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April 14, 2025

Consolidated Financial Results for the Nine Months Ended February 28, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2168 URL: <https://www.pasonagroup.co.jp>
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended February 28, 2025 (June 1, 2024 to February 28, 2025)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
nine months ended								
February 28, 2025	228,911	(13.8)	(1,280)	—	(842)	—	(6,163)	—
February 29, 2024	265,558	(4.2)	4,674	(56.2)	4,622	(59.6)	(753)	—

Note: Comprehensive income For the nine months ended February 28, 2025: ¥(5,858) million [—%]
 For the nine months ended February 29, 2024: ¥1,229 million [(81.4)%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Nine months ended				
February 28, 2025	(157.36)	—	—	—
February 29, 2024	(19.23)	—	—	—

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
February 28, 2025	278,341	144,854	49.8
May 31, 2024	301,090	154,677	49.3

Reference: Equity As of February 28, 2025: ¥138,660 million
 As of May 31, 2024: ¥148,504 million

Note 1: Total assets for the fiscal years ended February 28, 2025 and May 31, 2024 include temporary “Deposits received” from customers for contracted projects and the corresponding “Cash and deposits” in assets and liabilities. For details, please refer to “1. Overview of Business Results, (2) Overview of Financial Position for the Period under Review.”

2: The “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022) has been applied from the beginning of the first quarter of the current fiscal year, and the figures for the fiscal year ended May 31, 2024 have been retroactively adjusted.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2024	—	0.00	—	75.00	75.00
Fiscal year ending May 31, 2025	—	0.00	—		
Fiscal year ending May 31, 2025 (Forecast)				75.00	75.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Results for the Fiscal Year Ending May 31, 2025 (June 1, 2024 to May 31, 2025)

(Percentage figures are changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024 Full Fiscal Year	320,000	(10.3)	1,700	(75.0)	2,000	(72.0)	(4,300)	—	—

Note: Revisions to the forecast of results most recently announced: No

4. Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of nine months consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - ii) Changes in accounting policies due to other reasons: None
 - iii) Changes in accounting estimates: None
 - iv) Restatement: None
- (4) Number of issued shares (common shares)
- i) Total number of issued shares at the end of the period (including treasury shares)
 - As of February 28, 2025: 41,690,300 shares
 - As of May 31, 2024: 41,690,300 shares
 - ii) Number of treasury shares at the end of the period
 - As of February 28, 2025: 2,767,971 shares
 - As of May 31, 2024: 2,505,360 shares
 - iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 - Nine months ended February 28, 2025: 39,167,391 shares
 - Nine months ended February 29, 2024: 39,176,546 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 treasuries shares as of the average number of shares outstanding for the period for the purpose of not including for computing basic earnings per share.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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

(Cautionary statement regarding forward-looking statements)

The 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 “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” for the assumptions used in the forecast of financial results.

(Method to obtain supplemental materials for financial results)

Supplementary materials for nine months financial results are available today (April 14, 2025) on our website <https://www.pasonagroup.co.jp/ir/>.

**Consolidated Financial Results
for the Nine Months Ended February 28, 2025**

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1. Overview of Business Results

(1) Overview of Operating Results for the Period under Review

i) Business Results for the Nine Months ended February 28, 2025

During the nine months of the consolidated fiscal year under review, the Japanese economy continued to pick up, although personal consumption remained at a standstill in some areas, and the economy recovered moderately under the good corporate revenues and employment environment. On the other hand, the economic outlook remained uncertain due to rising prices and overseas policy trends.

As for business results for the current nine months period, consolidated net sales were ¥228,911 million (down 13.8% year-on-year) due to the discontinuation of the Outsourcing segment from the beginning of the first quarter, as well as the peak-out of large contract projects in the BPO Solutions segment, Gross profit was ¥49,682 million (down 20.4% year-on-year) due to the impact of the revenue decline and lower gross profit margin. Excluding the Outsourcing segment, gross margin ratio improved in all segments.

