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July 12, 2024

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 Regarding the Recording of Extraordinary Losses, etc. and the Recording of Income Tax Adjustment

Pasona Group Inc. (the “Company”) announces that it has recorded extraordinary loss, etc. and income taxes-deferred (loss) for the fourth quarter of the fiscal year ending May 31, 2024 (From March 1, 2024 to May 31, 2024), as described below.

1. Recording of extraordinary losses, etc.

(1) Recording of impairment loss (consolidated and non-consolidated)

As a result of reviewing future business plans of commercial facilities, etc., mainly in the Regional Revitalization Solutions segment, based on the business environment and current performance trends, the recoverable amount of some fixed assets fell below the book value, and the Company recorded an extraordinary loss of ¥10,811 million in the consolidated accounts and ¥4,727 million in the non-consolidated accounts.

(2) Recording of loss on valuation of shares of subsidiaries and associates (non-consolidated)

As a result of the above impairment loss and other factors, the real value of the Company's holdings of shares of subsidiaries and associates declined significantly, and a loss on valuation of shares of subsidiaries and associates of ¥5,962 million was recorded as an extraordinary loss in the non-consolidated financial statements. Since the loss on valuation of shares of subsidiaries and associates is eliminated in the consolidated financial statements, there is no impact on consolidated profit and loss.

(3) Recording of provision of allowance for doubtful accounts (non-consolidated)

Due to the above impairment losses and other factors, a provision for allowance for doubtful accounts of

¥3,264 million was recorded as a non-operating expense in the non-consolidated financial statements to provide for allowance for doubtful accounts for loans to affiliates that have become insolvent. Since this provision of allowance for doubtful accounts is eliminated in the consolidated financial statements, there is no impact on consolidated profit and loss.

(4) Recording of write-down of investment securities (non-consolidated)

As the real value of some of the non-marketable investment securities held by the Company declined significantly compared to the book value, a loss on valuation of investment securities of ¥685 million was recorded as an extraordinary loss.

2. Recording of income tax adjustment (loss) (consolidated and non-consolidated)

As a result of estimating future taxable income and examining the recoverability of deferred tax assets, the Company recorded an income taxes adjustment (loss) of ¥1,886 million in the consolidated financial statements and ¥1,120 million in the non-consolidated financial statements for the current fiscal year. As a result, income tax (loss) adjustment in the consolidated financial statements for the fourth quarter (March 1, 2024 to May 31, 2024) amounted to ¥2,294 million.

3. Impact on Business Results

This matter is reflected in the "Summary of Financial Statements for the Fiscal Year Ended May 31, 2024 [Japanese GAAP] (Consolidated)" disclosed today.