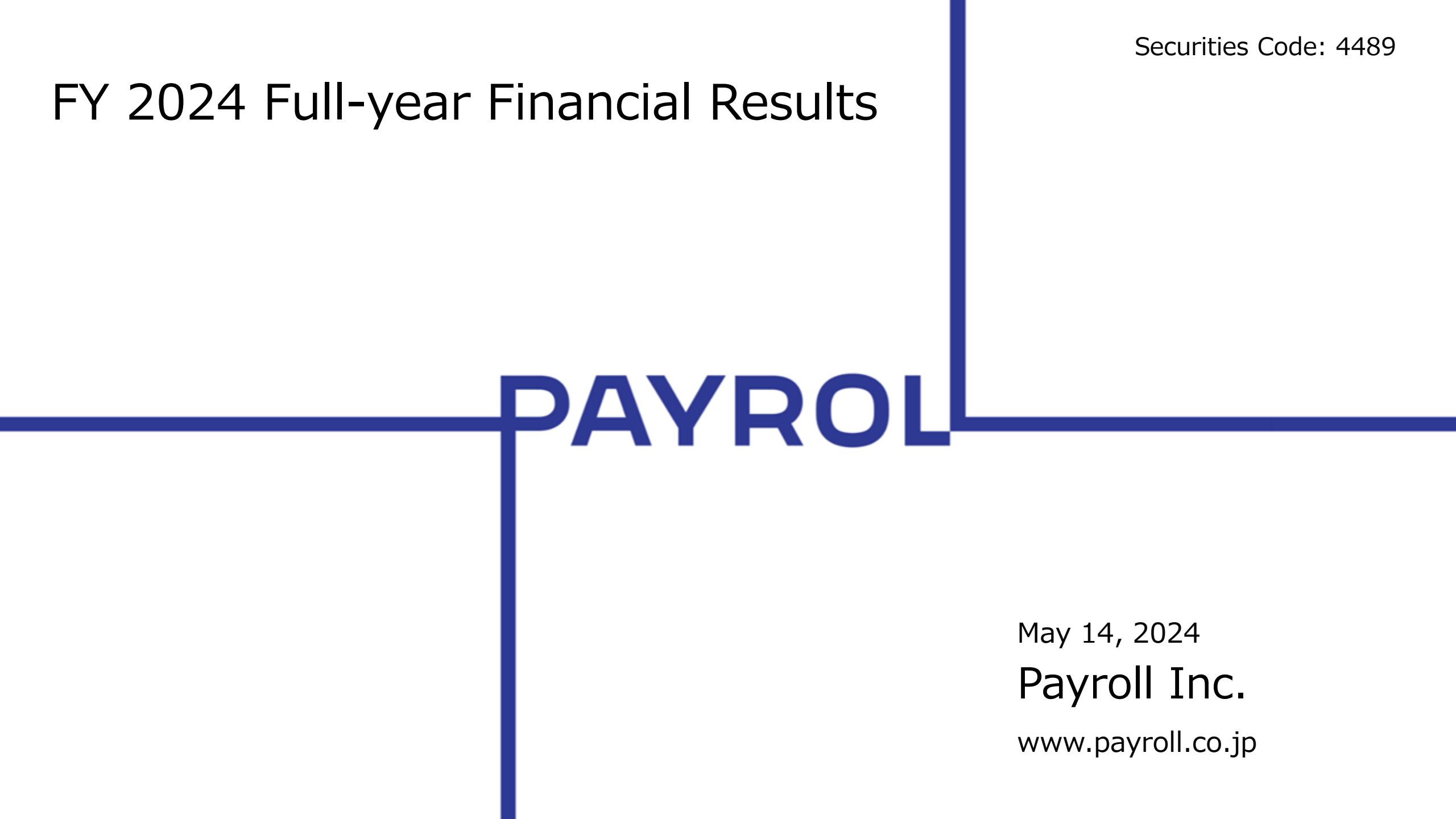


FY 2024 Full-year Financial Results

A large blue graphic consisting of a horizontal line and a vertical line that intersect to form a cross. The word "PAYROLL" is written in a bold, blue, sans-serif font, with the vertical line passing through the middle of the letters.

PAYROLL

May 14, 2024

Payroll Inc.

www.payroll.co.jp

1	FY 2024 Consolidated Financial Results	P3-P11
2	FY 2024 Review of the Full-year Results	P12-P15
3	Notification on the Delisting of Shares of Our Company	P16-P17
	Appendix	P18-P19

1

FY 2024 Consolidated Financial Results

Highlights of FY 2024
Consolidated Financial
Results

Sales revenue

+ 9.0% YoY

Page 5

Operating income

+ 10.4% YoY

Page 5

**ARR from new
orders**

520 million yen

Page 6

**ARR from new
operations**

490 million yen

Page 7

**ARR from backlog
of orders**

690 million yen

Page 8

Churn rate
(Ave. monthly churn rate)

0.16%

Page 9

Consolidated Financial
Results of FY 2024

Sales revenue and operating income increased year on year.

(millions of yen,%)

	FY 2024		FY 2023		Changes Rate of increase (%)	
	performance	%	performance	%	changes	%
Revenues	9,719	100.0	8,917	100.0	+802	+9.0
COGS	6,696	68.9	6,254	70.1	+441	+7.1
Gross Margin	3,023	31.1	2,662	29.9	+360	+13.5
SGA	1,449	14.9	1,318	14.8	+130	+9.9
Operating Income	1,656	17.0	1,500	16.8	+155	+10.4
Income before Income Tax	1,617	16.6	1,440	16.2	+177	+12.3
Net Income	1,121	11.5	1,016	11.4	+ 105	+ 10.3
Adjusted Operating Income	1,739	17.9	1,500	16.8	+155	+15.9

Sales revenue and
operating income
increased year on year.

