

Results for the Fiscal Year Ending May 31, 2020

FY2019 (June 1, 2019 - May 31, 2020)

Pasona Group Inc.

First Section TSE (2168)

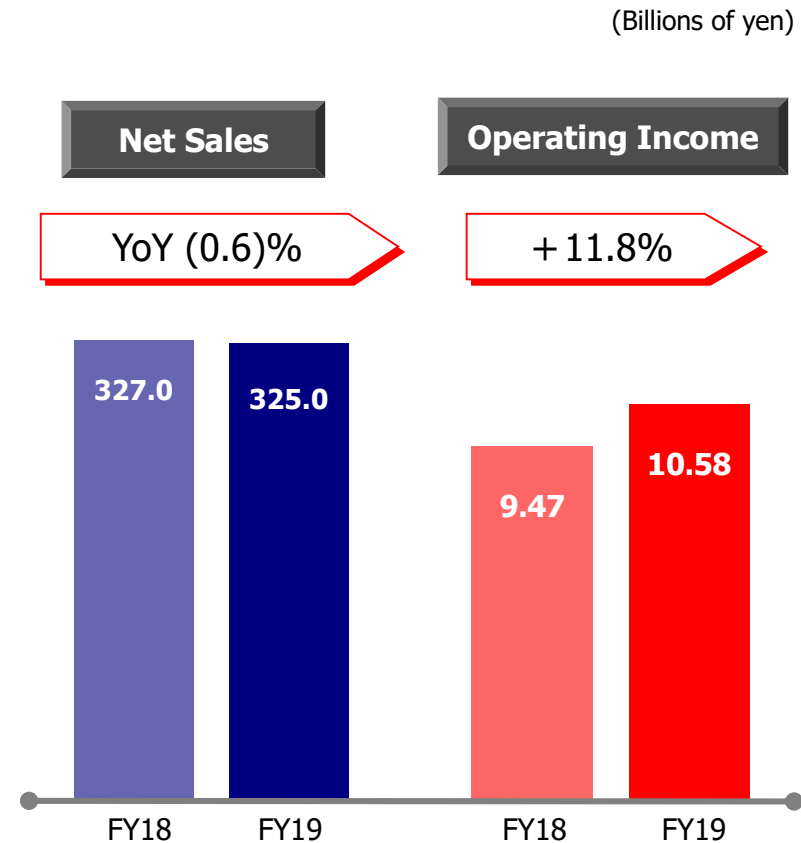
July 20, 2020

www.pasonagroup.co.jp/english

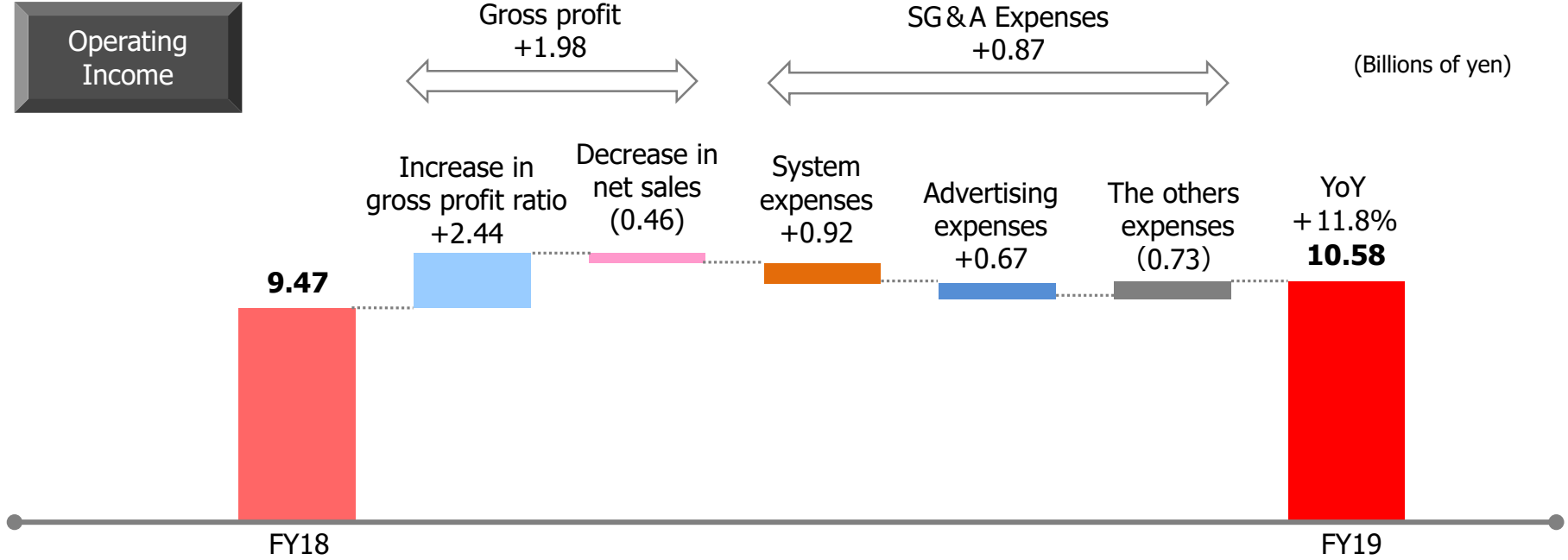
FY2019 Results

Consolidated Results

(Millions of yen)	FY18	(%)	FY19	(%)	Increase /Decrease
Net sales	326,984	100.0	324,984	100.0	(2,000) (0.6)%
Cost of sales	252,274	77.2	248,295	76.4	(3,979) (1.6)%
Gross profit	74,710	22.8	76,689	23.6	+1,978 +2.6%
SG &A expenses	65,245	20.0	66,111	20.3	+866 +1.3%
Operating income	9,465	2.9	10,577	3.3	+1,112 +11.8%
Ordinary income	9,237	2.8	10,236	3.1	+999 +10.8%
Profit attributable to owners of parent	1,975	0.6	594	0.2	(1,380) (69.9)%
Gross profit ratio	22.8%		23.6%		+0.8pt
Operating income ratio	2.9%		3.3%		+0.4pt



Operating Income



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Gross Profit ratio	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%	22.8%	23.6%
SG&A ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	20.0%	20.3%
Operating Income ratio	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	2.9%	3.3%

