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April 12, 2024

## CONSOLIDATED FINANCIAL REPORT (Japanese GAAP) FY2023 (June 1, 2023 to May 31, 2024) Nine Months Ended February 29, 2024

Listed company name: Pasona Group Inc.  
 Listing stock exchange: The Prime Market of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <https://www.pasonagroup.co.jp>  
 Representative: Yasuyuki Nambu, Group CEO and President  
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 Scheduled filing date of quarterly report: April 15, 2024  
 Supplemental materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

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

### 1. CONSOLIDATED BUSINESS RESULTS

#### (1) Consolidated Financial Results

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

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
	%	%	%	%
Nine Months ended February 29, 2024	265,558 (4.2)	4,674 (56.2)	4,622 (59.6)	(753) —
Nine Months ended February 28, 2023	277,280 2.4	10,664 (38.5)	11,445 (35.6)	3,948 (46.0)

(Note) Comprehensive income 9M FY2023: ¥1,299million ((81.4)%) 9M FY2022: ¥6,596 million ((44.0)%)

	Net Profit per Share	Diluted Net Profit per Share
	Yen	Yen
Nine Months ended February 29, 2024	(19.23)	—
Nine Months ended February 28, 2023	100.79	100.55

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
February 29, 2024	254,497	68,292	20.3
May 31, 2023	275,504	71,624	19.6

(Reference) Equity As of February 29, 2024: ¥51,544 million As of May 31, 2023: ¥53,998 million

(Note) In total assets as of May 31, 2023 and February 29, 2024, temporary "Deposits received" from customers related to contracted projects is recorded in liabilities, and "Cash and deposits" worth it is recorded in assets. For details, please refer to "1. Qualitative Information Concerning Quarterly Consolidated Business Results (2) Overview of Consolidated Financial Position".

### 2. DIVIDENDS PER SHARE

	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	35.00	35.00
FY2023	—	0.00	—	—	—
FY2023 (Forecast)	—	—	—	75.00	75.00

(Note) Revision to dividend forecast in the current quarter: Yes

Breakdown of year-end dividend for the fiscal year ending May 31, 2024 (forecast)

Ordinary dividend: ¥15.00 Special dividend: ¥60.00

(Note) Please refer to "Resolution of Special Dividend and Revision of Year-End Dividend Forecast for the Fiscal Year Ending May 31, 2024" announced today (April 12, 2024) for the revision of the dividend forecast.

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

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

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net Income per Share
	%	%	%	%	Yen
FY2023 Full Fiscal Year	370,000 (0.7)	10,000 (30.4)	10,000 (34.9)	100,000 —	2,552.55

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

### 4. NOTES

- (1) Changes in important subsidiaries during the current period: None  
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:  
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
  - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
  - 2) Changes of accounting principles other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
  - 1) The number of shares issued and outstanding as of the period-end (including treasury shares)  
February 29, 2024: 41,690,300 shares    May 31, 2023: 41,690,300 shares
  - 2) The number of treasury shares as of the period-end  
February 29, 2024: 2,507,562 shares    May 31, 2023: 2,515,520 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
Nine months ended February 29, 2024: 39,176,546 shares  
Nine months ended February 28, 2023: 39,174,588 shares

(Note)

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

The Quarterly Financial Report is not subject to a quarterly review conducted by CPA or audit firm.

#### Cautionary statement and other explanatory notes

The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts for a variety of reasons. Please refer to (Attachment) "Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" for the assumptions used in forecasting earnings.

(Method to obtain supplemental materials for quarterly financial results)

Supplemental materials for the quarterly financial results have been posted on the Company's website (<https://www.pasonagroup.co.jp/ir/>) since April 12, 2024.