Revenues

9.71 billion yen

+9.0% year on year

Operating Income

1.65 billion yen

+10.4% year on year

Operating income
adjusted with MBO-
related expenses
amounting to 80 million
yen: 1.73 billion yen

+15.9% year on year

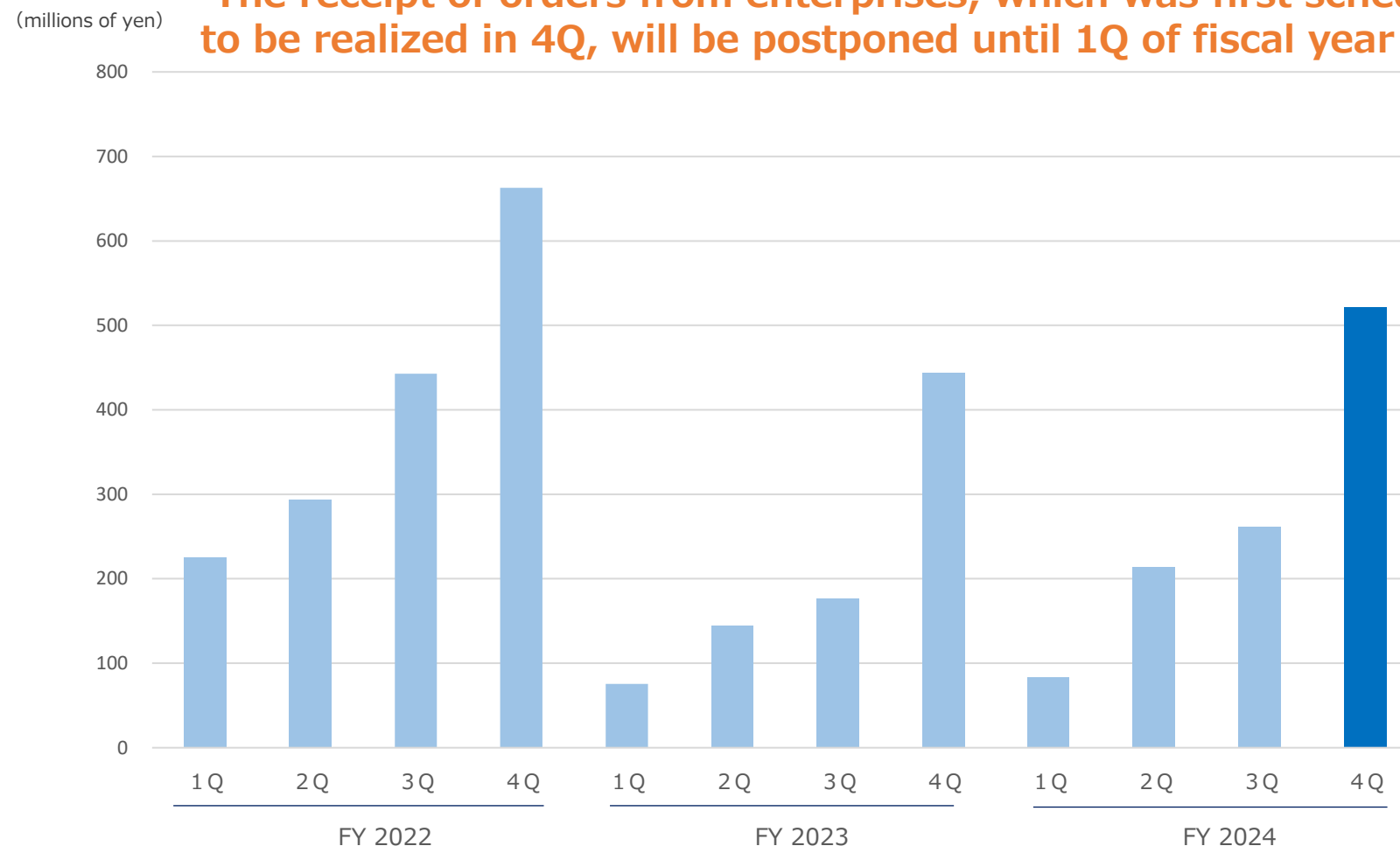
New Order : ARR

New Order (ARR) :
520 million yen,
up 17% (YoY)

The order receiving
environment remains
unchanged and we will keep
focusing on receiving more
orders.

New Order: ARR (cumulative amount in each fiscal year)

The receipt of orders from enterprises, which was first scheduled to be realized in 4Q, will be postponed until 1Q of fiscal year 2024.



