 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 net sales reported in the Consolidated Statements of Income.

(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 Statements of Income.

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

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 net sales reported in the Consolidated Statements of Income.

(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 Statements of Income.

(Information on impairment loss on non-current assets by reported segment)

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

Statement is omitted because the same information is disclosed in the segment information.

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

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, 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

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)

(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	1,292	—	—	—	—	—	1,292

(Information on gain from negative goodwill by reported segment)

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

Not applicable

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

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 the Company submitting consolidated financial statements

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

Not applicable

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

Not applicable

ii Directors and major shareholders of the company submitting the consolidated financial statements

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

Not applicable

Current consolidated fiscal year (From June 1, 2025 to May 31, 2026)

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, 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 the Company or market prices.
2. Safety Net Inc. was a company in which Mr. Yasuyuki Nambu, our former Representative Director, and his close relatives held a majority of the voting rights. Safety Net Inc. completed its liquidation in the fiscal year ended May 2025.
3. Mr. Yasuyuki Nambu resigned as representative director on May 31, 2025.

Current consolidated fiscal year (June 1, 2025 to May 31, 2026)
Not applicable.

2. Notes on the parent company or any material affiliated company
Not applicable

(Per share information)

Item	Previous consolidated FY (June 1, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Net assets per share	¥3,517.00	3,397.06
Profit (loss) per share	¥(221.80)	¥(90.07)
Diluted profit per share	―	―

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 467,725 shares in the current fiscal year, and 451,803 shares for the stock benefit trust (J-ESOP) in the previous fiscal year and 451,242 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 601,862 shares for the year ended May 31, 2025 and 489,775 shares for the year ended May 31, 2026 for the stock benefit trust (BBT), 453,584 shares for the year ended May 31, 2025 and 451,655 shares for the year ended May 31, 2026 for the stock benefit trust (J-ESOP).

Note 3: The basis for calculating profit or loss per share and diluted profit per share is as follows.

Item	Previous consolidated FY (June 1, 2024 to May 31, 2025)	Current consolidated FY (June 1, 2025 to May 31, 2026)
Profit or loss attributable to owners of parent (millions of yen)	(8,658)	(3,388)
Amount not attributable to common shareholders (millions of yen)	―	―
Profit or loss attributable to owners of parent related to common shares (millions of yen)	(8,658)	(3,388)
Average number of common shares during the period (shares)	39,036,161	37,626,790

Note 4: Basis for calculation of net assets per share is as follows

Item	Previous consolidated FY (May 31, 2025)	Current consolidated FY (May 31, 2026)
Total net assets (millions of yen)	141,134	132,929
Amount deducted from total net assets (millions of yen)	6,199	6,041
Net assets related to common stock (millions of yen)	134,934	126,888
Number of shares of common stock for the calculation of net assets per share at end of period (shares)	38,366,529	37,352,427

(Significant events after reporting period)

Not applicable.

Ⅴ) Consolidated supplementary schedules

[Schedule of corporate bonds]

Company	Name	Issue Date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest Rate (%)	Collateral	Redemption date
Pasona Group Inc.	2nd unsecured bond	April 30, 2020	1,250	1,000 (250)	0.21	none	March 29, 2030
Pasona Group Inc.	3rd unsecured bond	June 11, 2021	1,380	1,100 (280)	0.15	none	March 29, 2030

Notes: 1. The figures in parentheses in the "Balance at end of 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	510	—

[Schedule of borrowings, etc.]

Category	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	315	416	5.60	—
Long-term borrowings to be repaid within 1 year	5,728	5,323	1.05	—
Lease obligations to be repaid within 1 year	311	256	2.54	—
Long-term borrowings (excluding loans to be repaid within 1 year)	23,671	30,952	1.33	2027 to 2033
Lease obligations (excluding lease obligations to be repaid within 1 year)	551	428	2.54	2027 to 2034
Total	30,578	37,377	—	—

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 Long-term borrowings (excluding loans to be repaid within 1 year) and 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	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
Long-term borrowing	5,725	5,222	3,700	2,907
Lease obligations	282	51	45	16
Total	6,008	5,274	3,745	2,924

[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

1) Semi-annual information for the current consolidated fiscal year.