# Consolidated Financial Report

Nine Months Ended February 29, 2024

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## 1. Qualitative Information Concerning Quarterly Consolidated Business Results

### (1) Overview of Consolidated Business Results

#### i) Business Results for the Nine Months ended February 29, 2024

During the first nine months of the current fiscal year, the Japanese economy showed a gradual recovery, although the pickup in personal consumption stalled. On the other hand, the need to closely monitor the effects of global monetary tightening and the downturn in overseas economies continued.

Amid this environment, the Group's key strategies for the current fiscal year (hereinafter referred to as the "current fiscal year") are "1) Evolving into X-Tech BPO" in the BPO domain, where demand is growing; "2) Expanding support for diverse work styles and career development" in the labor market, where work styles are diversifying; and "3) Expanding earnings from local development projects centered on Awaji Island" in the tourism domain, where post-COVID-19 revitalization is underway. We are working to solve various social issues through our business activities.

During the nine months ended February 29, 2024, revenue decreased from the previous fiscal year in Expert Services and Outsourcing due to a decrease in emergency demand related to countermeasures for the COVID-19 infection up to the previous fiscal year, while revenue increased in BPO Services due to an increase in new project contracts. In addition, the decline in revenue from the Regional Revitalizations solutions business was due to technical factors, as the previous third quarter included five months' results instead of three months due to the effect of a change in the fiscal year end at some subsidiaries in the previous fiscal year.

As a result, consolidated net sales for the nine months of the current fiscal year totaled ¥265,558 million (down 4.2% year-on-year), and gross profit amounted to ¥62,450 million (down 7.9% year-on-year), partly due to lower gross profit margin caused by decreased special demand. SG&A expenses were ¥57,775 million (up 1.1% year-on-year) due mainly to an increase in personnel expenses in line with business growth in BPO Services, despite the absence of double rent associated with the office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the same period last year. Operating profit was ¥4,674 million (down 56.2% year-on-year), and ordinary profit was ¥4,622 million (down 59.6% year-on-year). Net loss attributable to owners of the parent amounted to ¥753 million (net profit attributable to owners of the parent of ¥3,948 million in the same period of the previous fiscal year.), a significant decrease from the previous fiscal year, when extraordinary gains such as gains on sales of investment securities were recorded.

### 9M FY2023 Consolidated Financial Report

(June 1, 2023 – February 29, 2024)

	9M FY2022	9M FY2023	YoY
Net sales	277,280	265,558	(4.2)%
Operating profit	10,664	4,674	(56.2)%
Ordinary profit	11,445	4,622	(59.6)%
Net profit attributable to owners of parent or net loss attributable to owners of the parent	3,948	(753)	—

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

\*Following the reorganization of subsidiaries during the third quarter of the current fiscal year, some businesses that fall under "BPO Services" and "HR Consulting, Education/Training and Others" were reviewed and reclassified into new segments.

Figures for the third quarter of the previous fiscal year have been compared with the figures after the reclassification.

## HR Solutions

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

**Net sales ¥222,008 million    Operating profit ¥7,621 million**

[Expert Services] Net sales: ¥100,937 million

In this segment, the Group provides expert services (temporary staffing) for a wide range of job types and generations, from office work to highly specialized skilled personnel, engineers, sales and marketing personnel, and from young people to senior citizens.

In the nine months of the current fiscal year, net sales declined to ¥100,937 million (down 9.0% from the same period of the previous fiscal year), as the work related to the nationwide response in Japan to the COVID-19 infection, which had handled in the previous fiscal period, was largely completed. During the period under review, orders from manufacturers, trading companies, and the IT field expanded from the same period of the previous year, and we are working to further acquire orders, particularly for IT engineers and high-level administrative positions that require specialized knowledge and experience, as well as to negotiate rate revisions.

[BPO Services] Net sales: ¥106,777 million

In this segment, the Group provides BPO services by contracting reception, sales administration, order receipt and placement, human resources, labor, and payroll, as well as general affairs that consolidate and streamline complicated clerical work for customers and accounting and finance services that handle expense reimbursement according to busy schedules. Bewith, Inc., a consolidated subsidiary, provides contact center and BPO services utilizing self-developed digital technology.