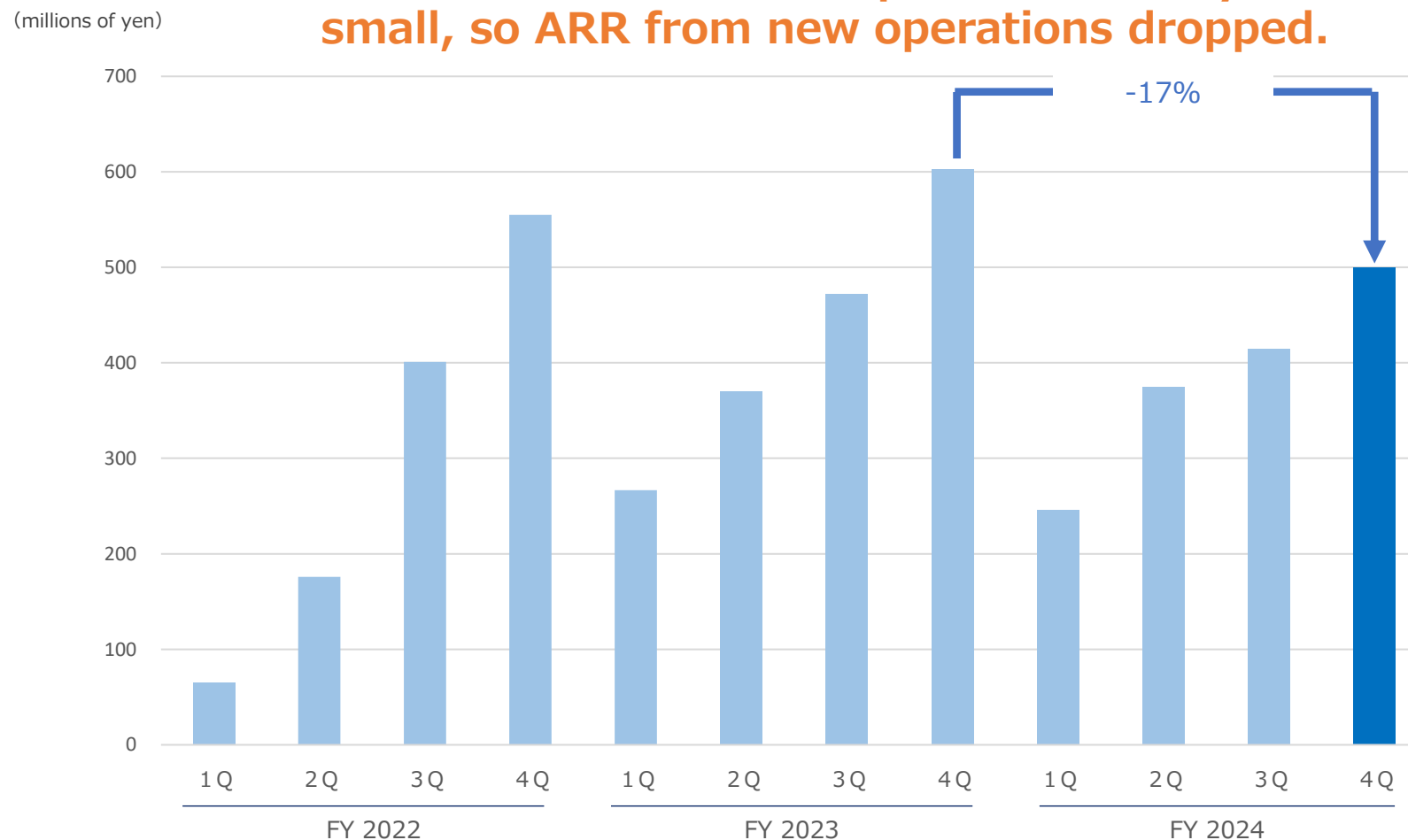
New Order : ARR = Estimated annual sales revenue (running fees only) from new business operations we undertook

Operating (New Clients): ARR

Operating (New Clients) ARR: 490 million yen, down 17% (YoY)

Operating (New Clients): ARR (cumulative amount in each fiscal year)

ARR from new clients in the previous fiscal year was small, so ARR from new operations dropped.



Operating (New Clients): ARR = Estimated annual sales revenue (running fees only) from new business operations we undertook

ARR from started operation and order backlog ARR

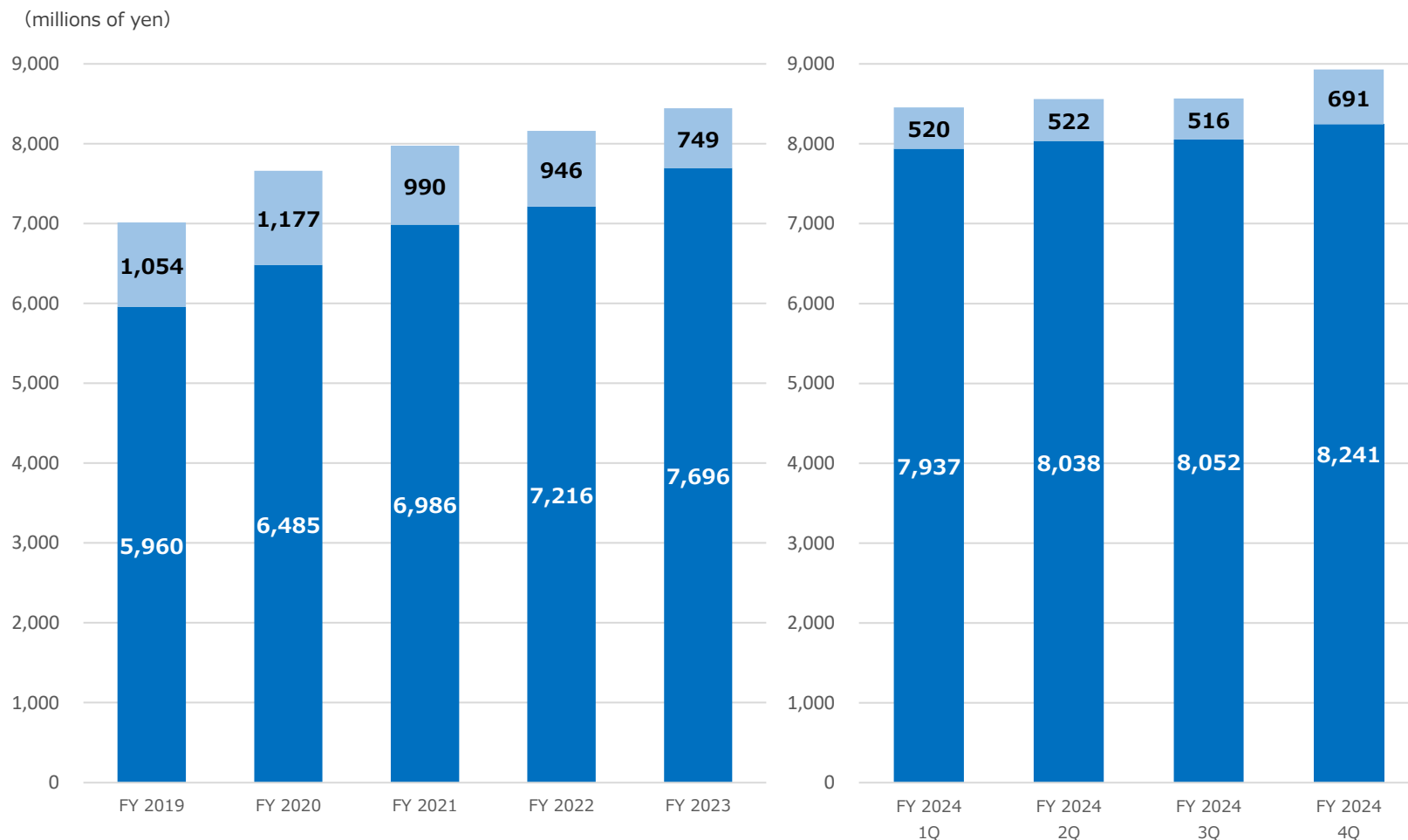
ARR from started operation:
8.24 billion yen
(up 540 million yen from the end of the previous term)