		Interim consolidated accounting period	The current consolidated fiscal year
Net sales	(¥, millions)	154,527	308,496
Net interim profit before income taxes or net interim loss before income taxes	(¥, millions)	(353)	(1,006)
Net interim profit attributable to owners of parent or net interim loss attributable to owners of parent	(¥, millions)	(620)	(3,388)
Net interim profit per share or net interim loss per share	(¥)	(16.38)	(90.07)

2) Investigation by the Japan Fair Trade Commission

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

2. Financial statements, etc.

(1) Financial statements

(i) Balance Sheet

(Millions of yen)

	As of May 31, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	72,731	50,514
Accounts receivable - trade	*1 725	*1 639
Securities	14,500	16,000
Raw materials and supplies	240	218
Prepaid expenses	*1 1,032	*1 1,038
Short-term loans receivable	*1 235	*1 452
Accounts receivable - other	*1 3,225	*1 3,478
Deposits received from CMS	*1 6,766	*1 4,056
Other	*1 670	*1 2,137
Allowance for doubtful accounts	(4,665)	(1,831)
Total current assets	95,461	76,703
Non-current assets		
Property, plant and equipment		
Buildings	8,217	8,610
Structures	690	820
Machinery and equipment	1	17
Vessels	88	76
Tools, furniture, and fixtures	1,609	528
Land	8,789	8,907
Leased assets	314	244
Construction in progress	21,641	35,862
Total Property, plant and equipment	41,352	55,069
Intangible assets		
Software	747	1,065
Other	11	9
Total intangible assets	759	1,075
Investments and other assets		
Investment securities	4,975	5,480
Shares of subsidiaries and associates	*2 29,036	*2 28,599
Long-term loans receivables	*1 861	*1 764
Prepaid pension cost	280	409
Leasehold and guarantee deposits	*1 2,268	*1 2,538
Other	*1 549	*1 604
Total investments and other assets	37,972	38,398
Total non-current assets	80,084	94,543
Deferred assets		
Bond issuance costs	92	73
Total deferred assets	92	73
Total assets	175,638	171,319

(Millions of yen)

	As of May 31, 2025	As of May 31, 2026
Liabilities		
Current liabilities		
Accrued expenses	1,006	1,051
Provision for bonuses	258	234
Account payable-other	*1 3,021	*1 2,554
Income taxes payable	49	60
Deposits received from CMS	*1 35,132	*1 39,737
Short-term borrowings	5,578	4,801
Current portion of bonds payable	530	530
Lease liabilities	67	58
Other	*1 974	*1 313
Total current liabilities	46,618	49,343
Non-current liabilities		
Bonds payable	2,100	1,570
Long-term borrowings	22,742	28,941
Provision for share awards for Directors (and other Officers)	253	253
Allowance for stock benefit for employee	160	160
Lease obligations	264	196
Asset retirement obligations	221	236
Long-term guarantee deposits received	10	7
Deferred tax liabilities	145	187
Other	2,122	1,492
Total non-current liabilities	28,021	33,046
Total liabilities	74,640	82,389
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus		
Legal capital surplus	5,000	5,000
Other capital surplus	6,180	6,188
Total capital surplus	11,180	11,188
Retained earnings		
Other retained earnings		
Retained earnings brought forward	87,409	77,630
Total retained earnings	87,409	77,630
Treasury shares	(2,572)	(4,837)
Total shareholders' equity	101,016	88,981
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(18)	(51)
Total valuation and translation adjustments	(18)	(51)
Total net assets	100,998	88,930
Total liabilities and net assets	175,638	171,319

(ii) Profit and Loss Statement

(Millions of yen)