SG&A expenses also decreased to ¥50,962 million (down 11.8% year-on-year) due to the impact of the discontinuation of the Outsourcing segment, but actual SG&A expenses increased year-on-year due to prior investments including human resources in growth areas.

As a result, operating loss was ¥1,280 million (operating profit of ¥4,674 million in the same period of the previous fiscal year) and ordinary loss was ¥842 million (ordinary profit of ¥4,622 million in the same period of the previous fiscal year). In addition, as we approach the 50th anniversary of our founding, we exhibited our pavilion “PASONA NATUREVERSE” at the Expo 2025 Osaka, Kansai as part of our efforts to enhance corporate value, including branding for the creation of new businesses in the well-being industry, etc., and to communicate to the world how a truly affluent society where physical, mental, and social health is realized, and where everyone can flourish in a spiritually rich and vigorous manner, can be achieved. The Company recorded an extraordinary loss of ¥6,163 million for net loss attributable to owners of the parents (net loss attributable to owners of parent of ¥753 million in the same period of previous fiscal year) due to extraordinary expenses incurred in connection with the pavilion, including facility-related and operation-related temporary costs, as Expo exhibit related expenses.

Consolidated Financial Report (June 1, 2024 – February 28, 2025)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025	YoY
	Millions of yen	Millions of yen	%
Net sales	265,558	228,911	(13.8)
Operating profit (loss)	4,674	(1,280)	—
Ordinary profit (loss)	4,622	(842)	—
Loss attributable to owners of parent	(753)	(6,163)	—

*Excluding the Outsourcing segment from the previous nine months period results

	Nine months ended February 29, 2024	Nine months ended February 28, 2025	YoY
	Millions of yen	Millions of yen	%
Net sales	237,579	228,911	(3.6)
Operating loss	(1,139)	(1,280)	—

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

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

HR Solutions Net sales ¥212,669 million Operating profit ¥10,848 million

[BPO Solutions (Contracting, Outsourcing)] Net sales ¥101,487 million

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

In the BPO Solutions, net sales declined from the same period of the previous fiscal year, mainly due to the impact of the peak-out of large-scale outsourcing projects. On the other hand, we have expanded DX support such as the introduction of cloud computing in the "X-TECH BPO" area to improve business productivity, as well as mental health care services by Pasona Safety Net Inc. and the establishment of Pasona Sustainability Inc. to support corporate sustainability management, among other expanding needs. The Group is working to expand BPO solutions in specialized areas that respond quickly to expanding needs. In the private sector, in addition to recruiting support and recruitment agency services due to the chronic shortage of human resources, the number of contracts for human resource system design support, personnel and labor services requiring specialized knowledge, payroll processing and Japanese language training due to the increase in the number of foreign workers expanded as a result of accelerated human capital management.

As a result, net sales amounted to ¥101,487 million (down 8.1% year-on-year).

[Expert Solutions (Temporary staffing)] Net sales ¥100,400 million

In this business, the Group provides temporary staffing services for a wide range of job types and ages, from office work to highly skilled professionals, engineers, sales and marketing professionals, and young adults to senior citizens.

Amid a continuing labor shortage against the backdrop of economic recovery, orders for temporary staffing services increased in the financial sector, manufacturers, and trading companies, and the unit price of temporary staffing fees increased along with improvements in the treatment of temporary workers. In addition, during the period under review, the Company worked to promote the employment of personnel who have acquired AI/DX skills and other skills, and held seminars to support the return to work of those who have taken childcare leave, among other efforts to develop the careers of registered temporary workers.

However, due in part to the effect of fewer business days in the third quarter of the current fiscal year than in the same period of the previous year, sales fell short of making up for the decline in special demand related to the COVID-19 infections, which was handled nationwide.

As a result, net sales amounted to ¥100,400 million (down 2.2% year-on-year).