Although the number of special demand projects in the third quarter of the current fiscal year decreased compared to the same period of the previous year, both private companies and the public sector attracted new demand. During the nine months ended February 29, 2024, demand in the private sector expanded for BPO services to focus on their core work and improve productivity in the areas of human resources and accounting, as well as for services related to employee health promotion support. In addition, demand related to X-Tech BPO increased, including contact center operations to respond to consumer inquiries and in-house production support for corporate DX human resource development, as well as the expansion of reskilling and administrative agency business contracts from the public sector. Pasona Nihon Soumubu Co., Ltd. (renamed Pasona Panasonic Business Service Co., Ltd. on April 1, 2024), which provides BPO services specializing in the general affairs domain, also made progress in acquiring new projects.

As a result, net sales amounted to ¥106,777 million (up 1.6% year-on-year).

[HR Consulting, Education/Training, Others]      Net sales: ¥6,381 million

In this segment, we provide consulting and management support by professional human resources such as freelancers and former executives of listed companies, as well as education and training services commissioned by companies and the public sector.

In the education and training business, needs for next-generation leadership training and training for women's activities increased.

In the advisory and consulting business, introductions of outside directors and outside corporate auditors continued to be strong. In the recruiting business, demand for consulting services expanded in line with changes in recruiting methods, such as direct recruiting and alumni recruiting. In the education and training business, needs for next-generation leadership training for managers and training for women's activities increased.

As a result, net sales amounted to ¥6,381 million (up 2.1% year-on-year).

[Global Sourcing]      Net sales ¥7,911 million    Operating profit ¥114 million

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

In Asia, demand for human resources from Japanese-affiliated companies remained firm in Taiwan, where the semiconductor industry was robust, and in Southeast Asia, where economic recovery continued, sales increased in each country. On the other hand, SG&A expenses increased due to the prior progress in increasing staff through hiring and improving compensation at many locations, especially in the U.S., as well as an increase in training and business travel.

As a result, net sales amounted to ¥7,911 million (up 8.5% year-on-year), and operating profit amounted to ¥114 million (down 74.8% year-on-year), partly due to the foreign exchange effects of the weaker yen.

Net sales for the segment consisting of the above businesses amounted to ¥222,008 million (down 3.2% year-on-year). In terms of profit, during the period under review, the gross profit margin declined due to an increase in social insurance premiums, mainly in Expert Services, a decrease in the number of dispatched medical professionals as the COVID-19 infections subsided, and the impact of fewer operating days during the third quarter of the current fiscal year, including the year-end and New Year's period. In addition, the increase in SG&A expenses from the same period of the previous year, mainly due to an increase in personnel expenses in line with business growth in BPO Services, resulted in operating profit of ¥7,621 million (down 33.2% year-on-year).

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

Net sales ¥9,909 million    Operating profit ¥2,980 million

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

In the Placement / Recruiting business, although some companies are changing their hiring policies due to changes in the business climate, stable demand continues in the high-career field, which is a strategic focus for the Group, and large companies that had previously focused on hiring new graduates have begun to actively pursue mid-career hiring, resulting in business expansion. During the third quarter of the consolidated fiscal year under review, although the unit contract price increased from the same period of the previous year, the number of contracts signed slowed down due to an increase in the number of job-transfer applicants who were consoled with retirement and a review of our support system to realize high-quality matching within the Company.

In the outplacement business, demand continued to decline as the number of companies recruiting early and

voluntary retirees was the smallest in the past decade. Currently, an increasing number of companies are beginning to solicit early and voluntary retirement in light of the impact of the Chinese economy and future earnings prospects, but the contribution to earnings is not expected until the next fiscal year or later. The "Safe Placement Total Service," which supports employees' autonomous career development, continues to grow steadily as more companies offer career counseling and reskilling to their employees due to the growing awareness of human capital management.