Order backlog ARR: 690 million yen
(down 500 million yen from the end of the previous term)

ARR from started operation
+ Order backlog ARR:
8.93 billion yen
(up 480 million yen from the end of the previous term)

Sales revenue increased due to the rise in ARR from started operation.

Variations in ARR from started operation and order backlog ARR



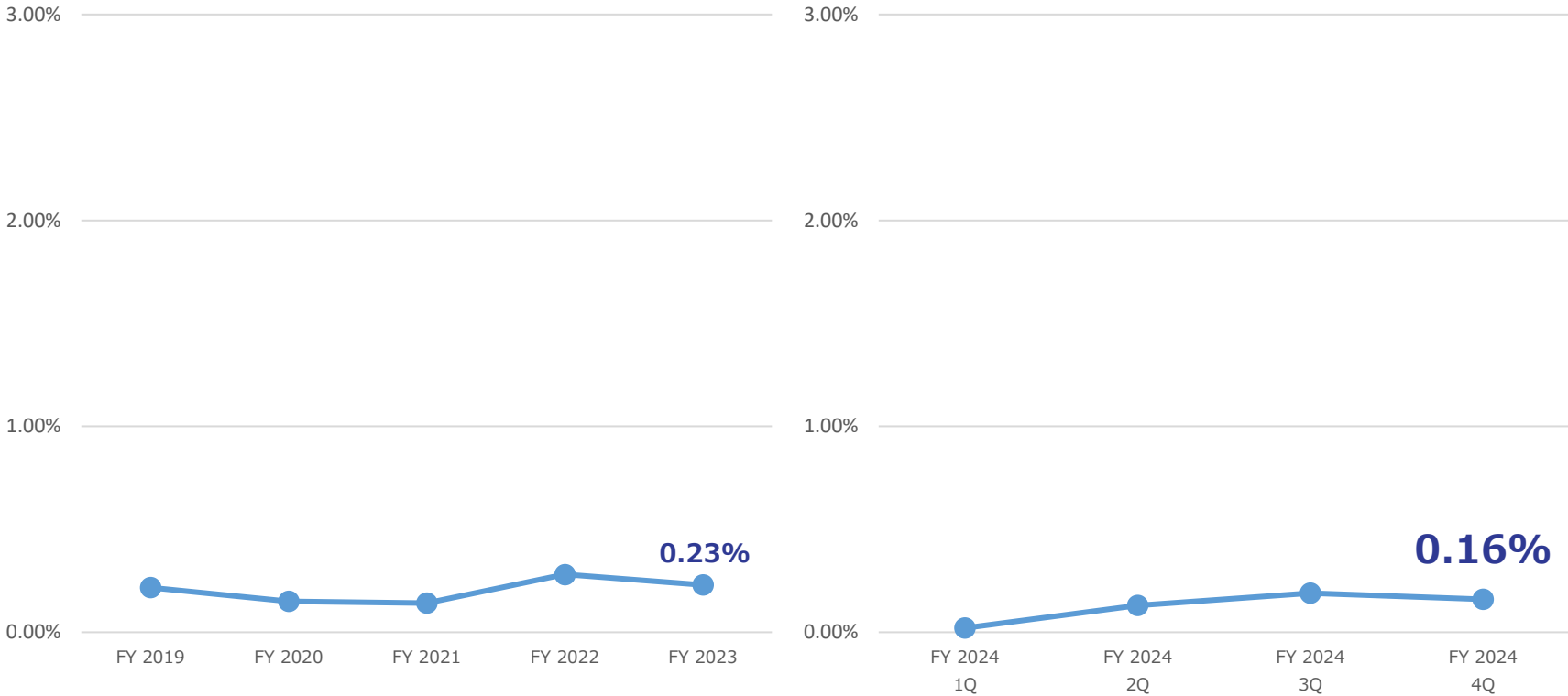
- ARR (Annual Recurring Revenue): sales revenue from continuous transactions per year
 - ARR from started operation: sales revenue from already started continuous transactions per year
 - Order backlog ARR: Total sales revenue from transactions for which orders have been placed and actual operations are to be conducted.
- ARR from started operation ■ Order backlog ARR

Churn rate
(Ave. monthly churn rate)

Churn Rate: 0.16%

Churn rate (Ave. monthly churn rate)

Annual churn rate has remained low and favorable.



