July 22, 2025

To whom it may concern,

Company name:	Pasona Group Inc.
Representative:	Hirotaka Wakamoto, Representative Director, President and CEO (Securities code 2168, TSE Prime Market)
Inquiries:	Yuko Nakase, Executive Officer, Vice President and CFO (TEL. +81 3 6734 0200)

Notice of Receipt of Shareholder Proposal Documents and The Board of Directors' Opinion

Pasona Group Inc. (the Company) announces that it received a document from a shareholder (the "Shareholder's Proposal") to propose an agenda item for the 18th Annual General Meeting of Shareholders to be held on 22 August 2025, and the Board of Directors of the Company has resolved at its meeting held today to oppose the Shareholder's Proposal, as follows.

1.Proposing Shareholder

Mercury AIFLNP V.C.I.C Ltd

2.Contents of the Shareholder Proposal

(1) Items

ⅰ) Appropriation of surplus

ⅱ) Partial Amendment to the Articles of Incorporation Concerning the Disclosure of Related-Party Transactions (Donations) With Due Consideration of Cost of Capital

(2) Summary and reasons for the Proposals

As stated in the attached “Contents of the Shareholder Proposal.”

Please note that the attached “Contents of the Shareholder Proposal” presents the original text of the relevant sections of the Shareholder Proposal Document submitted by the Proposing Shareholder.

3. Opinion of the Board of Directors of the Company regarding the Shareholder Proposal

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company is opposed to all of the proposals submitted by shareholders.

(2) Reasons for opposition

ⅰ) Appropriation of surplus

The Company recognizes the return of profit to shareholders as one of its highest priorities. In order to play a sufficient role as a company with sustainable development, the Company will strive to strengthen its management base and profitability while securing growth funds such as new business investments and capital expenditures, with the aim of increasing shareholder returns by enhancing corporate value. Based on our basic policy of providing shareholder returns in line with performance, we will raise the consolidated dividend payout ratio to 40% in the fiscal year ending May 2025 in order to further enhance shareholder returns, and we are also working to maintain continuous and stable dividends.

This year, the Company celebrated its 50th anniversary. The business environment surrounding the Company is changing as the working-age population declines due to the declining birthrate and aging of the domestic population, while people's values and lifestyles are becoming more diverse. In addition, the remarkable advancement of digital technologies such as AI is bringing about dramatic changes, affecting not only the way we work but also the very nature of the work itself. Also, the composition of the Company's consolidated business portfolio has changed as a result of the sale of shares of consolidated subsidiaries in the fiscal year ending May 2024. The Company plans to use the funds obtained from the sale of shares of consolidated subsidiaries for growth investments such as new business investments, capital expenditures, and M&A investments to enhance the Company's corporate value over the medium to long term, while strengthening its management base and providing shareholder returns.

As for improving shareholder returns, as announced in the "Resolution to Pay Special Dividends and Revision of Dividend Forecast for the Fiscal Year Ending May 2024" dated April 12, 2024, the Company has resolved to pay a special dividend of 60 yen per share for each fiscal year over the five fiscal years from the fiscal year ending May 2024 to the fiscal year ending May 2028. As announced in the "Notice Regarding Share Repurchase " dated January 14, 2025, the Company is conducting share repurchases, as a further return to shareholders returns utilizing the sale proceeds, with the aim of further enhancing capital efficiency and executing a flexible capital policy in line with the business environment, with an upper limit of up to 5 billion yen in total acquisition cost and up to 2 million shares (equivalent to 4.97% of the total number of issued shares, excluding treasury shares).

As stated above, the Company is striving to enhance shareholder returns and formulate new growth strategies for the next 50 years as a company that grows sustainably, with the aim of further enhancing its corporate value. Therefore, we believe it is important to strike an optimal balance between securing the funds necessary for our growth strategy and providing shareholder returns.