Major Item of Increase/Decrease

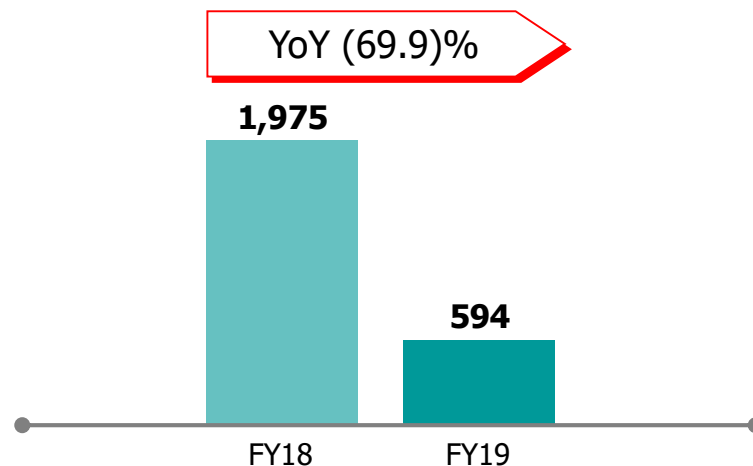
- **Gross profit** increased as a result of higher revenue from the BPO services and the Outsourcing, and improvement in the gross profit margin from the Expert services.
- Although **SG&A expenses** increased due to system-related expenses, Tokyo Olympic/Paralympic Game-related expenses and initial expenses of new facilities for regional revitalization projects, etc, we promoted cost control by streamlining operations.

Non-operating/Extraordinary income (loss), Others

(Millions of yen)	FY18	FY19	Increase/ Decrease	YoY
Operating income	9,465	10,577	+1,112	+11.8%
Non-operating income	1,089	1,187	+98	+9.0%
Non-operating expenses	1,318	1,529	+211	+16.0%
Ordinary income	9,237	10,236	+999	+10.8%
Extraordinary income	17	52	+34	+199.6%
Extraordinary loss	360	2,705	+2,345	+650.4%
Income before income taxes	8,894	7,583	(1,310)	(14.7)%
Income taxes - current	3,652	3,647	(4)	(0.1)%
Income taxes - deferred	470	612	+142	+30.3%
Income taxes	4,122	4,260	+137	+3.3%
Profit attributable to non-controlling interests	2,795	2,728	(67)	(2.4)%
Profit attributable to owners of parent	1,975	594	(1,380)	(69.9)%

Profit attributable to owners of parent

(Millions of yen)



Major Item of Increase/Decrease

• Non-operating income / expenses

- Commission fee (Mainly for sales of shares of Benefit One) (YoY) 412million (+176million)
- Share of loss of entities accounted for using equity method 3million ((4)million)

• Extraordinary loss

- Impairment loss (Mainly Pasona Group Inc. and Nijigenomori Inc.) 2,202million (+1,988million)

Consolidated Results by Segment

Segment		Net sales				Operating income (loss)				Operating income ratio		
		FY18	FY19	Increase/ Decrease	YoY	FY18	FY19	Increase/ Decrease	YoY	FY18	FY19	Increase/ Decrease
①	Expert Services (Temporary Staffing)	158,597	151,450	(7,147)	(4.5)%							
②	BPO Services (Contracting)	97,152	99,781	+2,629	+2.7%	6,690	8,941	+2,250	+33.6%	2.5%	3.4%	+0.9pt
③	HR Consulting , Education & Training , Others.	9,086	8,015	(1,071)	(11.8)%							
④	Global Sourcing (Overseas)	7,965	7,796	(169)	(2.1)%	662	197	(464)	(70.1)%	8.3%	2.5%	(5.8)pt
Subtotal		272,801	267,043	(5,758)	(2.1)%	7,353	9,139	+1,786	+24.3%	2.7%	3.4%	+0.7pt
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	15,142	15,371	+228	+1.5%	3,562	3,549	(13)	(0.4)%	23.5%	23.1%	(0.4)pt
⑥	Outsourcing	34,461	37,271	+2,810	+8.2%	7,641	8,375	+733	+9.6%	22.2%	22.5%	+0.3pt
⑦	Life Solutions	5,660	6,250	+590	+10.4%	168	224	+56	+33.6%	3.0%	3.6%	+0.6pt
⑧	Regional Revitalization Solutions	2,561	2,990	+428	+16.7%	(1,254)	(1,876)	(622)	-	-	-	-
⑨	Eliminations and Corporate	(3,642)	(3,942)	(300)	-	(8,006)	(8,834)	(827)	-	-	-	-
Total		326,984	324,984	(2,000)	(0.6)%	9,465	10,577	+1,112	+11.8%	2.9%	3.3%	+0.4pt

Balance Sheet

(Billions of yen)

Major Item of Increase/Decrease	May 31,2019	May 31,2020	Increase/ Decrease
Assets	119.5	140.4	+21.0
Current assets	80.3	101.0	+20.7
Cash and deposits	32.3	49.1	+16.8
Notes and accounts receivable-trade	39.4	42.7	+3.3
Non-current assets	39.1	39.3	+0.1
Property, plant and equipment	16.7	16.6	(0.1)
Intangible assets	8.3	7.2	(1.1)
Investments and other assets	14.2	15.5	+1.3
Liabilities	79.2	98.1	+18.9
Current liabilities	59.1	64.5	+5.4
Accounts payable	6.5	5.7	(0.8)
Short-term loans payable	9.4	8.6	(0.8)
Accrued expenses	15.1	17.3	+2.2
Consumption taxes payable	3.5	6.1	+2.6
Other	24.6	26.7	+2.1
Non-current liabilities	20.1	33.6	+13.6
Bonds	0.3	2.5	+2.2
Long-term loans payable	12.8	23.2	+10.4
Net assets	40.3	42.3	+2.1
Shareholders' equity	28.0	31.4	+3.4
Capital surplus	10.3	14.0	+3.8
Retained earnings	14.9	14.8	(0.1)
Treasury stock	(2.2)	(2.4)	(0.3)
Valuation and translation adjustments	0.4	0.5	+0.1
Non-controlling interests	11.9	10.5	(1.4)
Equity ratio	23.7%	22.7%	(1.0)pt

Major Item of Increase/Decrease

[Cash and deposits]

Increase in accrued consumption tax, and temporary increase in accrued expenses and deposits received due to the end of the month holiday +7.3 billion
 Proceeds from issuance of bonds +2.3 billion
 Increase in loans payable +7.8 billion
 Proceeds from selling a portion of shares of Benefit One +3.8 billion
 Purchase of treasury shares of Benefit One (4.8) billion

[Liabilities]

Increase in bonds and loans payable* +12.0 billion
 Increase in accrued consumption tax (change of tax rate) +2.6 billion

*Secure liquidity at hand by raising funds to prepare for emergency financial needs when new coronavirus infection spreads.