As a result, net sales amounted to ¥9,909 million (down 3.8% year-on-year), and operating profit amounted to ¥2,980 million (up 0.4% year-on-year).

### **Outsourcing**      **Net sales ¥28,376 million**      **Operating profit ¥5,813 million**

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

In the employee benefits business, while membership fee revenue, which accounts for the majority of sales, increased year-on-year, transactions specific to the former JTB Benefit Inc. declined. In addition, the unit price of membership fees was lower than expected due to the fact that newly acquired members were mainly from major client groups, as well as the impact of reductions in both revenues and expenses due to the revision of some contracts, resulting in a decrease in revenues compared to the plan. On the expense side, expenses increased year-on-year due to investments in human resources and systems for medium- and long-term growth, but the operating margin in the employee benefit, personal and CRM businesses improved, partly due to the effect of duplicate cost reductions from the integration of services of the former JTB Benefit Inc.

In the healthcare business, sales in the Corona vaccination support business decreased year-on-year. Although there were delays in acquiring new orders in the health guidance business, the implementation of projects for which orders had already been received progressed, resulting in year-on-year increases in both sales and income. The health checkup business is generally progressing as planned. In the payment business, marketing investments such as commercials, which had been planned for the previous quarter, were made in the current quarter to coincide with the start of "Netflix" "Pay-as-you-go" menu.

As a result, net sales amounted to ¥28,376 million (down 8.5% year-on-year) and operating profit was ¥5,813 million (down 25.8% year-on-year).

### **Life Solutions**      **Net sales ¥5,686 million**      **Operating profit ¥90 million**

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

In the life support business, including housekeeping services, demand for sterilization and disinfection services, which had been offered at hospitals and lodging facilities in the previous fiscal year, declined significantly. Although the number of contracts for housekeeping services provided to families with children increased steadily, SG&A expenses increased, particularly personnel expenses, as projects were dispersed across multiple regions.

In the childcare business, the number of children received increased from the same period of the previous fiscal year due to the opening of new licensed nursery schools and school-age clubs. On the other hand, gross profit decreased due to the postponement of the receipt of subsidies for facility operation related to the improvement of compensation for childcare workers, as well as an increase in cost of sales, including personnel expenses and operating expenses, associated with the opening of new childcare facilities.

As a result, net sales amounted to ¥5,686 million (down 7.0% year-on-year) and operating profit amounted to ¥90 million (down 71.1% year-on-year).

**Regional Revitalization Solutions****Net sales ¥4,327 million Operating profit ¥(1,966) million**

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

During the third quarter of the fiscal year under review, the number of operating days at each facility operated on Awaji Island, Hyogo Prefecture, declined from the previous year due to the establishment of a maintenance shutdown period, but we attracted customers by holding events in accordance with seasonal events and developing products using seasonal ingredients, and we also enhanced our online merchandise sales website. In addition, the online shopping site was enhanced. "Zenbo Seinei", which offers activities such as "Zen" and "Yoga" and healthy meals on a 100-meter-long wooden deck, has become a tourist attraction that attracts many visitors, with rooms fully booked for the year-end and New Year's accommodation packages. Hyogo Prefectural Awaji Island Park Animation Park "Nijigen-no-Mori" strengthened multilingual support and promotional activities to further attract inbound visitors. In restaurants and other food and beverage facilities, use of group tours has increased 1.5 times over the previous year, and business collaboration with travel agencies, etc., has been strengthened.

During the nine months ended February 29, 2024, net sales and operating profit fell short of the previous year and the initial plan due to the record-breaking heat wave during the summer season and unfavorable weekend weather. In addition, the third quarter of the previous fiscal year included five months' results instead of three months due to the change in the fiscal year end of some subsidiaries in the previous fiscal year, and technical factors led to a larger decline in revenue.