This proposal is aimed to use an amount equivalent to eight-hundredths (8/100) of the Company's net assets, or a DOE of 8%, as a dividend source for the fiscal year ending May 2025. Based on the amount of net assets per share of 3,517.00 yen as of the consolidated financial statements for the fiscal year ending May 2025, the amount obtained by rounding down the figure representing 8/100 of such amount to the nearest yen is 281 yen. Accordingly, the total dividend amount proposed in this shareholder proposal is estimated to be approximately 11.1 billion yen. On the other hand, as mentioned above, the Company has indicated its intention to enhance shareholder returns, and when the total amount of special dividends of approximately 12 billion yen is combined with the maximum amount of 5 billion yen of share repurchases, it is presenting a shareholder return plan totaling roughly 17 billion yen. The Company has also formulated the PASONA GROUP VISION 2030, a five-year medium term vision covering the period from the fiscal year ending May 2026 through the fiscal year ending May 2030. Its basic policy for shareholder returns during this period is to provide returns in line with business performance, aiming for a consolidated dividend payout ratio of around 40%. In order to achieve continuous and stable dividends that are not affected by temporary performance fluctuations, the Company has resolved to introduce a progressive dividend policy that maintains or increases dividends with a minimum of 75 yen per share. Therefore, the Company believes that such a proposal is based on a short term perspective and does not take into account the Company's sustainable corporate growth and continuous and stable shareholder returns, and that this proposal will not lead to the Company's enhanced corporate value over the medium to long term.

For the reasons stated above, the Board of Directors of the Company is against this proposal.

ⅱ) Partial Amendment to the Articles of Incorporation Concerning the Disclosure of Related-Party Transactions (Donations) With Due Consideration of Cost of Capital

The Company appropriately addresses related-party transactions by examining them in advance and, for those exceeding a certain amount, deliberating on them at meetings of the Board of Directors, and it also discloses the details of such transactions in accordance with the law. Moreover, because it would be inappropriate to stipulate uniformly and rigidly in the Company's Articles of Incorporation individual and specific matters such as the deliberation and disclosure of related-party transactions, the Company believes that this proposal is not appropriate.

Pasona Professional Graduate University Preparatory Foundation (General Incorporated Foundation) is a foundation for the preparation for establishment of professional graduate school for training highly specialized human resources to take responsibility for the promotion of local industry and tourism. The funds from the donation will be used for the expenses necessary for graduate school operations.

The professional graduate school concerned focuses its teaching and research on "regional revitalization," that is, conceiving and implementing sustainable regional development that addresses local issues in Japan and maximizes each region's appeal by making effective use of its unique resources and characteristics.

Meanwhile, the Group is engaged in a variety of regional-revitalization businesses aimed at solving local problems. In order to establish a new model for regional revitalization, we need human resources with the managerial knowledge and skills to make the most of local resources and characteristics and to manage tourist destinations. We also believe that the professional graduate school concerned will generate substantial synergies that will help enhance the profitability of the Group's regional revitalization business.

When making investments, the Group makes investment decisions using multifaceted evaluation indicators, such as comparing the internal rate of return (IRR) with the cost of capital, and the Board of Directors assesses their appropriateness. Donations to the professional graduate school concerned cannot be discussed on the same basis as ordinary investments; however, when making such donations, we make our decisions by taking into account both the social significance and the potential group synergies.

In addition, the establishment of this proposal in the Articles of Incorporation, which is the basic code of conduct for the Company, may hinder the implementation of management measures in response to changes in the business environment, and is therefore not appropriate.

For the reasons stated above, the Board of Directors of the Company is against this proposal.

Attachment：Contents of the Shareholder Proposal

*This document is the original text of the relevant sections of the Shareholder Proposal Document submitted by the Proposing Shareholder.

