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November 14, 2023

To whom it may concern,

Listed company name:	Pasona Group, Inc.
Listing stock exchange:	Tokyo Stock Exchange Prime Market
Securities code number:	2168
Representative:	Yasuyuki Nambu, Group CEO and President
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Notice Concerning the Execution of Share Tender Agreement Relating to the Tender Offer for Subsidiary Shares and the Expected Recording of Extraordinary Gains

Pasona Group Inc. (the “Company”) hereby announces that its Board of Directors, at a meeting held on November 14, 2023, resolved to enter into a share tender agreement (the “Share Tender Agreement”) with M3, Inc. (the “Tender Offeror”) in relation to the tender offer for the common shares of Benefit One Inc., a consolidated subsidiary of the Company, (the “Target,” and those common shares, the “Target Shares”) to be launched by the Tender Offeror (the “Tender Offer”), to tender all of the Target Shares held by the Company. The Share Tender Agreement has been executed on the same day.

1. Reason for Entering into the Share Tender Agreement

The Target was established in March 1996 as an internal venture of the Company under the name of Business Corp Inc., with the purpose of providing membership-based employee benefit services offering various service menus at discounted prices to employees of member companies. In April 2001, the Target changed its trade name to Benefit One Inc. and is currently listed on the Prime Market of the Tokyo Stock Exchange. The mainstay business of the Target is subscription-based employee benefit services, together with personal services business, incentive business, healthcare services business, purchase and settlement service business, and payment business. The Target

announced its Medium-term Management Plan on May 11, 2023, covering the three years from FY3/2024 to FY3/2026, with the aim of effectively expanding its membership base and enhancing its network of service suppliers, recognizing the potential growth in employee benefits outsourcing, especially for small- and medium-sized businesses and non-regular employees. Under the strategy set forth in the Medium-term Management Plan, the Target is striving to expand its business by focusing on expanding the membership base, monetizing the settlement business, and expanding the healthcare services.

The Target is the core part of the Company's outsourcing business and generates synergies in the sales and marketing activities for the Company group's temporary staffing, placement, and BPO services. The Company has held the Target Shares with the aim of improving the medium- to long-term corporate value of both the Company and the Target. At the same time, as part of its business portfolio optimization strategy, the Company has considered various capital policies, including transferring Target Shares to a new partner, to further enhance the corporate value of the Target. In that process, the Company has come to the conclusion that the Tender Offeror is the best partner for the Target as the Target will be able to leverage the various assets held by the Tender Offeror to further strengthen and differentiate its healthcare business, accelerate its overseas expansion, and enhance its overall business scale. Following discussions with the Tender Offeror, the Company has received a financially reasonable proposal from the Tender Offeror that would contribute to the improvement of the Target's corporate value. Therefore, the Company has decided to enter into the Share Tender Agreement with the Tender Offeror and is considering utilizing the funds obtained from tendering the Target Shares primarily for the following purposes:

- (1) Investment for strengthening the BPO business, including expanding X-TECH BPO, one of the Company's priority strategies, and increasing earnings from local development projects
- (2) Investment in digital transformation (DX) to improve productivity, including the development of DX personnel
- (3) Expansion of shareholder returns, including special dividends and share buybacks
- (4) M&A activities for new and existing businesses
- (5) Partial repayment of existing borrowings

If the Tender Offer is successfully completed, the Target will no longer be a consolidated subsidiary of the Company due to its tendering of the Target Shares. Nonetheless, the Company will continue to work and collaborate with the Target after the Tender Offer in the areas of employee benefits, temporary staffing, and placement services.

2. Overview of the Target

(1) Name	Benefit One Inc.
(2) Location	3-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
(3) Name and title of the representative	Norio Shiraishi, President
(4) Business	Benefit business, personal service business, customer relationship management (CRM) business, incentive business, healthcare services business, purchase and settlement service business, payment business
(5) Capital	1,527 million yen (as of March 31, 2023)
(6) Established	March 15, 1996
(7) Major shareholders and shareholding ratio (as of March 31, 2023) (Note 1)	Pasona Group, Inc. 51.16%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 8.91%
	Custody Bank of Japan, Ltd. (Trust account) 4.49%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch) 4.31%
	TAIYO FUND, L.P. (Standing Proxy: MUFG Bank, Ltd.) 1.49%
	Norio Shiraishi 1.16%
	Tokio Marine & Nichido Fire Insurance Co., Ltd. 1.01%
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd.) 0.88%
	Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.) 0.81%
	THE BANK OF NEW YORK MELLON SA/NV 10 (Standing Proxy: MUFG Bank, Ltd.) 0.77%
(8) Relationship between the Company and the Target	
Capital relationship	As of today, the Company holds 81,210,400 shares of the Target Shares (ownership ratio (Note 2): 51.16%)
Personnel relationship	Four directors of the Target were originally employees of the Company group, one of whom concurrently serves as a director of the Company.
Business relationship	The Company group outsources employee benefits to the

		Target. Also, the Company group provides temporary staffing and other services to the Target.	
	Status as a related party	As the Target is a consolidated subsidiary of the Company, it falls within the category of a related party.	
(9) Consolidated Financial Position and Consolidated Operating Results of the Target for the Last Three Years			
Fiscal year ended	March 2021	March 2022	March 2023
Net assets (million yen)	19,865	24,912	24,832
Total assets (million yen)	36,171	58,047	53,981
Net assets per share (yen)	124.84	156.54	156.77
Sales (million yen)	37,841	38,362	42,376
Operating income (million yen)	9,774	12,770	10,484
Ordinary income (million yen)	9,858	12,826	10,565
Net income attributable to owners of parent (million yen)	6,766	8,949	7,655
Net income per share (yen)	42.52	56.24	48.29
Dividend per share (yen)	30	36	36

(Note 1) “Major shareholders and shareholding ratio” is quoted from the “Status of major shareholders” provided in the Annual Securities Report for the 28th Fiscal Year filed by the Target on June 30, 2023.