	For the fiscal year ended May 31, 2025	For the fiscal year ended May 31, 2026
Net sales	*1 7,645	*1 10,176
Cost of sales	*1 1,590	*1 1,759
Gross profit	6,054	8,416
Selling, general and administrative expenses	*1,2 14,734	*1,2 14,751
Operating loss	(8,679)	(6,335)
Non-operating income		
Interest income	*1 129	*1 282
Subsidy income	1	0
Sponsorship money income	*1 250	*1 550
Reversal of allowance for doubtful accounts	—	453
Expo product sales income	117	540
Real estate rent	*1 363	*1 318
Other	*1 328	*1 585
Total non-operating income	1,190	2,730
Non-operating expenses		
Interest expenses	*1 353	*1 478
Expo cost of product sales	64	321
Commitment fees	30	181
Provision of allowance for doubtful accounts	1,246	—
Real estate rental expenses	*1 163	*1 353
Other	*1 63	*1 74
Total non-operating expenses	1,923	1,408
Ordinary loss	(9,411)	(5,013)
Extraordinary income		
Gain on sale of investment securities	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on extinguishment of tie-in shares	*3 37	—
Impairment losses	—	336
Loss on sales and retirement of non-current assets	141	284
Loss on valuation of investment securities	50	168
Loss on valuation of shares of subsidiaries and associates	*4 190	*4 1,725
Loss on sale of shares of subsidiaries and associates	—	0
Loss on liquidation of subsidiaries and associates-general	—	206
Expo exhibit related expenses	*5 4,839	*5 1,114
Total extraordinary losses	5,258	3,836
Loss before income taxes	(14,669)	(8,849)
Income taxes -current	(1,599)	(2,068)
Income taxes -deferred	28	41
Total income taxes	(1,570)	(2,027)
Loss	(13,099)	(6,822)

(iii) Statement of changes in net assets

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

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
					Other retained earnings	
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	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)
Loss				―	(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)
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

Current fiscal year (June 1, 2025 to May 31, 2026)

(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	6,180	11,180	87,409	87,409
Changes during the period						
Dividends of surplus				—	(2,956)	(2,956)
Loss				—	(6,822)	(6,822)
Acquisition of treasury shares				—		—
Disposal of treasury shares by stock benefit trust				—		—
Restricted stock compensation			8	8		—
Changes (net) during the year in items other than Shareholders' equity				—		—
Total changes during period	—	—	8	8	(9,778)	(9,778)
Balance, end of period	5,000	5,000	6,188	11,188	77,630	77,630

	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	(2,572)	101,016	(18)	(18)	100,998
Changes during the period					
Dividends of surplus		(2,956)		—	(2,956)
Loss		(6,822)		—	(6,822)
Acquisition of treasury shares	(2,467)	(2,467)		—	(2,467)
Disposal of treasury shares by stock benefit trust	165	165		—	165
Restricted stock compensation	36	44		—	44
Changes (net) during the year in items other than Shareholders' equity		—	(32)	(32)	(32)
Total changes during period	(2,264)	(12,035)	(32)	(32)	(12,067)
Balance, end of period	(4,837)	88,981	(51)	(51)	88,930

[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 Japan's Financial Instruments and Exchange Act).

2. 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)

3.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.

4. Accounting for deferred assets

Bond issuance cost

Amortized by the straight-line method over the period until redemption of bonds.

5. 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 other officers, a reserve for bonuses to Directors and other officers 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 other officers' 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.

6. 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.

7. Material matters that serve as the basis for preparing financial statements

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 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, 2025)	Current fiscal year (May 31, 2026)
Property, plants, and equipment	Buildings	2,051	2,657
	Structures	237	305
	Machinery and equipment	1	17
	Vehicles	2	1
	Tools, furniture and fixtures	106	151
	Land	138	112
	Lease assets	0	0
	Construction in progress	11,227	20,058
Total property, plants, and equipment		13,765	23,304
Intangible assets	Other	2	1
Total intangible assets		2	1
Investments and other assets		1	0
Total investments and other assets		1	0
Total non-current assets		13,769	23,306
Impairment loss		—	336

(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 ¥56,507million recorded in the financial statements for the current fiscal year, ¥23,306 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) Notes to the Consolidated Financial Statements (Material accounting estimates) ," so notes have been omitted.