As a result of the above, net sales of the BPO Solutions and the Expert Solutions amounted to ¥201,888 million (down 5.3% year-on-year), and operating profit amounted to ¥7,052 million (down 7.1% year-on-year) due to the impact of lower sales despite improved gross profit margins.

[Career Solutions (Placement/Recruiting, Outplacement)]

Net sales ¥10,780 million Operating profit ¥3,796 million

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

In the Placement / Recruiting business, the average unit price of placement commissions increased due to continued stable demand in the high-career field, a strategic focus of the Group. In addition, the number of contracts signed has recovered from the same period last year due to early strategists through in-house training of new members. As the need for mid-career recruitment of female managers remains high, the Group continues to expand its service offerings and strengthen its sales structure by leveraging its track record and corporate brand.

In the outplacement business, the number of consultations for the shift to capital cost-conscious management and organizational restructuring increased, resulting in higher sales than in the same period of the previous year and the initial forecast. We are working to capture demand in the next fiscal year and beyond, as demand continues to be strong. “The Safe Placement Total Service,” which supports employees' autonomous career development, also performed well.

As a result, both the Placement / Recruiting and Outplacement businesses expanded and net sales amounted to ¥10,780 million (up 8.8% year-on-year) and operating profit was ¥3,796 million (up 27.4% year-on-year), and both sales and income increased from the same period of the previous fiscal year.

Net sales in the HR Solutions segment, which consists of the above businesses, amounted to ¥212,669 million (down 4.6% year-on-year). In terms of profit, the Career Solutions saw a increase in profit, resulting in an overall operating profit of ¥10,848 million (up 2.6% year-on-year) for the HR Solutions segment as a whole.

Global Solutions (Overseas Human Resource Services)

Net sales ¥8,217 million Operating profit ¥187million

In this segment, the Group provides a full line of human resource-related services overseas, including placement and recruiting, temporary staffing and outsourcing, payroll processing, and education and training. In the Asian region, demand for human resources in the semiconductor and other manufacturing industries remained strong in Taiwan, while in India, both the temporary staffing and placement and recruiting businesses posted increases in revenue. In the North America region, we have been reviewing our business portfolio, BPO services, which include accounting and payroll calculation, and HR consulting services, such as HR system design, expanded. In addition, the contract rate for placement and recruiting services also increased, resulting in an increase in revenue. On the other hand, SG&A expenses increased due to new hires and improved compensation at many offices in the U.S., Taiwan, and other regions.

As a result, net sales amounted to ¥8,217 million (up 3.9% year-on-year), and operating profit amounted to ¥187 million (up 63.3% year-on-year), due in part to the foreign exchange effects of the weaker yen.

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

Net sales ¥6,296 million Operating profit ¥70 million

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

In the childcare support business, net sales increased due to a year-on-year increase in the number of childcare facilities operated, an increase in subsidies for the operation of childcare facilities. On the other hand, in terms of expenses, costs increased due to an increase in personnel expenses resulting from an increase in the number of facilities and improved compensation for childcare workers, as well as system investments and strengthened quality control.

In the Life Support business, the acquisition of business commissioned by local governments, such as housekeeping services for families raising children and nursing care training for nursing care providers and family caregivers, remained steady.

As a result, net sales increased to ¥6,296 million (up 10.7% year-on-year) and operating profit also decreased to ¥70 million (down 23.0% year-on-year) due to the recording of only some expenses in advance.

Regional Revitalization and Tourism Solutions

Net sales ¥4,955 million Operating profit ¥(1,470) 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.