As a result, net sales were ¥4,327 million (down 17.5% year-on-year), and operating profit was ¥(1,966) million (¥(2,119) million in the same period of the previous year), a smaller deficit due in part to curbs on TV commercials and other SG&A expenses.

**Eliminations****Net sales ¥(4,749) million Operating profit ¥(9,865) million**

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

During the nine months ended February 29, 2024, personnel expenses and IT-related expenses to promote DX increased, and some expenses related to the pavilion at the 2025 Japan International Expo (Osaka/Kansai Expo) were incurred from the period under review. Despite the elimination of double rent associated with the office relocation to "PASONA SQUARE" in Minami Aoyama, Tokyo, which took place in the same period of the previous fiscal year, net sales for elimination of intergroup transactions amounted to ¥(4,749) million (¥(4,872) million in the same period of the previous fiscal year), and operating income amounted to ¥(9,865) million (¥(9,748) million in the same period of the previous fiscal year).



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

(Millions of yen)

	9M FY2022	9M FY2023	YoY
<b>HR Solutions</b>	270,791	260,293	(3.9)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	229,463	222,008	(3.2)%
Expert Services (Temporary staffing)	110,876	100,937	(9.0)%
BPO Services (Contracting)	105,047	106,777	+1.6%
HR Consulting, Education & Training, Others	6,251	6,381	+2.1%
Global Sourcing (Overseas)	7,288	7,911	+8.5%
Career Solutions (Placement / Recruiting, Outplacement)	10,305	9,909	(3.8)%
Outsourcing	31,022	28,376	(8.5)%
<b>Life Solutions</b>	6,114	5,686	(7.0)%
<b>Regional Revitalization Solutions</b>	5,247	4,327	(17.5)%
Eliminations and Corporate	(4,872)	(4,749)	—
<b>Total</b>	<b>277,280</b>	<b>265,558</b>	<b>(4.2)%</b>

**Consolidated Operating Profit by Segment**

(Millions of yen)

	9M FY2022	9M FY2023	YoY
<b>HR Solutions</b>	22,218	16,415	(26.1)%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	11,409	7,621	(33.2)%
Expert Services (Temporary staffing)	10,953	7,506	(31.5)%
BPO Services (Contracting)			
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	456	114	(74.8)%
Career Solutions (Placement/Recruiting, Outplacement)	2,969	2,980	+0.4%
Outsourcing	7,838	5,813	(25.8)%
<b>Life Solutions</b>	314	90	(71.1)%
<b>Regional Revitalization Solutions</b>	(2,119)	(1,966)	—
Eliminations and Corporate	(9,748)	(9,865)	—
<b>Total</b>	<b>10,664</b>	<b>4,674</b>	<b>(56.2)%</b>

\*Following the reorganization of subsidiaries during the third quarter of the current fiscal year, some businesses that fall under "BPO Services" and "HR Consulting, Education/Training and Others" were reviewed and reclassified into new segments.

Figures for the third quarter of the previous fiscal year have been compared with the figures after the reclassification.

## **(2) Overview of Consolidated Financial Position**

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

As of February 29, 2024, the amount of ¥63,311 million (¥74,869 million at the end of the previous fiscal year) of temporary “Deposits received” from customers by the Group related to contracted projects was recorded in liabilities, and “Cash and deposits” worth it was recorded in assets, whose use is restricted.

#### **Assets**

Total assets as of February 29, 2024 stood at ¥254,497 million, a decrease of ¥21,006 million or 7.6%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥32,490 million in cash and deposits due to the above decrease in "deposits received" and payment of long-term borrowings, while notes receivable, accounts receivable and contract assets increased by ¥4,871 million due to an increase in contract projects, and property, plant and equipment increased by ¥5,587 million due to the Regional Revitalization Solutions projects, etc.