[Capital surplus]

Selling the shares of Benefit One +5.8 billion
 Purchasing of treasury shares of Benefit One (2.4) billion

Cash Flows

(Billions of yen)			
Major Item of Increase/Decrease	FY18	FY19	Increase/Decrease
Cash flows from operating activities	9.2	11.4	+2.2
Income before income taxes	8.9	7.6	(1.3)
Depreciation and amortization	4.3	4.0	(0.3)
Impairment loss	0.2	2.2	+2.0
Amortization of goodwill	1.0	0.8	(0.1)
Decrease (increase) in notes and accounts receivable—trade	0.7	(3.5)	(4.3)
Increase (decrease) in operating debt	(1.5)	1.2	+2.8
Increase (decrease) in accrued consumption taxes	(0.2)	2.8	+3.0
Deposits received	(0.2)	1.4	+1.6
Income tax paid	(4.2)	(5.4)	(1.2)
Cash flows from investing activities	(6.5)	(7.0)	(0.4)
Purchase of property, plant and equipment	(3.6)	(4.8)	(1.2)
Purchase of intangible fixed assets	(1.6)	(1.9)	(0.3)
Purchase of investment securities	(0.5)	(0.2)	+0.3
Cash flows from financing activities	4.0	12.1	+8.1
Increase (decrease) in short-term loans payable	3.0	(3.0)	(6.0)
Increase (decrease) in long-term loans payable	(1.2)	12.6	+13.8
Proceeds from issuance of bonds	-	2.3	+2.3
Purchase of treasury shares of subsidiaries	(0.3)	(5.2)	(4.8)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	4.9	8.7	+3.8
Net increase (decrease) in cash and cash equivalents	6.6	16.5	+9.8
Cash and cash equivalents at beginning of the period	25.1	31.8	+6.7
Cash and cash equivalents at the end of the period	31.8	48.1	+16.4
Free cash flows	2.7	4.5	+1.8

Major Item of Increase/Decrease

[Profit before amortization]

14.6 billion (YoY +0.2 billion)

Temporary increase due to end of month holiday

+4.3 billion

Increase in accrued consumption tax due to change in consumption tax rate

+3.0 billion

[Term loans payable]

Increase in loans payable

+7.7 billion

Issuance of bonds

+2.3 billion

[Purchase of treasury shares of subsidiaries]

Purchase of treasury shares of Benefit One

(4.8) billion

[Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation]

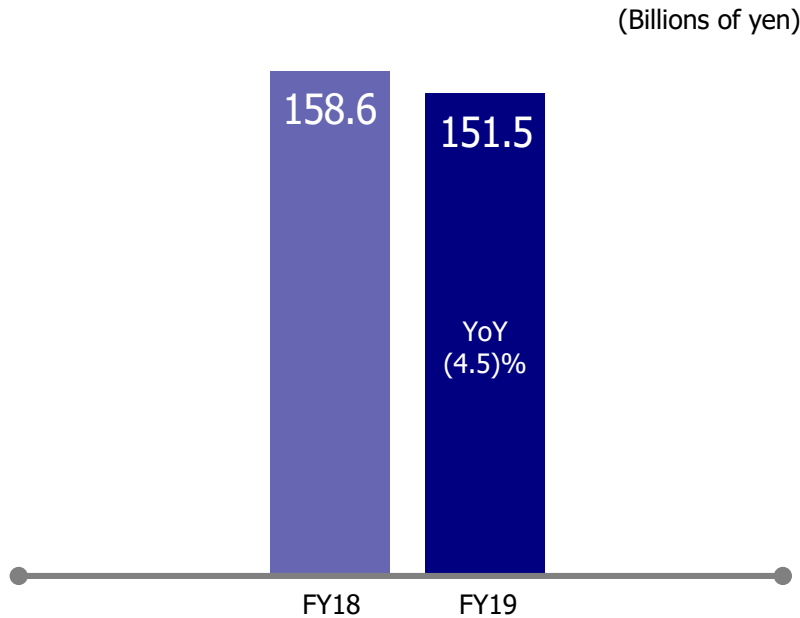
Selling a portion of shares of Benefit One

+3.8 billion

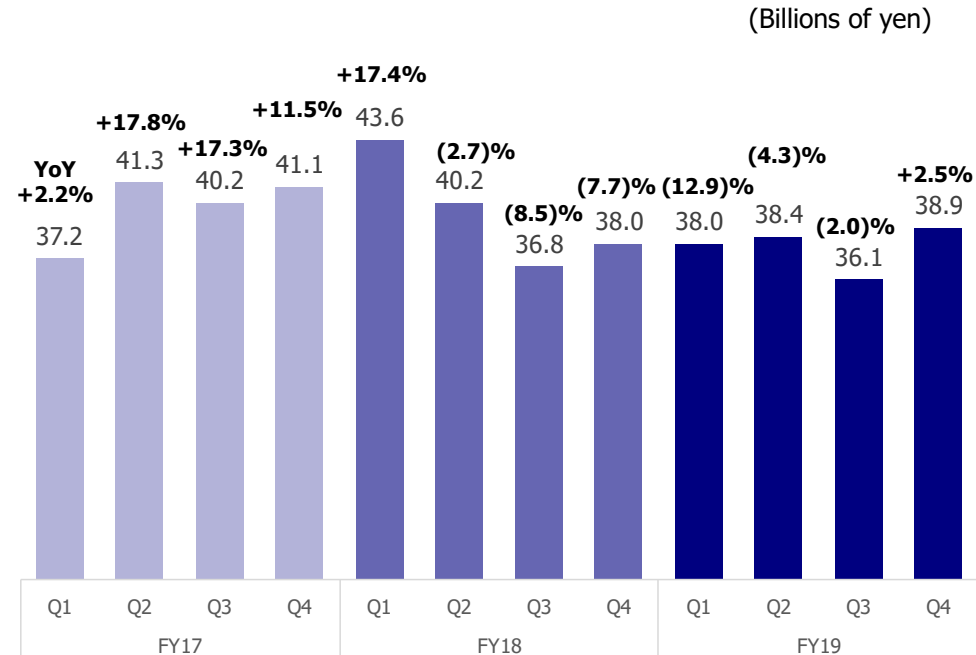
Segment information

Expert Services (Temporary staffing)

Net Sales



Sales Trends



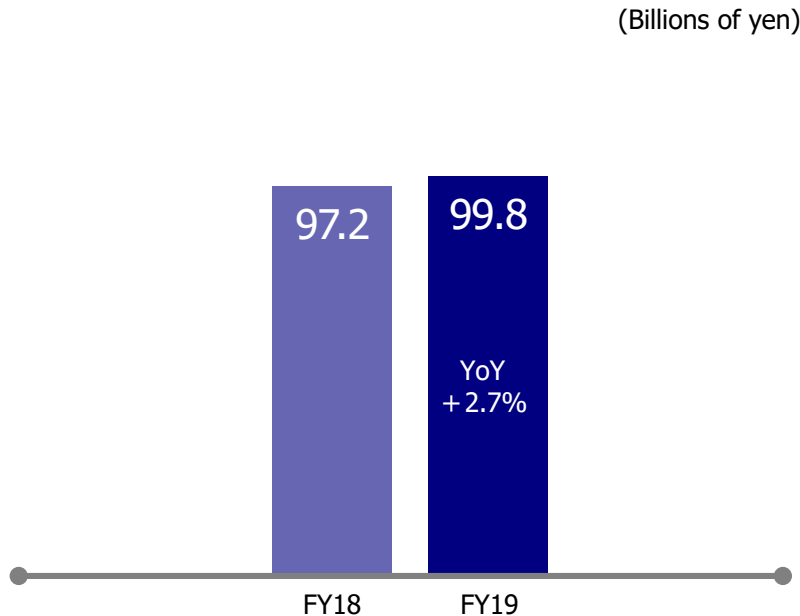
※ Graph figures are reclassified into new segment classifications after FY18.