At “Nijigen no Mori,” Hyogo Prefectural Awaji Island Park Animation Park, inbound visitors increased due to overseas promotional measures, and the number of visitors from Greater China increased during the Chinese New Year period. In addition, the introduction of a new fee structure based on dynamic pricing according to the peak season and an increase in the number of stores selling character goods resulted in an increase in the average visitor spend. At “HELLO KITTY SMILE,” where visitors can enjoy the world of the globally popular Hello Kitty, the number of visitors increased, especially female customers and inbound visitors. At restaurants using local ingredients, such as “Aman no Shokutaku” and “French Forest,” sales increased from the same period of the previous year due to an increase in group customers, etc., despite the impact of lower sales due to winter closures. In the future, we will also strengthen the promotion of local specialties and original products. As a result, net sales were ¥4,955 million (up 7.8% year-on-year), and operating profit was ¥(1,470) million (¥((2,054)) million in the same period of the previous fiscal year), a smaller deficit due to a decrease in depreciation and amortization expenses.

Eliminations and Corporate Net sales ¥(3,227) million Operating profit ¥(10,915) million

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

Mainly personnel expenses and IT-related expenses to promote DX increased from the same period of the previous year and some expenses were incurred for company housing and other environmental improvements for business expansion at Hyogo Prefectural Awaji Island during the third quarter of the current consolidated fiscal year.

As a result, net sales after eliminating intergroup transactions were ¥(3,227) million (¥(4,006) million in the same period of the previous fiscal year) and operating profit was ¥(10,915) million (¥(9,865) million in the same period of the previous fiscal year).

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

(Millions of yen)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025	YoY
HR Solutions	222,994	212,669	(4.6)%
BPO Solutions (Contracting, Outsourcing)	110,464	101,487	(8.1)%
Expert Solutions (Temporary staffing)	102,619	100,400	(2.2)%
Career Solutions (Placement/Recruiting, Outplacement)	9,909	10,780	+8.8%
Global Solutions (Overseas Human Resource Services)	7,911	8,217	+3.9%
Outsourcing	28,376	—	—
Life Solutions (Childcare support, Nursing care, etc.)	5,686	6,296	+10.7%
Regional Revitalization and Tourism Solutions	4,596	4,955	+7.8%
Elimination and Corporate	(4,006)	(3,227)	—
Total	265,558	228,911	(13.8)%
Total (excluding Outsourcing)	237,579	228,911	(3.6)%

Consolidated Operating Profit (Loss) by Segment

(Millions of yen)

	Nine months ended February 29, 2024	Nine months ended February 28, 2025	YoY
HR Solutions	10,574	10,848	+2.6%
BPO Solutions (Contracting, Outsourcing)	7,594	7,052	(7.1)%
Expert Solutions (Temporary staffing)			
Career Solutions (Placement/Recruiting, Outplacement)	2,980	3,796	+27.4%
Global Solutions (Overseas Human Resource Services)	114	187	+63.3%
Outsourcing	5,813	—	—
Life Solutions (Childcare support, Nursing care, etc.)	90	70	(23.0)%
Regional Revitalization and Tourism Solutions	(2,054)	(1,470)	—
Elimination and Corporate	(9,865)	(10,915)	—
Total	4,674	(1,280)	—
Total (excluding Outsourcing)	(1,139)	(1,280)	—

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

(2) Overview of Financial Position for the Period under Review

Status of Assets, Liabilities and Net Assets

As of February 28, 2025, the amount of ¥52,677 million (¥54,975 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 28, 2025 stood at ¥278,341 million, a decrease of ¥22,749 million or 7.6%, compared with May 31, 2024. This was mainly attributable to a decrease of ¥52,218 million in cash and deposits due to the above decrease in “Deposits received” and acquisition of fixed assets and repayment of borrowings, etc., while notes and accounts receivable-trade and contract assets increased by ¥3,859 million, marketable securities increased by ¥8,500 million due to fund management, tangible fixed assets increased by ¥10,787 million mainly due to regional development projects, and investment and other assets increased by ¥3,469 million due to investment and fund management in venture companies that are expected to generate synergies in the well-being area, etc.