2. Evaluation of Investments and Loans to Affiliated Companies in the Regional Revitalization and Tourism Solutions Segment

(1) Amount recorded in the financial statements.

(Millions of yen)

Account	Previous fiscal year (May 31, 2025)	Current fiscal year (May 31, 2026)
Shares of affiliated companies	3,030	3,729
CMS deposit	6,389	3,627
Allowance for doubtful accounts	(4,640)	(1,816)

(2) Other information that contributes to the understanding of accounting estimates by the users of the financial statements

The ¥28,599 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, ¥3,729 million consists of shares in affiliated companies belonging to the Regional Revitalization and Tourism Solutions Segment; during the current fiscal year, we recorded a valuation loss on shares in affiliated companies of ¥1,418 million. Furthermore, as of the end of the current fiscal year, deposits with CMS for affiliates belonging to the Regional Revitalization and Tourism Solutions Segment totaled ¥3,627 million, and the allowance for doubtful accounts was ¥ (1,816) million; during the current fiscal year, the Company recorded a reversal of the allowance for doubtful accounts in the amount of ¥479 million.

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 the "(1) Notes to the Consolidated Financial Statements (Material accounting estimates) ."

With regard to the allowance for doubtful accounts for receivables, including CMS deposits, we recognize the amount expected to be uncollectible after considering the collectability of each receivable on an individual basis, in order to prepare for losses resulting from bad debts.

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.

(Change in Presentation)

Statement of Income

“Expo product sales income” (¥117 million in the prior fiscal year), which was previously included in “Other” under “Non-operating income,” and “Expo cost of product sales” (¥64 million in the prior fiscal year), which was previously included in “Other” under “Non-operating expenses,” are now presented separately beginning with the current fiscal year due to their increased materiality.

(Additional Information)

1.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 “(1) Notes to the Consolidated Financial Statements (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 “(1) Notes to the Consolidated Financial Statements (Additional Information) ."

2. Restricted Stock Compensation Plan

Notes regarding the restricted stock compensaion plan for the Company’s Directors (including Directors who serve on the Audit and Supervisory Committee and Outside Directors) and executive officers who do not concurrently serve as Directors are omitted here, as the same information is provided “(1) Notes to the Consolidated Financial Statements (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, 2025)	Current fiscal year (May 31, 2026)
Short-term monetary claims	6,004	8,509
Short-term monetary liabilities	36,193	40,683
Long-term monetary claims	863	765

*2: Previous fiscal year (June 1, 2024 to May 31, 2025)
¥194 million of stocks of subsidiaries and affiliates were lent.

Current fiscal year (June 1, 2025 to May 31, 2026)
¥34 million of stocks of subsidiaries and affiliates were lent.

3. Contingent liabilities are as follows:

(Millions of yen)

	Previous fiscal year (May 31, 2025)	Current fiscal year (May 31, 2026)
Guarantee of borrowings		
Nijigennomori Inc.	1,110	948
Guarantee of facility loan		
PT. Dutagriya Sarana	347	292
PASONA INDIA PRIVATE LIMITED	—	53
Guarantee of Debt for Travel Agency Services		
Nagasaki diamond staff	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, 2024 to May 31, 2025)	Current fiscal year (June 1, 2025 to May 31, 2026)
Net sales	5,766	8,079
Cost of sales	24	37
Selling, general and administrative expenses	3,356	4,995
Non-business transactions	590	1,225

*2: The approximate percentage of expenses included in selling expenses was 2.5% 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 97.5% 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, 2024 to May 31, 2025)	Current fiscal year (June 1, 2025 to May 31, 2026)
Salaries and bonuses	4,171	4,038
Provision for bonuses	212	222
Rent expenses on land and buildings	1,407	1,393
Depreciation	965	704
Outsourcing expenses	2,285	2,432

*3. Loss on extinguishment of tie-in shares

Previous 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.