#### **Liabilities**

Total liabilities as of February 29, 2024 stood at ¥186,205 million, a decrease of ¥17,675 million or 8.7%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥12,833 million in deposits received due to the above-mentioned commissioned projects, etc., a decrease of ¥2,586 million in account payable due to advanced payments, and a decrease of ¥4,989 million in long-term loans payable due to repayment of loans, and a decreased by ¥2,490 million in income tax payable due to income tax payments, etc., while short-term borrowings increased by ¥9,651 million due to fundraising.

#### **Net Assets**

Net assets as of February 29, 2024 stood at ¥68,292 million, a decrease of ¥3,331 million or 4.7%, compared with May 31, 2023. This was mainly attributable to a decrease of ¥2,137 million in retained earnings due to net loss attributable to owners of the parent of ¥753 million and dividend payments of ¥1,396 million, and a decrease of ¥877 million in non-controlling interests mainly due to dividends paid by a subsidiary.

As a result, equity ratio as of February 29, 2024 was 20.3% (19.6% at the end of the previous fiscal year).

Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥191,186 million (¥200,634 million at the end of the previous fiscal year), and equity ratio 27.0% (26.9% at the end of the previous fiscal year).

## **(3) Overview of Consolidated Financial Forecasts and Other Forward-Looking Statements**

There is no change in the full-year consolidated earnings forecast for the fiscal year ending May 31, 2024, which was announced on February 8, 2024.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of May 31, 2023	As of February 29, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	123,067	90,577
Notes and accounts receivable-trade, and contract assets	52,625	57,496
Inventories	3,365	4,356
Other	15,337	14,751
Allowance for doubtful accounts	(121)	(136)
Total current assets	194,275	167,045
Non-current assets		
Property, plant and equipment	33,725	39,313
Intangible assets		
Goodwill	7,353	6,982
Other	19,228	20,164
Total intangible assets	26,582	27,147
Investments and other assets		
Other	20,798	20,884
Allowance for doubtful accounts	(7)	(8)
Total investments and other assets	20,791	20,875
Total non-current assets	81,099	87,336
Deferred assets	130	116
Total assets	275,504	254,497

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	7,427	4,841
Short-term borrowings	10,296	19,948
Accrued expenses	17,009	16,735
Income taxes payable	3,061	571
Deposits received	78,690	65,857
Provision for bonuses	4,667	2,605
Provision for bonuses for directors and other officers	26	6
Asset retirement obligations	17	110
Other	23,586	21,688
Total current liabilities	144,783	132,364
Non-current liabilities		
Bonds payable	3,224	2,931
Long-term borrowings	43,505	38,515
Provision for share awards for directors and other officers	600	600
Provision for share awards for employees	566	524
Retirement benefit liability	2,409	2,416
Asset retirement obligations	2,554	2,499
Other	6,236	6,353
Total non-current liabilities	59,096	53,840
Total liabilities	203,880	186,205
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	17,094	17,366
Retained earnings	32,941	30,804
Treasury shares	(2,378)	(2,687)
Total shareholders' equity	52,658	50,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	853	540
Foreign currency translation adjustment	348	484
Remeasurements of defined benefit plans	138	35
Total accumulated other comprehensive income	1,340	1,060
Share acquisition rights	2	2
Non-controlling interests	17,622	16,745
Total net assets	71,624	68,292
Total liabilities and net assets	275,504	254,497

**(2) Quarterly Consolidated Statements of Income**

(Millions of yen)

	9M FY2022	9M FY2023
Net sales	277,280	265,558
Cost of sales	209,466	203,108
Gross profit	67,813	62,450
Selling, general and administrative expenses	57,148	57,775
Operating profit	10,664	4,674
Non-operating income		
Interest income	27	31
Share of profit of entities accounted for using equity method	74	66
Sponsorship money income	100	83
Subsidy income	738	109
Other	437	236
Total non-operating income	1,378	527
Non-operating expenses		
Interest expenses	277	324
Commitment fees	49	55
Other	270	199
Total non-operating expenses	596	579
Ordinary profit	11,445	4,622
Extraordinary income		
Gain on change in equity	213	15
Gain on sale of non-current assets	33	0
Gain on sale of investment securities	731	0
Gain on sale of shares of subsidiaries and associates	17	—
Total extraordinary income	995	16
Extraordinary losses		
Loss on sale and retirement of non-current assets	113	171
Total extraordinary losses	113	171
Profit before income taxes	12,327	4,467
Income taxes-current	4,735	3,072
Income taxes-deferred	322	(407)
Total income taxes	5,058	2,664
Profit	7,268	1,803
Profit attributable to non-controlling interests	3,320	2,556
Profit attributable to owners of parent	3,948	(753)