Liabilities

Total liabilities as of February 28, 2025 stood at ¥133,487 million, a decrease of ¥12,925 million or 8.8%, compared with May 31, 2024. This was mainly attributable to a decrease of ¥2,475 million in deposits received due to the above-mentioned contracted projects, etc., a decrease of ¥2,214 million in accounts payable-trade due to progress in payments, a decrease of ¥2,099 in short-term borrowings payable, and a decrease of ¥3,761 million in long-term borrowings due to the repayment of loans payable.

Net Assets

Net assets as of February 28, 2025 stood at ¥144,854 million, a decrease of ¥9,823 million or 6.4%, compared with May 31, 2024. This was mainly attributable to a decrease in retained earnings of ¥9,182 million due to a nine months net loss attributable to owners of parent of ¥6,163 million and dividend payments of ¥3,018 million.

As a result, Equity ratio as of February 28, 2025 was 49.8% (49.3% at the end of the previous fiscal year).

Total assets after deducting “Cash and deposits” with “Deposits received” related to contracted projects stood at ¥225,664 million (¥246,115 million at the end of the previous fiscal year), and Equity ratio 61.4% (60.3% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated earnings forecast for the fiscal year ending May 31, 2025, which was announced on January 14, 2025, remains unchanged from the previous forecast.

With regard to current performance trends, in the BPO solutions, gross profit margins are improving, although the impact of the peak-out of large outsourcing projects continues to be felt. In the Expert Solutions, the number of temporary workers is expected to exceed that of the same period of the previous year in the fourth quarter, as order trends remain strong and contract terminations are under control. In the Career Solution, both the placement and outplacement businesses continue to perform well, while in the Regional Revitalization and Tourism Solutions segment, a further increase in tourists is expected with the start of new attractions before the spring holidays. We plan to improve profitability by attracting tourists from the Expo 2025 Osaka, Kansai in the future.

(4) Number of Employees

The number of employees has changed due to the exclusion of the Outsourcing segment from the beginning of the first quarter, following the sale of shares of Benefit One, Inc., which was a consolidated subsidiary at the end of the previous fiscal year.

As of February 28, 2025

Name of segment	Number of employees (persons)
BPO Solutions (Contracting, Outsourcing) Expert Solutions (Temporary staffing)	6,433 (12,976)
Career Solutions (Placement/Recruiting, Outplacement)	367 (110)
Global Solutions (Overseas Human Resource Services)	611 (56)
Life Solutions (Childcare support, Nursing care, etc.)	560 (468)
Regional Revitalization and Tourism Solutions	104 (184)
Corporate	660 (338)
Total	8,735 (14,132)

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

2 The number of employees decreased by 1,266 from the end of the previous fiscal year. This is mainly because Benefit One Inc. and its subsidiaries, etc., which were responsible for the Outsourcing segment in the previous consolidated fiscal year, were excluded from the scope of consolidation.

2. Nine months Consolidated Financial Statements and Major Notes

(1) Nine months Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	192,281	140,063
Notes and accounts receivable - trade, and contract assets	43,455	47,314
Securities	-	8,500
Inventories	1,781	2,340
Other	6,182	6,562
Allowance for doubtful accounts	(63)	(46)
Total current assets	243,637	204,735
Non-current assets		
Property, plant and equipment	35,467	46,255
Intangible assets		
Goodwill	842	900
Other	4,168	6,020
Total intangible assets	5,011	6,920
Investments and other assets		
Other	16,873	20,342
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	16,862	20,332
Total non-current assets	57,341	73,508
Deferred assets	111	97
Total assets	301,090	278,341

(Millions of yen)