Current fiscal year (June 1, 2025 to May 31, 2026)

Not applicable.

*4. Loss on valuation of investments in subsidiaries and affiliates

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

The loss on valuation of shares of subsidiaries and associates under extraordinary loss was posted in consideration of the financial position of the consolidated subsidiaries. The loss on valuation of shares of subsidiaries and associates belonging to the Regional Revitalization and Tourism Solutions segment is described in "(1) Financial Statements Notes (Material accounting estimates) 2. Evaluation of Investments and Loans to Affiliated Companies in the Regional Revitalization and Tourism Solutions Segment."

Current fiscal year (June 1, 2025 to May 31, 2026)

The loss on valuation of shares of subsidiaries and associates under extraordinary loss was posted in consideration of the financial position of the consolidated subsidiaries. The loss on valuation of shares of subsidiaries and associates belonging to the Regional Revitalization and Tourism Solutions segment is described in "(1) Financial Statements Notes (Material accounting estimates) 2. Evaluation of Investments and Loans to Affiliated Companies in the Regional Revitalization and Tourism Solutions Segment."

*5. Expo exhibit related expenses

Previous 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 exhibit related expenses under extraordinary losses.

Current fiscal year (June 1, 2025 to May 31, 2026)

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

(Matters related to securities)

Shares of subsidiaries and associates

Previous 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 associates	0	2,414	2,414
Total	1,632	14,312	12,680

Current fiscal year (May 31, 2026)

(Millions of yen)

Type	Balance sheet amount	Market value	Difference
Shares of subsidiaries	1,632	12,799	11,167
Shares of associates	0	1,028	1,028
Total	1,632	13,827	12,195

(Note) Carrying amount of non-marketable equity securities of subsidiaries and associates not included in the above table

(Millions of yen)

Category	Previous fiscal year (May 31, 2025)	Current fiscal year (May 31, 2026)
Shares of subsidiaries	27,199	26,762
Shares of associates	204	204
Total	27,403	26,967

(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, 2025)	Current fiscal year (May 31, 2026)
Depreciation	1,692	1,692
Allowance for doubtful accounts	1,470	588
Provision for bonuses	79	73
Accrued business office taxes	4	5
Accrued business taxes	8	12
Accrued expenses	15	14
Shares of subsidiaries and affiliates due to corporate separation	868	868
Adjustment of book value of investments in subsidiaries	761	761
Loss on valuation of shares of subsidiaries and associates	4,832	6,099
Loss carried forward	5,808	8,162
Asset retirement obligations	69	74
Free rent	854	643
Expo exhibition related expenses	1,084	215
Other	687	604
Subtotal of deferred tax assets	18,236	19,816
Valuation allowance for tax loss carryforwards	(5,808)	(8,162)
Valuation allowance for total tax loss carryforwards	(12,387)	(11,616)
Subtotal of valuation allowance	(18,196)	(19,779)
Total deferred tax assets	40	37
Deferred tax liabilities		
Prepaid pension cost	(88)	(129)
Unrealized gains (losses) on available-for-sale securities	(0)	(1)
Asset retirement obligations -related retirement costs	(45)	(43)
Other	(51)	(51)
Total deferred taxcc	(186)	(224)
Net deferred tax assets (liabilities)	(145)	(187)

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

Since the company reported a net loss before taxes for both the previous and current fiscal years, this information has been omitted.

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.

(Revenue recognition related)

Information that provides a basis for understanding revenue from contracts with customers is presented on "(1) Notes to the Consolidated Financial Statements (Revenue recognition related)."

(Material post-balance sheet events)

Not applicable.