Business Conditions (FY19 result)

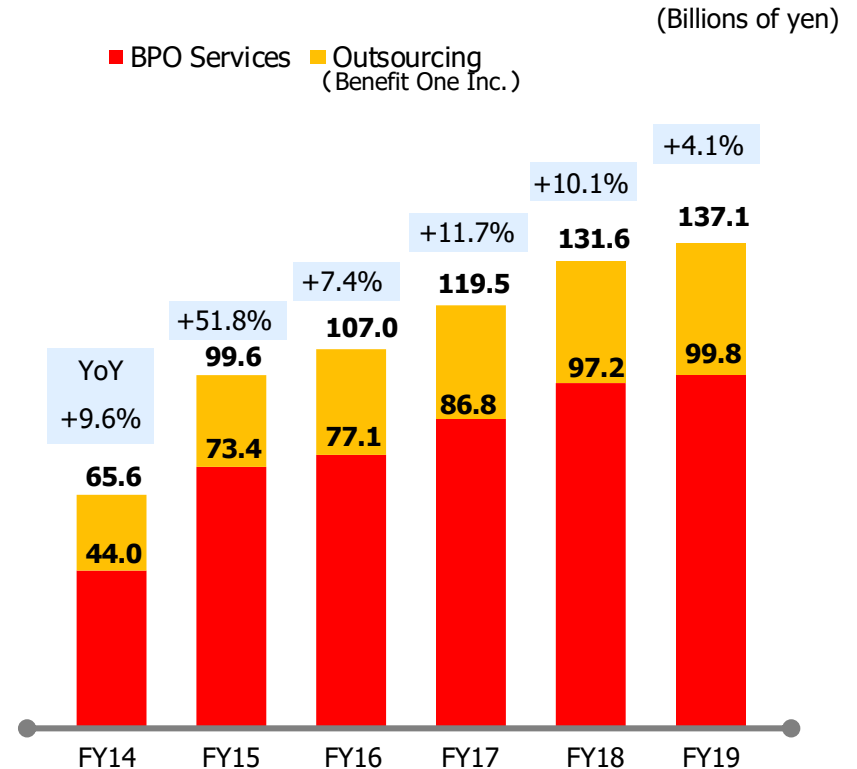
- Delayed recovery of the number of workers due to the impact of revisions to the dispatching law (direct employment promotion) .
- Excluding the change in the accounting period of a subsidiary, year-on-year decrease was 4.0%.
- Regarding the treatment of equal pay for equal work, the clients generally understand how to improve the treatment of dispatched staff.
- Expansion of teleworking of dispatched staff mainly in urban area in the fourth quarter of FY19.
- Use online for registration interview and sales activities.

BPO Services (Contracting) Ex. Insourcing

Net Sales



BPO Services , Outsourcing Sales Trends



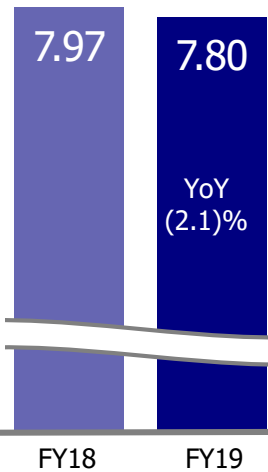
Business Conditions (FY19 result)

- Bewith, Inc., which operates a contact center, is expanding steadily.
- Increased use of platforms by Pasona JOB HUB Inc. for freelancers, double jobs, side jobs applicants.
- Occupancy rate declined in part of contact centers in the fourth quarter of FY19 due to the effect of the new coronavirus.

* Graph figures are reclassified into new segment classifications after FY18.

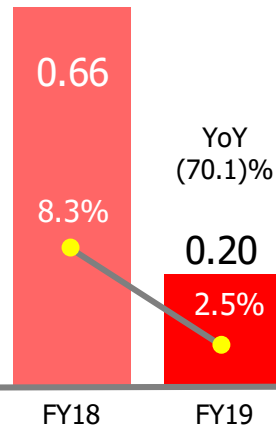
Global Sourcing (Overseas)

Net Sales



Operating Income , Operating Income Ratio

(Billions of yen)



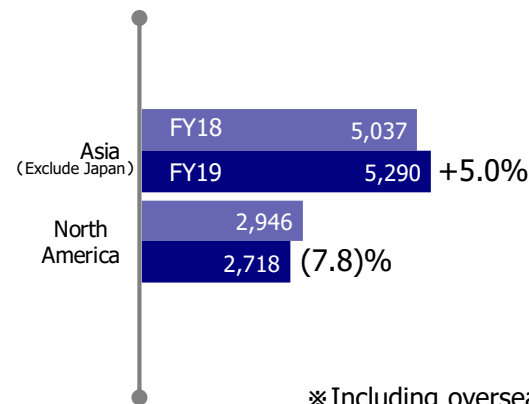
Sales by Business Segment

(Millions of yen)

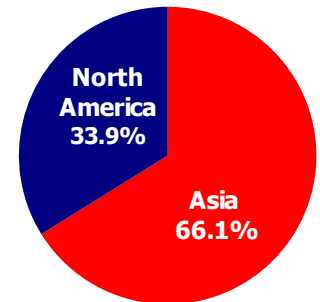
	FY18	FY19	YoY
Temporary Staffing	3,962	3,671	(7.3)%
Placement / Recruiting	2,035	1,755	(13.8)%
Contracting (Payroll, others)	1,318	1,746	+32.5%
Others	650	622	(4.3)%
Total	7,965	7,796	(2.1)%

Sales by Region

(Millions of yen)



Sales composition



Business Conditions (FY19 result)

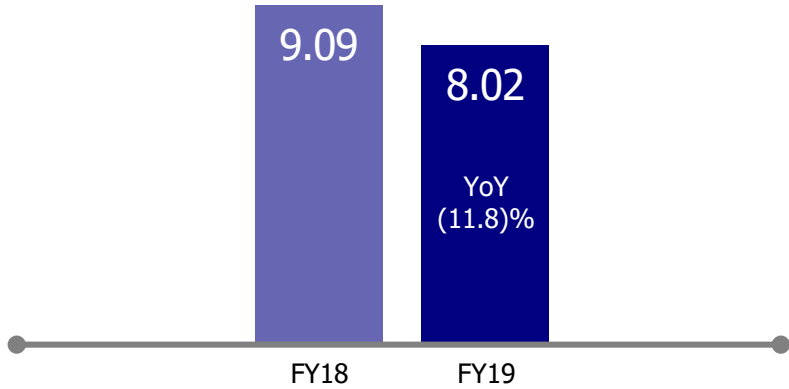
- Good performance in Indonesia and Thailand.
- Large-scale projects completed in North America and Vietnam, which were strong in the previous term.
- Recently, the need for re-employment support service is expanding due to the review of overseas bases.