	As of May 31, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	3,423	1,209
Short-term borrowings	9,263	7,164
Accrued expenses	16,756	15,899
Income taxes payable	1,138	948
Deposits received	56,374	53,899
Provision for bonuses	4,205	2,489
Provision for bonuses for directors (and other officers)	13	11
Asset retirement obligations	98	1
Other	12,614	13,509
Total current liabilities	103,889	95,132
Non-current liabilities		
Bonds payable	2,630	2,365
Long-term borrowings	29,427	25,666
Provision for share awards for directors (and other officers)	418	418
Allowance for stock benefit for employee	281	277
Retirement benefit liability	2,407	2,384
Asset retirement obligations	2,326	2,433
Other	5,030	4,808
Total non-current liabilities	42,523	38,354
Total liabilities	146,412	133,487
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	17,495	17,667
Retained earnings	127,465	118,283
Treasury shares	(2,685)	(3,223)
Total shareholders' equity	147,276	137,727
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121	117
Foreign currency translation adjustment	604	689
Remeasurements of defined benefit plans	501	126
Total accumulated other comprehensive income	1,228	933
Share acquisition rights	2	2
Non-controlling interests	6,171	6,191
Total net assets	154,677	144,854
Total liabilities and net assets	301,090	278,341

(2) Nine months Consolidated Statements of Income

(Millions of yen)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Net sales	265,558	228,911
Cost of sales	203,108	179,229
Gross profit	62,450	49,682
Selling, general and administrative expenses	57,775	50,962
Operating profit (loss)	4,674	(1,280)
Non-operating income		
Interest income	31	97
Share of profit of entities accounted for using equity method	66	112
Sponsorship money income	83	84
Subsidy income	109	168
Other	236	332
Total non-operating income	527	794
Non-operating expenses		
Interest expenses	324	251
Commitment fees	55	23
Other	199	82
Total non-operating expenses	579	356
Ordinary profit (loss)	4,622	(842)
Extraordinary income		
Gain on change in equity	15	5
Gain on sale of non-current assets	0	56
Gain on sale of investment securities	0	76
Total extraordinary income	16	138
Extraordinary losses		
Loss on sale and retirement of non-current assets	171	57
Expo exhibit related expenses	-	2,878
Settlement payments	-	30
Total extraordinary losses	171	2,966
Profit (loss) before income taxes	4,467	(3,670)
Income taxes - current	3,072	1,216
Income taxes - deferred	(407)	683
Total income taxes	2,664	1,900
Profit (loss)	1,803	(5,570)
Profit attributable to non-controlling interests	2,556	592
Loss attributable to owners of parent	(753)	(6,163)

(3) Nine months Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Profit (loss)	1,803	(5,570)
Other comprehensive income		
Valuation difference on available-for-sale securities	(620)	(2)
Foreign currency translation adjustment	149	91
Remeasurements of defined benefit plans, net of tax	(102)	(376)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(574)	(288)
Comprehensive income	1,229	(5,858)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,032)	(6,458)
Comprehensive income attributable to non-controlling interests	2,261	599

(4) Notes to Going Concern Assumption

None

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

None

(6) Changes in Accounting Policy

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from the beginning of the first quarter period of the consolidated fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the nine months consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter period of the consolidated fiscal year. This change in accounting policies is applied retrospectively, and the nine months consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. The effect of this change in accounting policy on the nine months consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year was not material.

(7) Segment Information

i) 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		Global Solutions	Life Solutions	Regional Revitalization and Tourism Solutions	Outsourcing			
	BPO Solutions, Expert Solutions	Career Solutions							
Net sales									
BPO Solutions	108,586	—	—	—	—	—	108,586	—	108,586
Expert Solutions	102,180	—	—	—	—	—	102,180	—	102,180
Career Solutions	—	9,897	—	—	—	—	9,897	—	9,897
Global Solutions	—	—	7,713	—	—	—	7,713	—	7,713
Life Solutions	—	—	—	5,253	—	—	5,253	—	5,253
Regional Revitalization and Tourism Solutions	—	—	—	—	3,948	—	3,948	—	3,948
Outsourcing	—	—	—	—	—	27,978	27,978	—	27,978
Revenue from contract with customers	210,767	9,897	7,713	5,253	3,948	27,978	265,558	—	265,558
Other revenue	—	—	—	—	—	—	—	—	—
Sales to outside customers	210,767	9,897	7,713	5,253	3,948	27,978	265,558	—	265,558
Intersegment sales and transfers	2,317	12	198	433	647	397	4,006	(4,006)	—
Total	213,084	9,909	7,911	5,686	4,596	28,376	269,564	(4,006)	265,558
Operating profit (loss)	7,594	2,980	114	90	(2,054)	5,813	14,539	(9,865)	4,674