Churn Rate = (lost client ARR ÷ (existing client ARR of the previous year end + new client ARR)) ÷ Elapsed Months

- Lost client ARR : ARR of clients terminated
- Exiting client ARR of the previous year end : ARR of clients operated at the year end
- New client ARR : ARR of new client operated this year

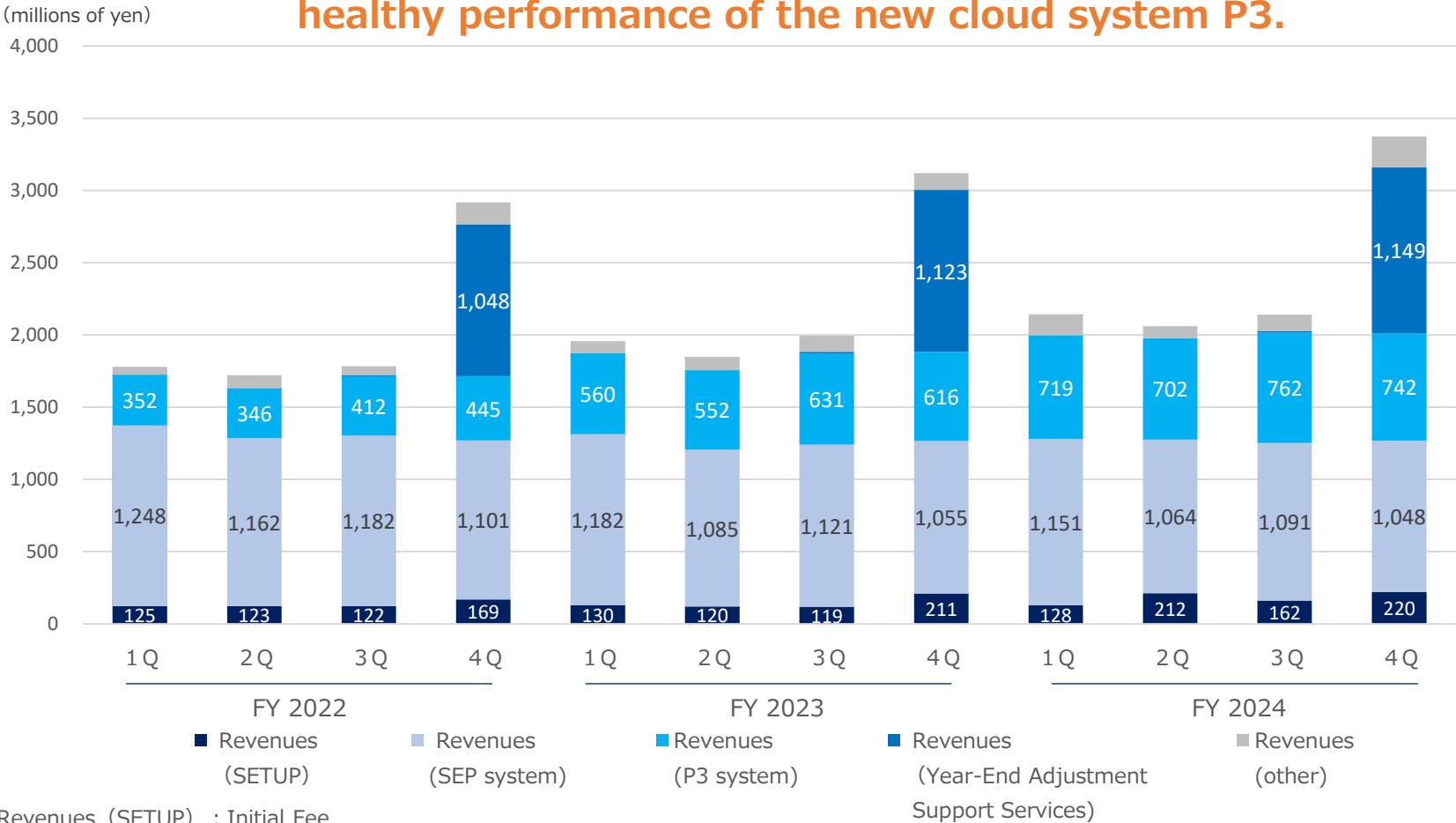
Revenues

Sales revenue: 9.71 billion yen, up 9.0% (YoY)

Steady growth, mainly thanks to the healthy performance of the new cloud system P3.

Revenues (Amount by the Quarter)

Sales revenue was on an upward trend, mainly thanks to the healthy performance of the new cloud system P3.