※ Including overseas outsourcing

HR Consulting , etc. / Operating Income by Segments

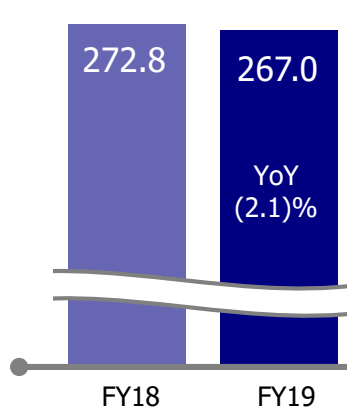
Net Sales (HR Consulting , Education & Training , Others.)

(Billions of yen)



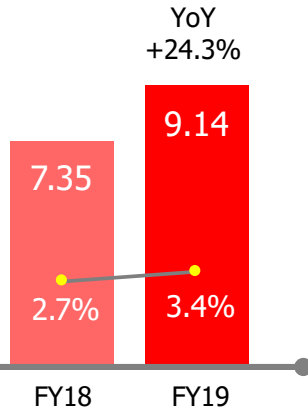
Net Sales(ES~GS)

※ ES~GS: Expert Service , BPO Services , HR Consulting , Global Sourcing



Operating Income , Operating Income Ratio

(Billions of yen)



Business Conditions (FY19 result)

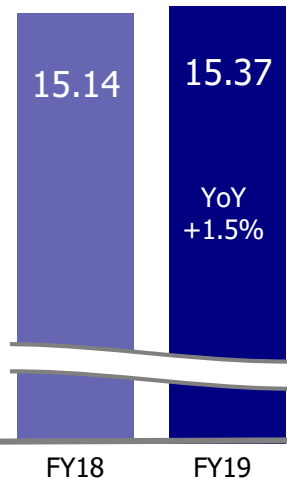
- Decrease in recruitment fees due to direct employment of dispatched staff one year after the law came into effect.
- Accelerating online training and holding webinars (Web seminar) under the influence of the new coronavirus.

Business Conditions (FY19 result)

- Operating profit increased due to improved gross profit margin and reduced operating costs.

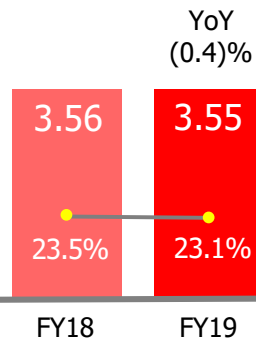
Career Solutions (Placement/Recruiting , Outplacement)

Net Sales



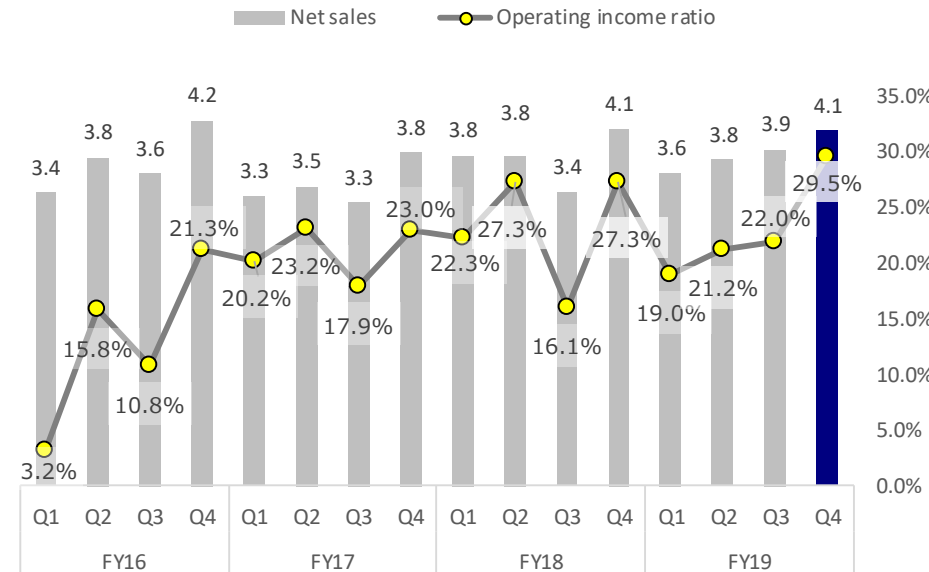
Operating Income , Operating Income Ratio

(Billions of yen)



Net Sales, Operating Income Ratio Trends

(Billions of yen)



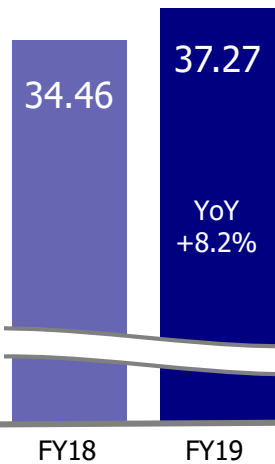
* Graph figures are reclassified into new segment classifications after FY18.

Business Conditions (FY19 result)

- Growth in Pasona KOMON NETWORK Inc. and Pasona Fortune Inc. developing career change services for executives.
- In the Oricon customer satisfaction ranking, Pasona Inc. was ranked first overall for the second consecutive year.
- Demand for Outplacement increased from the second half of the year, but sales were on a par with FY18 due to the completion of a large project in the previous year.

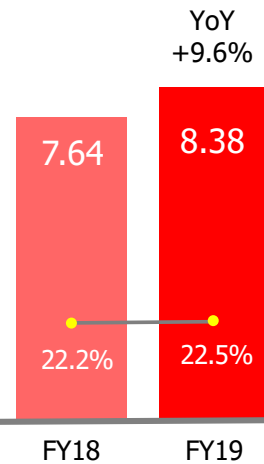
Outsourcing (Benefit One Inc.)

