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January 14, 2025

To whom it may concern,

Listed company name	Pasona Group Inc.
Listing stock exchange:	Tokyo Stock Exchange Prime Market
Securities code number:	2168
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Notice on Recording of Extraordinary Losses and Revision of Full-Year Consolidated Business Forecasts for the Fiscal Year Ending May 31, 2025

Pasona Group Inc. (the Company) announces that it has recorded an extraordinary loss for the second quarter (the current first half period) of the fiscal year ending May 31, 2025 (June 1, 2024 to November 30, 2024) and has revised its consolidated business forecast for the full fiscal year ending May 31, 2025 announced on July 12, 2024, based on recent performance trends, as follows.

The dividend forecast remains unchanged from the previous forecast.

1. Recording of Extraordinary Losses

As we approach the 50th anniversary of our founding, we plan to exhibit our pavilion “PASONA NATUREVERSE” at the Expo 2025 Osaka, Kansai, Japan as part of our efforts to enhance corporate value, including branding for the creation of new businesses in the wellbeing industry and other areas. We plan to present to the world a wellbeing society that achieves physical, mental, and social health, and a truly affluent society in which everyone can play an active and vibrant role with an enriched mind. The pavilion is scheduled to be relocated to Awaji Island, Hyogo Prefecture, after the closing of the Expo. However, the Company recorded an extraordinary loss of ¥2,571 million as Expo exhibit-related expenses in the current first half period under review for temporary expenses for items that are not expected to be relocated or used after the closing of the Expo.

2. Revision of Consolidated Business Forecast for the Fiscal Year Ending May 31, 2025

(From June 1, 2024 to May 31, 2025)

(in millions of yen unless otherwise specified)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share (yen)
Previous forecast (A) Announced on July 12, 2024	330,000	5,000	5,000	1,300	33.18
Revised forecast (B)	320,000	1,700	2,000	(4,300)	—
Change (B – A)	(10,000)	(3,300)	(3,000)	(5,600)	
Change (%)	(3.0)	(66.0)	(60.0)	—	
Reference: Actual results for the previous fiscal year	356,733	6,794	7,152	95,891	2,447.56
Reference: Actual results for the previous fiscal year *Excluding the Outsourcing segment	318,301	(821)			

3. Reasons for Revision of Consolidated Business Forecasts for the Fiscal Year Ending May 31, 2025

As for the consolidated business results for the full year of the current fiscal year, net sales and operating profit in the BPO Solutions and Expert Solutions segments fell short of the initial projection, mainly due to the BPO Solutions segment's inability to cover the negative impact of the contraction of large projects caused by the delay in new order wins, as well as the Regional Revitalization and Tourism Solutions segment's net sales and profits also falling short of the initial projection due to the impact of typhoons and other weather conditions, although net sales and profits in the Regional revitalization and Tourism Solutions segment expanded and improved compared to the previous fiscal year.

Through the second half of the current fiscal year ending May 31, 2025, we plan to promote the expansion of “X-TECH BPO,” which utilizes digital tools for BPO services according to a backdrop of demand trends associated with corporate productivity improvement and DX promotion, while improving gross profit margins. In the Expert Solutions segment, we plan to expand by strengthening order acquisition mainly in the Kansai region toward the end of the fiscal year, although the number of business days during the third quarter (December to February) is low. In the Career Solutions segment, we expect an increase in the second half, especially in the outplacement business, as the first half of the fiscal year exceeded our initial projection. In addition, in the Regional Revitalization & Tourism Solutions segment, the third quarter will be an off-season winter season, but in the fourth quarter (March to May), we plan to expand business by not only starting new attractions and strengthening of customer attraction, but also by continuing to capture more inbound demand during spring break and the GW period, as well as by strengthening cost control and improving profits at restaurants and other facilities.

In addition to these factors, we have revised our full-year consolidated business forecast for the fiscal year ending May 31, 2025, because the aforementioned expenses related to the Expo exhibit were recorded as an extraordinary loss in the current first half period under review, although we had assumed at the beginning of the fiscal year that these expenses would be incurred from the current fiscal year to the next fiscal year.

*Please note that the above forecasts are based on currently available information and that actual results may differ from these forecasts due to various factors.

(Reference) Performance by Segment

(in millions of yen unless otherwise specified)

Net sales	Previous forecast (A)	Revised forecast (B)	Change (B - A)	Change (%)	(Reference) Actual results for the previous fiscal year
HR Solutions	306,000	295,500	△10,500	△3.4	297,715
BPO Solutions	150,000	141,000	△9,000	△6.0	147,579
Expert Solutions	141,500	139,000	△2,500	△1.8	137,082
Career Solutions	14,500	15,500	+1,000	+6.9	13,054
Global Solutions	12,500	12,500	0	0	11,024
Life Solutions	8,400	8,500	+100	+1.2	7,792
Regional Revitalization and Tourism Solutions	7,700	7,500	△200	△2.6	6,610
Elimination and Corporate	△4,600	△4,000	+600	—	△4,841
Total	330,000	320,000	△10,000	△3.0	318,301

(in millions of yen unless otherwise specified)

Operating profit	Previous forecast (A)	Revised forecast (B)	Change (B - A)	Change (%)	(Reference) Actual results for the previous fiscal year
HR Solutions	18,500	17,000	△1,500	△8.1	15,625
BPO Solutions	14,000	11,300	△2,700	△19.3	11,582
Expert Solutions					
Career Solutions	4,500	5,700	+1,200	+26.7	4,042
Global Solutions	800	500	△300	△37.5	270
Life Solutions	300	300	0	0	128
Regional Revitalization and Tourism Solutions	△500	△1,500	△1,000	—	△2,671
Elimination and Corporate	△14,100	△14,600	△500	—	△14,174
Total	5,000	1,700	△3,300	△66.0	△821