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	9M FY2022	9M FY2023
Profit	7,268	1,803
Other comprehensive income		
Valuation difference on available-for-sale securities	(777)	(620)
Foreign currency translation adjustment	109	149
Remeasurements of defined benefit plans, net of tax	(3)	(102)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(671)	(574)
Comprehensive income	6,596	1,229
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,647	(1,032)
Comprehensive income attributable to non-controlling interests	2,949	2,261

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **(Notes to Going Concern Assumption)**

None

#### **(Notes on Significant Changes in the Shareholders' Equity)**

None

#### **(Additional Information)**

##### **(Regarding Sale of Shares of a Subsidiary)**

On February 8, 2024, the Company entered into an agreement with Dai-ichi Life Holdings, Inc. (the "Tender Offeror"), agreeing that the Company will not tender all of its shares in the Target Company in the tender offer (the "Tender Offer") to be conducted by the Offeror for the common stock of Benefit One Inc. (the "Target Company"), a consolidated subsidiary of the Company belonging to the outsourcing segment. The agreement (the "Agreement") stipulates, among other things, that after the Tender Offer is completed, the Target Company will conduct a reverse stock split (the "Reverse Stock Split") in which only the Tender Offeror and the Company will be shareholders, and that the Company will sell all of its shares in the Target Company at that time through a share consolidation (the "Share Consolidation").

the Company executed a share tender agreement with M3, Inc. ("M3"), agreeing, among other things, to tender all of the Target Shares held by the Company in the tender offer launched by M3 for the Target Shares ("M3 Share Tender Agreement"). With the execution of the Agreement, the Company will be accepting the offer of the Tender Offeror and the M3 Share Tender Agreement has been terminated on February 8, 2024.

Since the Tender Offer has been completed as of March 11, 2024, based on the Agreement, the Company may, at the Target Company's shareholders' meeting to be held in the future, propose (i) a proposal for the Share Consolidation, (ii) a capital increase through third-party allotment to be implemented after the Share Consolidation takes effect, with the Tender Offeror as the underwriter, and (iii) a proposal for a capital increase by way of third-party allotment and a capital and reserve reduction (the "Capital Increase and Reduction") to be implemented after the Reverse Stock Split takes effect.

#### 1. Outline of the Target Company

- |                                      |   |
|--------------------------------------|---|
| (1) Name                             | : Benefit One Inc.  |
| (2) Location                         | : 3-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo  |
| (3) Name and title of representative | : Norio Shiraishi, President and Representative Director  |
| (4) Description of business          | : Benefits business, personal business, CRM (Customer Relationship Management) business, Business, Health Care Business, Purchasing and Payment Agency Business, Payment Business |
| (5) Capital                          | : ¥1,527 million (as of December 31, 2023)  |
| (6) Date of establishment            | : March 15, 1996  |

## 2. Effect on Consolidated Financial Statements

After the completion of the Transaction, the Company expects to record extraordinary gains of ¥122,300 million on a non-consolidated basis and ¥112,000 million (\*) on a consolidated basis for the fiscal year ending May 2024 from the sale of the Target Company's shares in response to the share buyback to be conducted by the Target Company. In addition, the Company expects to record an extraordinary loss of ¥1,165 million for expenses related to the sale of shares of affiliated companies, which were necessary in connection with a series of transactions related to the sale of the Target Company's shares held by the Company.