Net Sales



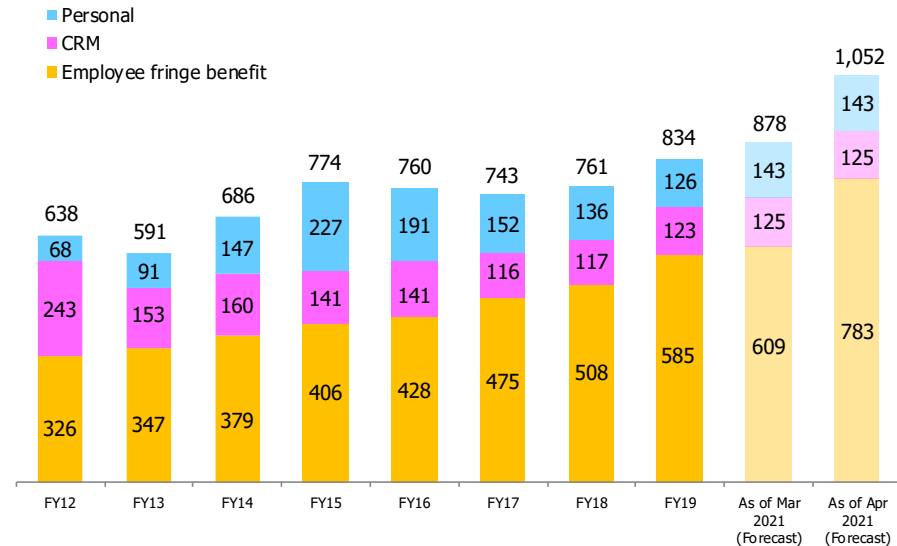
Operating Income , Operating Income Ratio

(Billions of yen)



Benefit One Membership Trends

(10Thousands people)



Business Conditions (FY19 result)

- Expanded due to increased employee engagement, increased productivity, and growing social interest in health support.
- In the welfare business, the inquiries are firm, although the timing of joining new companies is delayed in the next term.

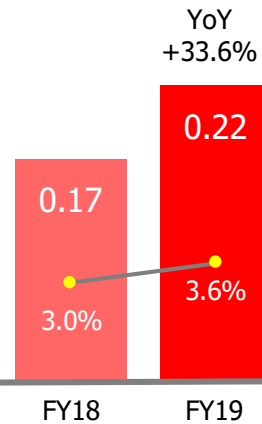
Life Solutions (Childcare , Nursing care)

Net Sales



Operating Income , Operating Income Ratio

(Billions of yen)



Facilities of Pasona Foster · Pasona Life Care

※ As of May.31, 2020

	Facilities	FY17	FY18	FY19	YoY
Pasona Foster	Daycare facilities	39	47	49	+2
	After-school children's clubs	38	40	39	(1)
Pasona Life Care	Nursing care facilities	27	26	22	(4)

Business Conditions (FY19 result)

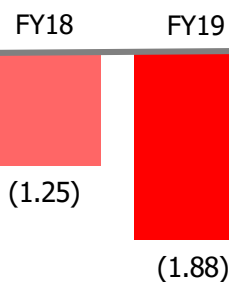
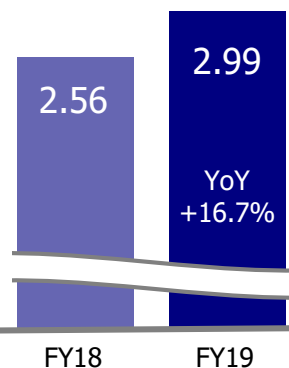
- Expanded childcare support facilities and projects in the field of childcare.
- In the field of nursing care, related services such as housekeeping services, house cleaning, and work-nursing support services are expanding.

Regional Revitalization Solutions Ex.Public Solutions

Net Sales

Operating Income

(Billions of yen)



Awajishima

- Opened 「NARUTO collaboration room 『HOKAGE Villa』」 in the hotel 「GRAND CHARIOT Big Dipper 135°」 at NIJIGENNOMORI Park. (June 2020)
- Life-sized Godzilla appears at 「NIJIGENNOMORI」 Park. Entertainment attraction 『Godzilla Interception Operation ~National Godzilla Awajishima Research Center~』 is scheduled to open.



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Business Conditions (FY19 result)

- Sales increase due to opening of new facilities (NARUTO & BORUTO Shinobi-Zato, HELLO KITTY SHOW BOX) and synergistic effects of each facility.
- Increase of initial cost such as advertising cost associated with facility opening.
- Some facilities closed due to emergency declaration.
- Impairment loss recorded for some fixed assets (May 2020).

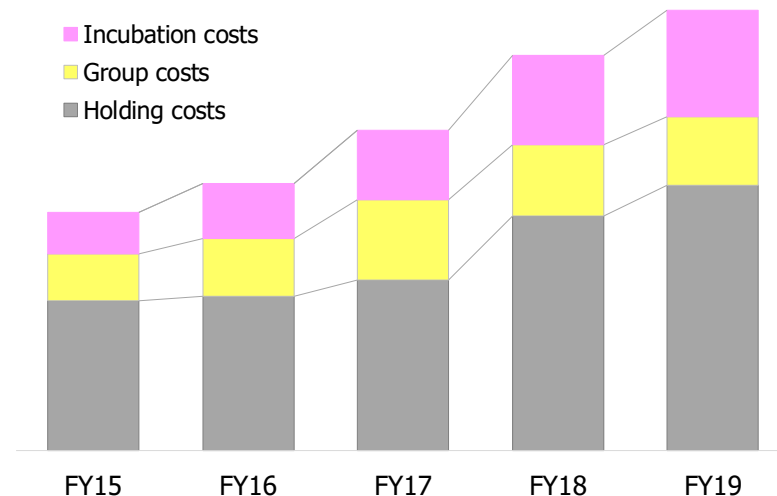
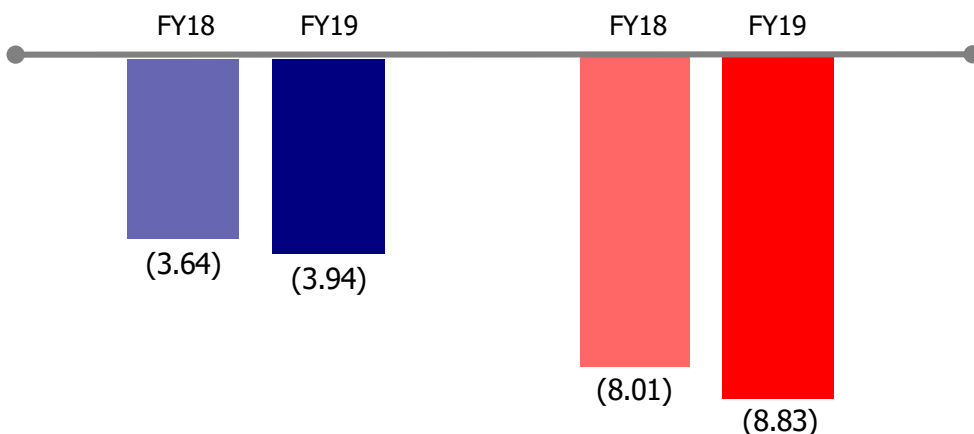
Elimination/Corporate Segment Costs