Revenues (SETUP) : Initial Fee
Revenues (SEP system) : Old system, ASP Service. Running Fee
Revenues (P3 system) : New system, Cloud Service. Running Fee
Year-End Adjustment Support : Sales revenue from year-end adjustment support services

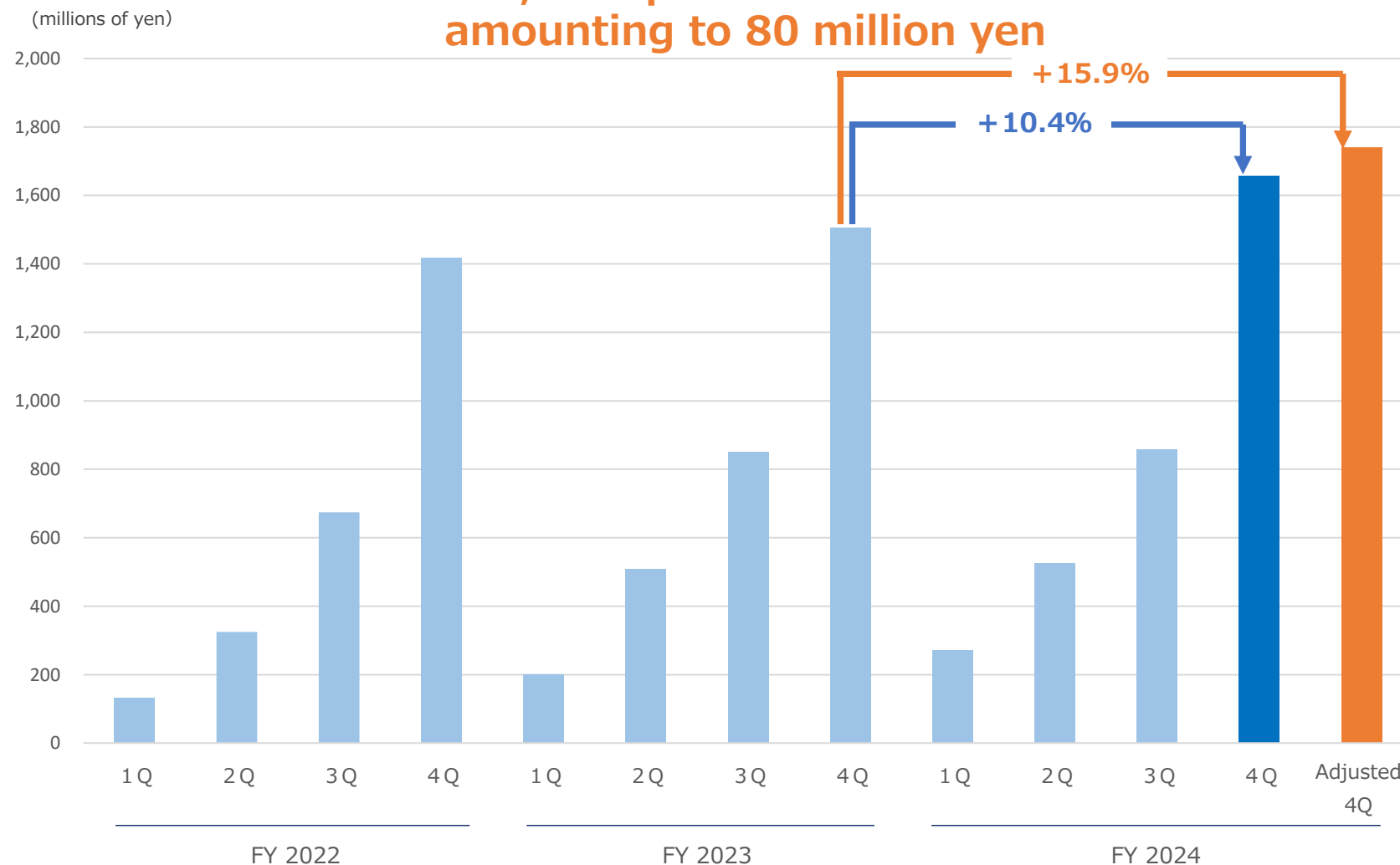
Operating income

Operating income: 1.65 billion yen, up 10.4% (YoY)

Operating income adjusted with MBO-related expenses amounting to 80 million yen: 1.73 billion yen
+15.9% year on year

Operating income (cumulative amount in each fiscal year)