Notes:

- 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.
- Operating profit (loss) is adjusted with operating profit under the nine months consolidated statements of income.

ii) Nine months ended February 28, 2025

1. 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		Global Solutions	Life Solutions	Regional Revitalization and Tourism Solutions			
	BPO Solutions, Expert Solutions	Career Solutions						
Net sales								
BPO Solutions	99,880	—	—	—	—	99,880	—	99,880
Expert Solutions	100,052	—	—	—	—	100,052	—	100,052
Career Solutions	—	10,765	—	—	—	10,765	—	10,765
Global Solutions	—	—	7,996	—	—	7,996	—	7,996
Life Solutions	—	—	—	5,907	—	5,907	—	5,907
Regional Revitalization and Tourism Solutions	—	—	—	—	4,309	4,309	—	4,309
Revenue from contract with customers	199,932	10,765	7,996	5,907	4,309	228,911	—	228,911
Other revenue	—	—	—	—	—	—	—	—
Sales to outside customers	199,932	10,765	7,996	5,907	4,309	228,911	—	228,911
Intersegment sales and transfers	1,955	14	221	389	646	3,227	(3,227)	—
Total	201,888	10,780	8,217	6,296	4,955	232,139	(3,227)	228,911
Operating profit (loss)	7,052	3,796	187	70	(1,470)	9,635	(10,915)	(1,280)

Notes:

- Adjustments of ¥(10,915) million with Operating profit (loss) includes corporate expenses of ¥(10,928) 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 ¥12 million.
- Operating profit (loss) is adjusted with operating loss under the nine months consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

The Group's reporting segments, which in the previous consolidated fiscal year were “Expert Services, BPO Services and Others,” “Career Solutions,” “Outsourcing,” “Life Solutions,” and “Regional Revitalization Solutions,” have been partially reclassified effective from the beginning of the first quarter of the consolidated fiscal year. The segment was renamed “BPO Solutions, Expert Solutions,” “Career Solutions,” “Global Solutions,” “Life Solutions,” and “Regional Revitalization and Tourism Solutions.”

Benefit One Inc. and its subsidiaries, etc., which were responsible for the “Outsourcing” segment in the previous consolidated fiscal year, were excluded from the scope of consolidation, and the “Outsourcing” segment was excluded from the first quarter of the consolidated fiscal year.

The segment information for the nine months of the previous fiscal year is presented based on the classification after the change.

(8) Notes to Statements of Cash Flows

Quarterly consolidated statements of cash flows have not been prepared for the nine months of the current fiscal year. Depreciation (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the nine months of the consolidated fiscal year under review are as follows.

	(Millions of yen)	
	For the nine months ended February 29, 2024	For the nine months ended February 28, 2025
Depreciation	3,967	1,985
Amortization of goodwill	566	252

(9) Important Subsequent Events

(Cancellation of Treasury Stock)

Pasona Group Inc. (the “Company”) hereby announces that, at the Board of Directors meeting held on April 14, 2025, it has resolved to cancel the Company’s treasury stock pursuant to Article 178 of the Companies Act.

1. Reason for cancellation: Improve capital efficiency and enhance shareholder returns
2. Class of shares to be cancelled: Common stock of the Company
3. Total number of shares to be cancelled: 1,500,000 shares
(3.60% of the total number of issued shares (including treasury stock) before the cancellation)
4. Scheduled date of cancellation: April 30, 2025
5. After the cancellation, the total number of issued shares of the Company will be 40,190,300 shares.

3. Others

(Change in Officers)

For details, please refer to the ‘Notice of Changes of Representative Directors and Management Structure’ released today (14 April 2025).