Net Sales

Operating Income

(Billions of yen)

Costs Trends



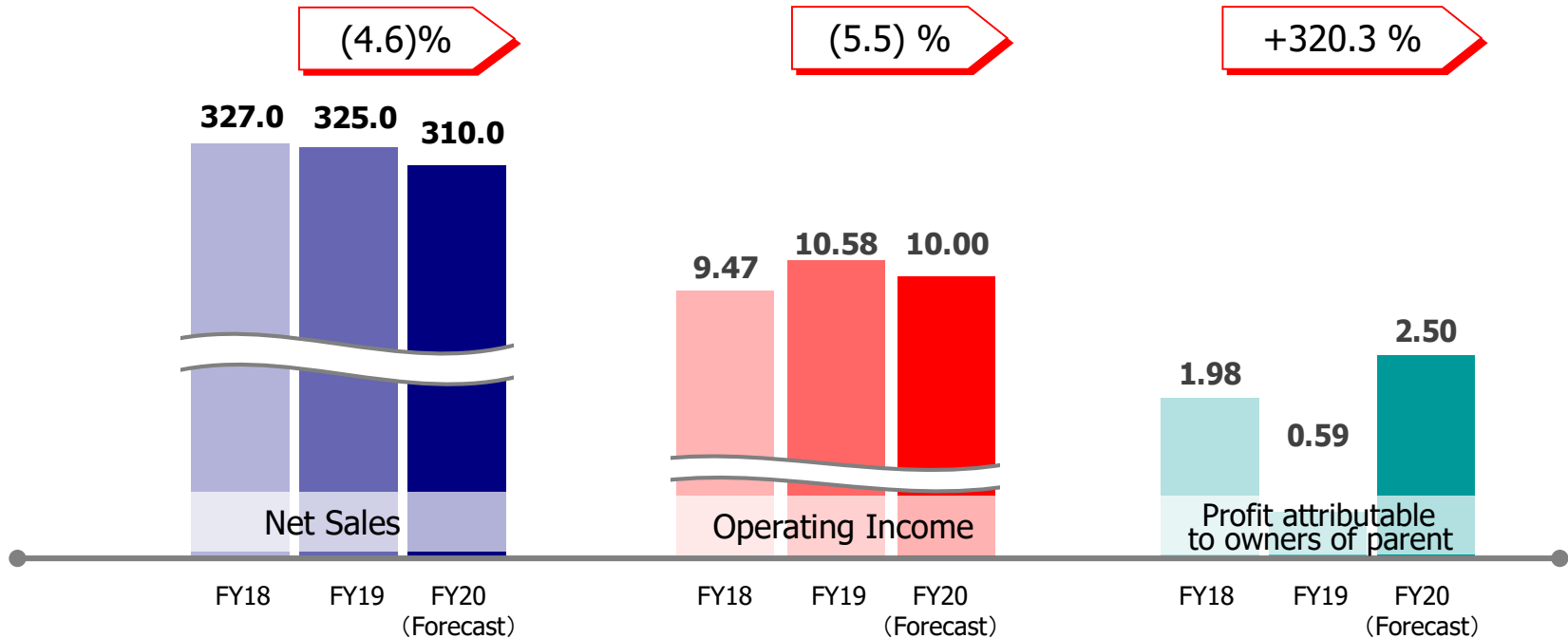
Main Reasons for Cost Increase Conditions (FY19 result)

- Increase in event costs related to Tokyo Olympics/Paralympics Games.
- Increase in initial costs for new business development.
- Initiatives to create new jobs centered on seniors.
- Personal expenses associated with strengthening and consolidation of headquarters functions.

FY2020 Forecasts









FY2020 Consolidated Forecasts

(Billions of yen)



(Millions of yen)	FY18	to net sales %	FY19	to net sales %	FY20 Forecast	to net sales %	vs FY19 Increase/Decrease	YoY
Net sales	326,984	100.0	324,984	100.0	310,000	100.0	(14,984)	(4.6)%
Operating income	9,465	2.9	10,577	3.3	10,000	3.2	(577)	(5.5)%
Ordinary income	9,237	2.8	10,236	3.1	10,000	3.2	(236)	(2.3)%
Profit attributable to owners of parent	1,975	0.6	594	0.2	2,500	0.8	+1,905	+320.3%

Impact on Segment by New coronavirus infections

		unfavorable impact	favorable impact
Expert Services		Decrease in dispatch demand	Expansion of telework dispatch Expanding demand at public centers
BPO Services		Stagnation of corporate activities	Outsourcing by reviewing operations Acceleration of corporate productivity improvement
HR Consulting, Education and Training, Others		Cancellation of group training	Expansion of online training
Global Sourcing		Lock down Suspension of corporate activities	Expansion of demand for outplacement support based on site review
Career Solutions		Decrease in recruitment	Expansion of demand for outplacement support
Outsourcing		Stagnation of corporate activities	Outsourcing by reviewing operations Expanding health promotion needs for employees
Life Solutions		Cancellation of group seminar	Expansion of online training
Regional Revitalization Solutions		Long-distance tourism and reduction of inbound	Expansion of short-distance travel

Returns to Shareholders

Returns to Shareholders

- FY19 dividend will be **19 yen per share** as announced forecast on July 12, 2019.
- FY20 dividend forecast will be 19 yen per share, the same as in FY19.

Dividend Policy

Pasona Group, as per its basic policy to provide shareholder returns commensurate with earnings, aims for a consolidated payout ratio of 30%, and to maintain a continued and stable dividend.

Dividend

Plan to pay **¥19 per share for the fiscal year ending May 31, 2020**

- **FY2019 Dividend per share ¥19**
- **FY2020 Dividend forecast per share ¥19**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20 (Forecast)
Dividend per share	¥12	¥12	¥12	¥13	¥18	¥19	¥19
Dividend payout ratio (consolidated)	206.3%	181.3%	-	37.2%	35.6%	124.9%	29.7%

FY2020

Group Priority strategy

Our initiatives during the spread of The Coronavirus disease (COVID-19)

- Established 『new pneumonia headquarters』 to reduce infection risk and ensure safety for all employees. (Jan 31,2020)
- Providing many new services related to 『new pneumonia』 as well as for employees.