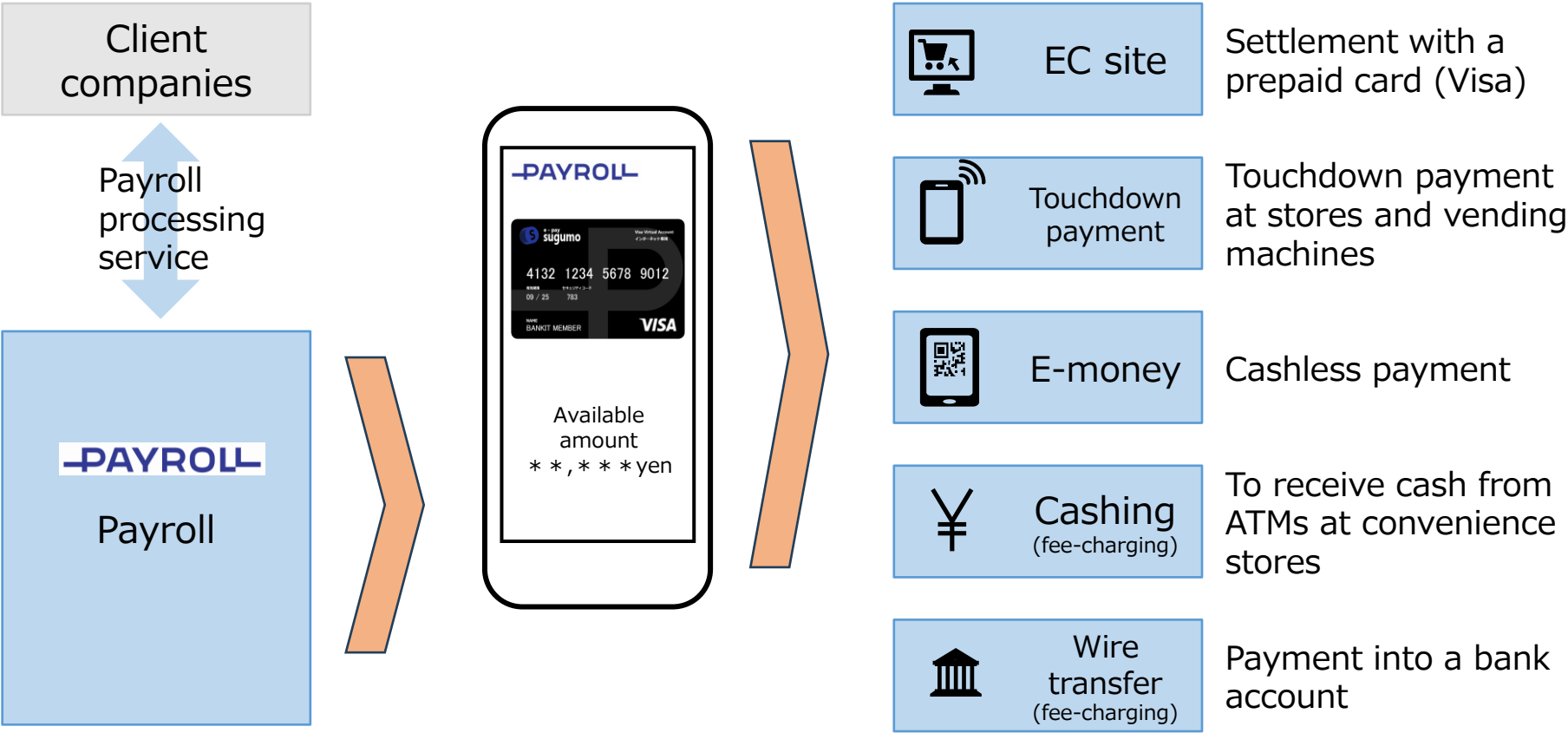
As assumed, except for the MBO-related cost amounting to 80 million yen



2 FY 2024 Review of the Full-year Results

Preparation for the operation of the on-demand payment system “e-pay sugumo”

We are promoting the sale of this system targeting mainly clients in the restaurant and retail industries.
We plan to release services for enterprises in the spring of 2024.



Schematic diagram of the “e-pay sugumo” service
After the launch of this service in 2024, we will expand services for client companies and their employees step by step.

Business expansion based on “BPaaS1.0” targeted at SMBs, too

Offering our service to not only enterprises, but also SMBs

In the fiscal year ended March 2024, about 10 SMBs entrusted us.

BPaaS 1.0 comprises a minimum basic service required for payroll processing of clients and optional services available when needed. This retains the staff in charge of payroll for the time being and enables initial cost reduction of outsourcing, thus achieving flexible streamlining of business operations and personnel placement for each client.

We are explaining the necessity of outsourcing of non-core tasks in the future to companies, including prospective clients, and will continue sales activities so as not to miss business chances.

Enterprises=clients with over 1,000 employees

SMB=small and medium business with 100-1,000 employees

BPaaS: Abbreviation for Business Process as a Service; an integrated service that comprehensively provides BPO, cloud computing, and infrastructure including BCP and information security

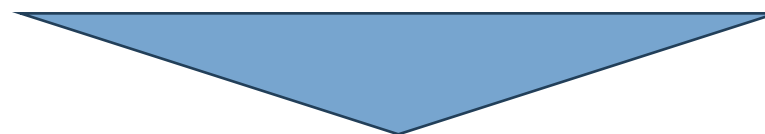
“e-pay HR KPI” service for reporting on human capital

**Addressing the needs for disclosure of non-financial information,
including information on human capital
In the fiscal year ended March 2024, about 90 companies entrusted us.**

At the symposium for empowering women organized by the Ministry of Health, Labour and Welfare in February 2024, we will give a presentation to introduce Pay Gap Report and our measures for obtaining the ISO30414 certification.

The Cabinet Office Ordinance stipulates that information on human capital shall be included in securities report.

Through the revision to the systems for the Act on Promotion of Women's Participation and Advancement in the Workplace, it is now mandatory to disclose information on “providing female workers with opportunities about occupational life” and “a good balance between work and family life.”



As there is a growing interest in business management focused on human capital through ESG investment and SDGs, our company will report information on client companies and statistical data on the world by starting “e-pay HR KPI” services, which offers information on human capital.

3

Notification on the Delisting of Shares of Our Company

Our company is scheduled to be delisted on June 10, 2024

At the extraordinary general meeting of shareholders held on May 8, 2024, the proposal for a reverse stock split was approved without any modification.

Accordingly, common shares of our company will meet the criteria for delisting, which are specified in Tokyo Stock Exchange's regulations for listing securities, so our company will be delisted on June 10, 2024.

We would like to express our heartfelt thanks to shareholders and other stakeholders for understanding and warmly supporting our business administration for many years.

We will make continuous efforts to improve corporate value, so we would appreciate your continued understanding and support.

Appendix

Variations in quarterly consolidated results

Regarding seasonal fluctuations in performance

As one of payroll processing services, we offer a service of supporting year-end adjustment, and sales revenue and profit tend to be larger in January (the fourth quarter). Accordingly, business performance varies from quarter to quarter in the same fiscal year.