(Note 2) “Ownership Ratio” means the percentage of shares held by the Company (rounded to two decimal places) out of the number of shares (158,740,543 shares) obtained by deducting the number of treasury shares held by the Target as of September 30, 2023 (450,357 shares, which excludes the Target Shares held by the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT) (323,499 shares)) from the total number of issued shares of the Target as of September 30, 2023 as stated in the Consolidated Financial Report (Japanese GAAP) for the Second Quarter of the Fiscal Year Ending March 31, 2024 (“Target Q2 Financial Report”), released by the Target on November 14, 2023 (159,190,900 shares).

3. Overview of the Tender Offeror

(1) Name	M3, Inc.
(2) Location	1-11-44 Akasaka, Minato-ku, Tokyo, Japan
(3) Name and title of the representative	Itaru Tanimura, Representative Director

(4) Business	Providing medical-related services through the use of the Internet	
(5) Capital	29,253 million yen (as of September 30, 2023)	
(6) Established	September 29, 2000	
(7) Major shareholders and shareholding ratio (as of September 30, 2023) (Note 1)	Sony Group Corporation	33.9%
	The Master Trust Bank of Japan, Ltd.	14.4%
	Custody Bank of Japan, Ltd.	7.9%
	THE BANK OF NEW YORK MELLON 140042 (Standing Proxy: Mizuho Bank, Ltd.)	4.1%
	NTT DOCOMO, Inc.	3.0%
	Itaru Tanimura	2.9%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)	1.3%
	STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd.)	1.2%
	JP MORGAN CHASE BANK 385632 (Standing Proxy: Mizuho Bank, Ltd.)	1.2%
GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A, Tokyo Branch)	0.9%	
(8) Relationship between the Company and the Tender Offeror		
Capital relationship	None	
Personnel relationship	None	
Business relationship	None	
Status as a related party	None	

(Note 1) “Major shareholders and shareholding ratio” is quoted from the “List of Major Shareholders” provided in the Quarterly Securities Report for the Second Quarter of the 24th Fiscal Year filed by the Tender Offeror on November 10, 2023.

4. Number of Shares to Be Tendered in the Tender Offer, Purchase Price, and Number of Shares Held before and after the Tender Offer

Number of shares held before the Tender Offer	81,210,400 shares (Number of voting rights: 812,104) (Ratio of voting rights: 51.16%) (Note 1)
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Number of shares to be tendered in the Tender Offer	81,210,400 shares (Number of voting rights: 812,104) (Ratio of voting rights: 51.16%)
Purchase price	TBD (Note 2) (1,600 yen per share)
Number of shares held after the Tender Offer	TBD (Note 2) (Number of voting rights: TBD) (Ratio of voting rights: TBD)

(Note 1) “Ratio of voting rights” represents the percentage of voting rights held by the Company out of the total number of voting rights (158,740,543) to the number of shares obtained (1,587,405 shares) by deducting the number of treasury shares held by the Target as of September 30, 2023 (450,357 shares) from the total number of issued shares of the Target as of September 30, 2023 (159,190,900 shares) as stated in the Target Q2 Financial Report, released by the Target on November 14, 2023.

(Note 2) The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 81,210,400 shares. If the total number of shares tendered in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares. Also, the Tender Offeror has set the maximum number of shares to be purchased in the Tender Offer at 87,307,300 shares. If the total number of Tendered Shares exceeds the maximum number of shares to be purchased, the Tender Offeror will not purchase the excess, either in whole or in part, but the pro rata method specified in Article 27-13, Paragraph (5) of the Financial Instruments and Exchange Act and Article 32 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers will be used for the delivery and other settlement procedures concerning the purchase of shares. Please note that the number of shares to be transferred by the Company in the Tender Offer will vary depending on the number of shares tendered by other shareholders. Additional disclosure will be made as soon as the purchase price and the number of shares to be held after the Tender Offer are fixed.

5. Schedule of the Tender Offer

- (1) Execution of the Share Tender Agreement: November 14, 2023
- (2) Tender Offer Period: November 15, 2023 to December 13, 2023
- (3) Announcement of Tender Offer Results: December 14, 2023
- (4) Settlement Start Date: December 20, 2023

6. Expected Recording of Extraordinary Gains and Future Prospects

If the Tender Offer is successfully completed, the Company expects to record gains on the sale of

affiliate shares as extraordinary gains in both its non-consolidated and consolidated financial statements for the fiscal year ending May 2024 as a result of tendering its shares in the Tender Offer. The Company also plans to revise its consolidated earnings forecast released on July 14, 2023 for the fiscal year ending May 2024 to reflect the exclusion of the Target from consolidation and the fees incurred related to the Tender Offer.

Since the number of shares to be transferred by the Company in the Tender Offer will vary depending on the number of shares tendered by other shareholders, the specific details will be disclosed as soon as the price is fixed.

(Reference: July 14, 2023 Release) Forecast of Consolidated Financial Results for the Fiscal Year Ending May 2024 (June 1, 2023 - May 31, 2024)

(Percentages indicate year-on-year changes)

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY5/2023	372,579	1.8	14,377	-34.9	15,366	-31.7	6,099	-29.3	155.70
FY 5/2024 (Forecast)	390,000	4.7	16,000	11.3	15,700	2.2	5,000	-18.0	127.63