(iv) 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	8,217	1,650	701 (180)	555	8,610	2,816
	Structures	690	307	113 (109)	64	820	299
	Machinery and equipment	1	19	—	2	17	4
	Vehicles and delivery equipment	88	52	4	59	76	433
	Tools, furniture, and fixtures	1,609	235	898 (15)	418	528	1,742
	Land	8,789	148	30 (30)	—	8,907	—
	Leased assets	314	—	9	60	244	247
	Construction in progress	21,641	16,018	1,797	—	35,862	—
	Total	41,352	18,432	3,554 (335)	1,160	55,069	5,542
Intangible assets	Software	747	783	239	226	1,065	1,558
	Others	11	1	0 (0)	3	9	0
	Total	759	785	239 (0)	230	1,075	1,558

(*) The figure in parentheses ( ) in the “Decrease for the Current Period” column is a subtotal and represents the amount of impairment loss recognized for the current fiscal year.

Notes: 1. Main items of increase in buildings

New Employee's residence ¥538 million

New commercial facilities ‘Senshin Waho’ ¥338 million

New commercial facilities ‘Oh-SOBAR’ ¥306 million

2:.Main items of decrease in buildings

Expo related expenses ¥493 million

3. Main items of decrease in tools, furniture and fixtures

Expo related expenses ¥881 million

4. Main items of increase in construction in progress

New ‘THE PASONA natureverse retreat’ ¥10,022 million

Iwaya Seawall Construction ¥4,032 million

Expo related expenses ¥1,172 million

5. Main items of decrease in construction in progress

Consumption tax adjustment in connection with the handover of the building ¥897 million

6. Main items of increase in software

Overseas Employee Management System ¥136 million

Infrastructure Development ¥135 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	4,665	760	3,559	1,866
Provision for bonuses	258	234	258	234
Provision for retirement benefits	(280)	—	129	(409)
Provision for share awards for Directors (and other Officers)	253	—	—	253
Allowance for stock benefit for employee	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
Ordinary 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	—
Purchas 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	1. Lottery-type shareholder special benefit: The tickets or products for the Group's accommodation facilities, etc. will be awarded by drawing among shareholders that are recorded in our shareholders' register as of May 31, 2026 and that hold one unit (100 shares) or more of our company's stock. Furthermore, with the aim of encouraging more shareholders to continue holding our stock over the medium to long term, we have introduced a system under which the "number of application units" varies based on the number of shares held and the length of time they have been held, effective for the shareholder benefits program targeting shareholders as of the end of May 2026. (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, 2026.) 2. Discount coupons for use of food & beverages facilities on Awaji Island: All shareholders on our shareholders' register as of May 31, 2026 will receive a 30% discount coupon for use by the shareholder and up to 3 other people to use at restaurants operated by the Group on Awaji Island, Hyogo Prefecture. (Enclosed with the Notice of Convocation of the Ordinary General Meeting of Shareholders sent on August 7, 2026) 3. Discount coupons for Awaji Island attractions: All shareholders of record as of May 31,2026 will receive a 50% discount coupon for use by the shareholder and up to 3 other people to use at any of the attractions operated by the Group on Awaji Island, Hyogo Prefecture. (Enclosed with the Notice of Convocation of the Ordinary General Meeting of Shareholders sent on August 7, 2026)

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 18th fiscal year (June 1, 2024 to May 31, 2025)

Submitted to the Director-general of the Kanto Finance Bureau on August 20, 2025

(2) Internal control report and accompanying documents

Submitted to the Director-general of the Kanto Finance Bureau on August 20, 2025

(3) Semi-annual securities report and confirmation letter

The semi-annual of the 19th fiscal year (June 1, 2025 to November 30, 2025)

Submitted to the Director-general of the Kanto Finance Bureau on January 14, 2026

(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 June 27, 2025

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 26, 2025

(5) Report on the purchase of treasury shares

Submitted to the Director-General of the Kanto Local Finance Bureau on September 5, 2025, October 3, 2025, November 7, 2025, and December 5, 2025.

Part II: Information on the Reporting Company's Guarantor Company, etc.

Not applicable.

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