For details, please refer to page 18 of the securities report submitted on June 28, 2023.

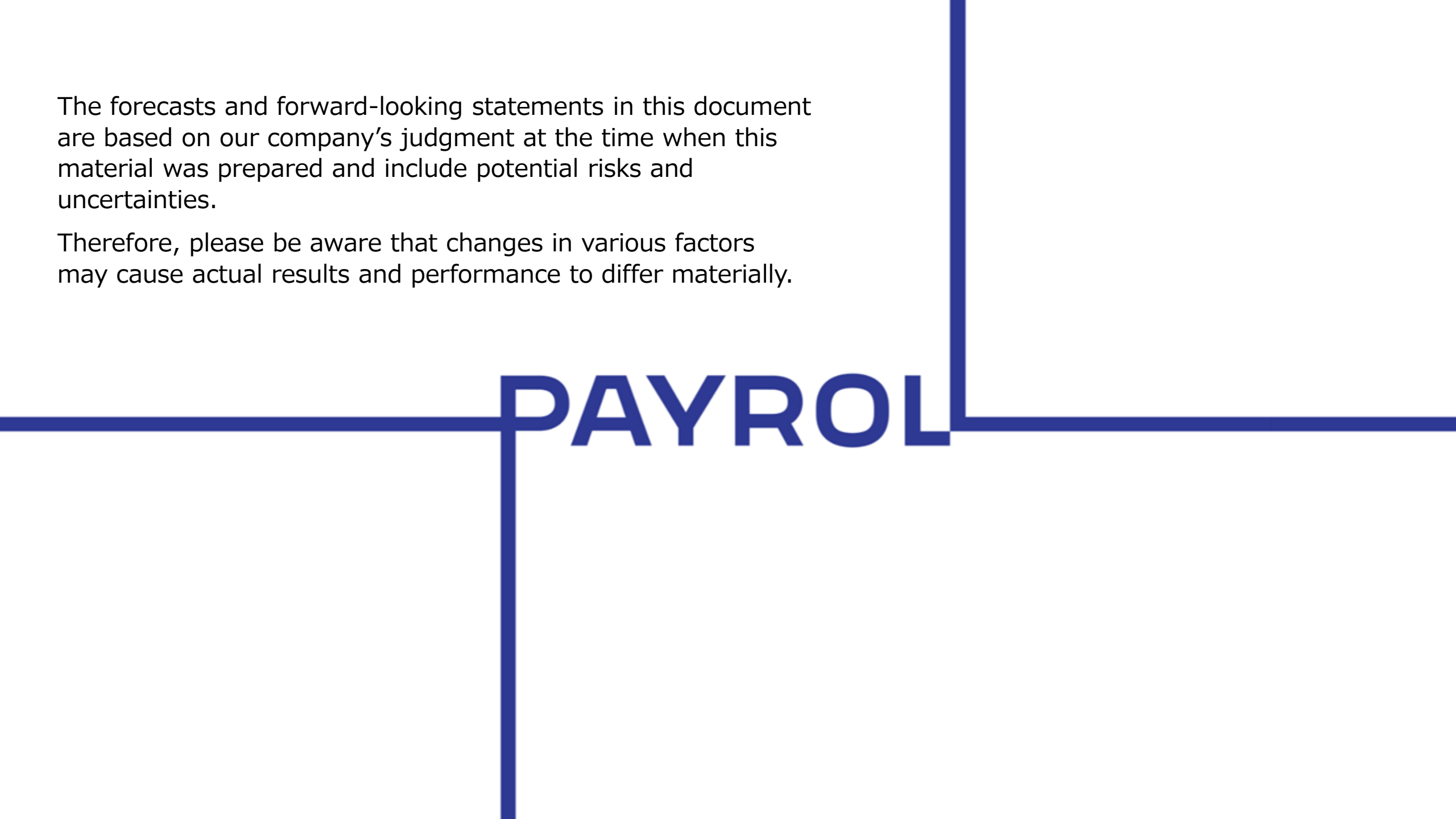
Revenues and profit grew year on year

(millions of yen,%)

	FY 2023								FY 2024							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%	Perfor- mance	%
Revenues	1,957	100.0	1,846	100.0	1,994	100.0	3,119	100.0	2,142	100.0	2,060	100.0	2,141	100.0	3,375	100.0
COGS	1,412	72.2	1,288	69.8	1,352	67.8	2,200	70.5	1,527	71.3	1,500	72.8	1,419	66.3	2,250	66.7
Gross Margin	544	27.8	557	30.2	642	32.2	919	29.5	615	28.7	560	27.2	722	33.7	1,125	33.3
SGA	342	17.5	281	15.2	328	16.5	366	11.7	344	16.1	333	16.2	391	18.3	379	11.3
Other Revenues	0	0.0	29	1.6	30	1.5	97	3.1	0	0.0	26	1.3	2	0.0	53	0.0
Other Expenses	0	0.0	0	0.0	0	0.0	1	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Operating Income	201	10.3	305	16.6	344	17.3	648	20.8	270	12.6	253	12.3	333	15.6	798	23.7
Income before Income Tax	187	9.6	291	15.8	332	16.7	628	20.1	261	12.2	245	11.9	323	15.1	786	23.3
Profit	128	6.6	200	10.8	228	11.4	459	14.7	181	8.5	169	8.2	224	10.5	576	17.1

The forecasts and forward-looking statements in this document are based on our company's judgment at the time when this material was prepared and include potential risks and uncertainties.

Therefore, please be aware that changes in various factors may cause actual results and performance to differ materially.



PAYROL