I. Items

1. Appropriation of surplus
2. Partial Amendment to the Articles of Incorporation Concerning the Disclosure of Related-Party Transactions (Donations) With Due Consideration of Cost of Capital

Ⅱ. Summary of the Proposals and reasons for the proposals

1. Appropriation of surplus

[Content of the proposal]

(1) Type of dividend property

Cash

(2) Matters concerning allocation of dividend property and the total amount

The Company shall distribute, as the dividend per common share (hereinafter “dividend per share”), an amount equal to 288 yen minus (i) the dividend per share based on the proposal for appropriation of surplus submitted by the Board of Directors and approved at the FY2024 Ordinary General Meeting of Shareholders (hereinafter “Company Proposal for Appropriation of Surplus”) or (ii) the dividend per share resolved by the Board of Directors, pursuant to Article 29 of the Articles of Incorporation, as the appropriation (including any planned appropriation) of surplus at the end of the fiscal year ending May 2025, provided such resolution is adopted by the date on which the FY2024 Ordinary General Meeting of Shareholders is held.

If the amount obtained by taking eight-hundredths (8/100) of the net assets per share for the fiscal year ending May 2025 and rounding it down to the nearest 1 yen differs from 288 yen, the figure 288 yen appearing at the beginning shall be replaced with that amount.

Incidentally, the total amount of dividends shall be the amount obtained by multiplying the dividend per share by the number of shares entitled to receive dividends as of the record date for voting rights for the FY2024 Ordinary General Meeting of Shareholders of the Company.

(3) The date on which the dividend of surplus takes effect

The day after the FY2024 Ordinary General Meeting of Shareholders of the Company

If a company proposal for the appropriation of surplus is submitted at the FY2024 Ordinary General Meeting of Shareholders, this proposal will be submitted in addition as an independent and compatible proposal.

[Reasons for the proposal]

<u>The proposal aims to pay dividends equivalent to eight-hundredths (8/100) of net assets per share, or Dividend on Equity (“DOE”) of 8%.</u> DOE is a shareholder return indicator calculated by dividing the annual dividend per share by net assets per share. Further, the proposing shareholder estimates cost of equity of the Company to be approximately 8%.

The stock price of the Company is well below the PBR (stock price to net assets ratio) of 1x. While ensuring minimum returns through shareholder returns, it is expected that shareholder value of at least 1X PBR will be realized by working to improve business performance and capital efficiency through, among other measures, the reorganization of the business portfolio described in the “Corporate Governance Report” dated

April 14, 2025.

Please refer to the following QR Code for details of the shareholder proposal.

Enhancing shareholder value for the Pasona Group (2168)

2. Partial Amendment to the Articles of Incorporation Concerning the Disclosure of Related-Party Transactions (Donations) With Due Consideration of Cost of Capital

[Content of the proposal]

The following chapters and articles will be newly established in the current Articles of Incorporation.

Chapter 7 Management with awareness of the cost of capital

Article 32 (Disclosure of related-party transactions with due consideration of capital costs)

When the Company enters into a transaction with a related party that is required to be disclosed in the annual securities report as a donation, a director who has no interest in the transaction shall verify that the expected return exceeds the amount obtained by multiplying the transaction amount by either (i) the shareholders' cost of equity or (ii) the weighted average cost of capital. Furthermore, if the Company resolves to execute the relevant transaction, it shall, within two weeks of such resolution, publicly disclose the results of the aforementioned verification through the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange, Inc.

[Reasons for the proposal]

This proposal is intended to clarify the appropriateness of donations to related parties.

According to the disclosures regarding related-party transactions in the annual securities report of the Company for the fiscal year ending May 31, 2024, 680 million yen was donated to the Pasona Professional Graduate University Preparatory Foundation (General Incorporated Foundation (Awaji City, Hyogo Prefecture), for which the Company's officers and their family members serve as Representative Directors. This is a large amount of spending equivalent to 10% of the consolidated operating profit of approximately 6.8 billion yen for the fiscal year ending May 31, 2024. It is also stated that "the objective of the Foundation's activities is to establish a graduate university with the aim of cultivating human resources who can contribute to the creation of attractive communities by utilizing unique resources such as the natural environment, history, culture, and food that vary from region to region." However, it is difficult to determine a causal relationship between the realization of these objectives and the enhancement of the Company's shareholder value.

The donation of large amounts of money to related parties at the expense of shareholder value is simply unacceptable.