As a result of the series of transactions, the Target will be excluded from the scope of consolidation of the Company as of the end of the current fiscal year and will be included in the income statement until the end of the current fiscal year, but will be excluded from the balance sheet as of the end of the current fiscal year. Net sales and operating profit of the Target Company reported in the quarterly consolidated statements of income for the nine months ended February 29, 2024 are net sales of ¥28,376 million and segment profit of ¥5,813 million in the "Outsourcing" reportable segment.

(\*) This is a current estimate and may change in the future.



**(Segment Information)**

i) Nine months ended February 28, 2023

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

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales					—			
Expert Services	110,480	—	—	—	—	110,480	—	110,480
BPO Services	103,042	—	—	—	—	103,042	—	103,042
HR Consulting, Education & Training, Others	5,362	—	—	—	—	5,362	—	5,362
Global Sourcing	7,155	—	—	—	—	7,155	—	7,155
Career Solutions	—	10,279	—	—	—	10,279	—	10,279
Outsourcing	—	—	30,569	—	—	30,569	—	30,569
Life Solutions	—	—	—	5,738	—	5,738	—	5,738
Regional Revitalization Solutions	—	—	—	—	4,651	4,651	—	4,651
Revenue from contract with customers	226,041	10,279	30,569	5,738	4,651	277,280	—	277,280
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	226,041	10,279	30,569	5,738	4,651	277,280	—	277,280
Intersegment sales and transfers	3,422	26	453	375	595	4,872	(4,872)	—
Total	229,463	10,305	31,022	6,114	5,247	282,152	(4,872)	277,280
Operating profit (loss)	11,409	2,969	7,838	314	(2,119)	20,412	(9,748)	10,664

Notes:

1. Adjustments of ¥(9,748) million with Operating profit (loss) includes corporate expenses of ¥(9,928) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥180 million.
2. Operating profit (loss) is adjusted with operating profit under consolidated statements of income.

ii) Nine months ended February 29, 2024

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

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 1)	Figures in consolidated statements of income (Note 2)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others	Career Solutions	Outsourcing					
Net sales								
Expert Services	100,506	—	—	—	—	100,506	—	100,506
BPO Services	104,751	—	—	—	—	104,751	—	104,751
HR Consulting, Education & Training, Others	5,524	—	—	—	—	5,524	—	5,524
Global Sourcing	7,713	—	—	—	—	7,713	—	7,713
Career Solutions	—	9,897	—	—	—	9,897	—	9,897
Outsourcing	—	—	27,978	—	—	27,978	—	27,978
Life Solutions	—	—	—	5,253	—	5,253	—	5,253
Regional Revitalization Solutions	—	—	—	—	3,934	3,934	—	3,934
Revenue from contract with customers	218,494	9,897	27,978	5,253	3,934	265,558	—	265,558
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	218,494	9,897	27,978	5,253	3,934	265,558	—	265,558
Intersegment sales and transfers	3,513	12	397	433	393	4,749	(4,749)	—
Total	222,008	9,909	28,376	5,686	4,327	270,308	(4,749)	265,558
Operating profit (loss)	7,621	2,980	5,813	90	(1,966)	14,539	(9,865)	4,674

Notes:

1. Adjustments of ¥(9,865) million with Operating profit (loss) includes corporate expenses of ¥(9,894) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥29 million.
2. Operating profit (loss) is adjusted with operating profit under consolidated statements of income.

Matters related to changes in reportable segments, etc.

In accordance with the reorganization of subsidiaries, in light of the organizational structure and business content after the reorganization, the Company has reviewed and changed the content that corresponds to "BPO Services" and "HR Consulting, Education/Training, and Others" in the revenue breakdown information. In addition, the revenue breakdown information for the third quarter of the previous fiscal year is also presented in the amount after the change.

**(Important Subsequent Events)**

None