Internal (including contract workers)

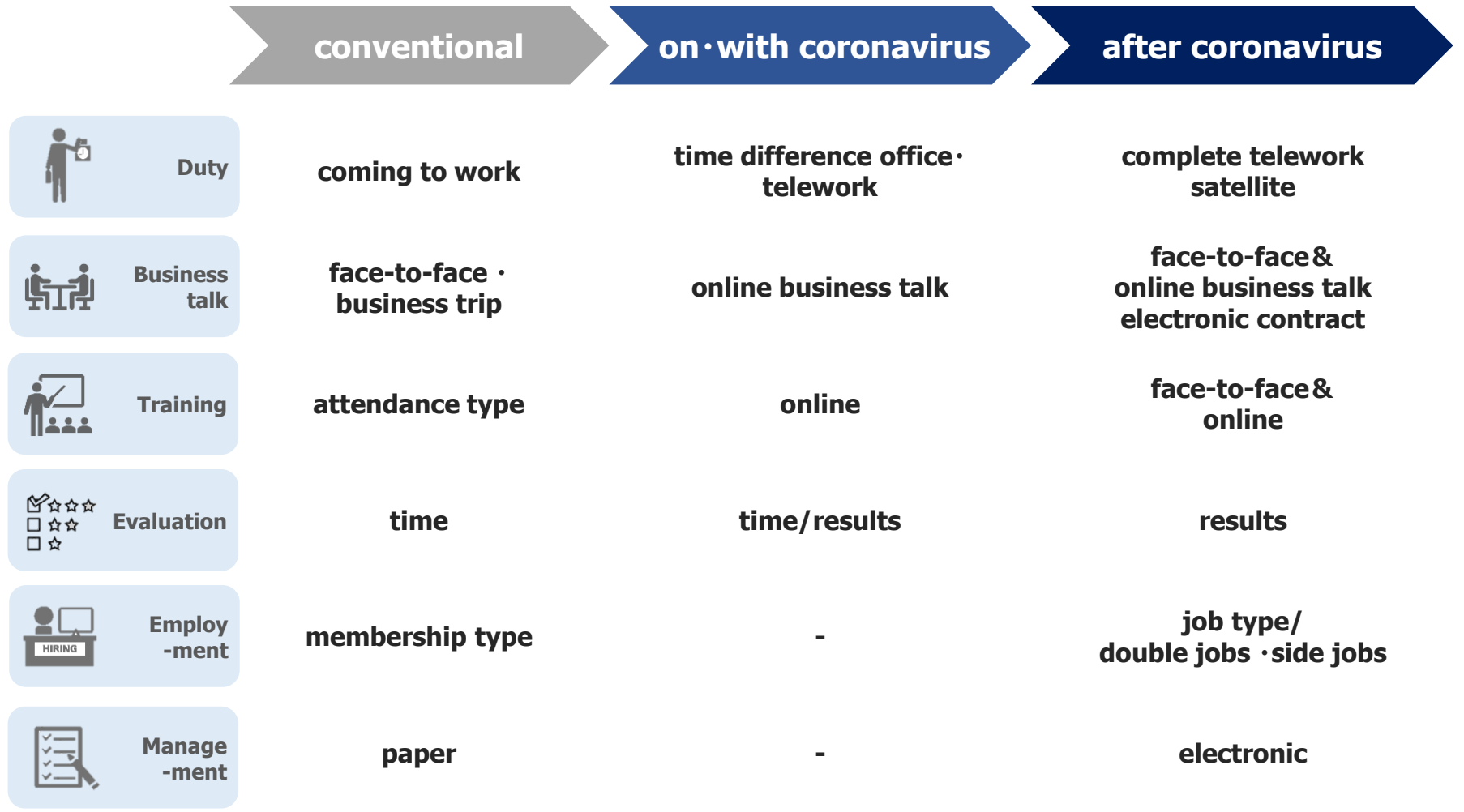
#	Efforts	service
1-1	New establishment of 「Off-peak commuting system」	-
1-2	Strengthening 「The priority system」	-
1-3	Strengthening 「Medical Concierge(Consultation Desk)」	-
1-4	Implementation of 「Mobile Counseling」	-
1-5	Request for 「Work-from-home・off-peak commuting」 to dispatched companies and BPO companies	-
1-6	New establishment of 「work and living proximity support system」	-
1-7	Started 「The new three-sided neighbor system」	-
1-8	Opened 「Risk hedge office」	◎
1-9	Opened「Family work office」	◎
1-10	Started 「24-hour new pneumonia consultation service」	◎

External

#	Efforts
2-1	Support for introduction of telework environment
2-2	Entire office antibacterial service
2-3	Disinfection cleaning service
2-4	One-stop service for emergency supplies
2-5	Exercise shortage solution service for teleworkers
2-6	Health LIVE seminar service *Free offer until May 31
2-7	Home training package for new employees
2-8	Home webinar delivery support service
2-9	Support for launching and expanding new business by specialized resources
2-10	Stress reduction service by non-contact vital sensing
2-11	Home call center system (Digital Work Place)
2-12	「Subsidy for elementary school leaves」 application support service
2-13	「Employment adjustment subsidy」 application support service

【Group Priority strategy】

Changes in working styles on・with /after coronavirus



Further acceleration of business toward a new normal working system

1 *DX promotion*



Deepening existing services

- ✓ **Telework support**
- ✓ **Online training**
- ✓ **Optimization of business portfolio**



Expansion of new services

- ✓ **Group-wide DX promotion**
- ✓ **Digital matching**



2 *how to work in an after-coronavirus society*



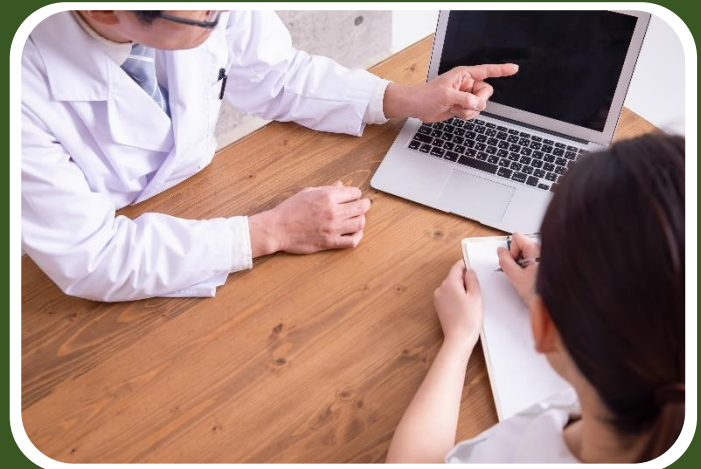
Work in rural area

- ✓ Third working space
- ✓ JOB HUB Workation



Expanding health awareness

- ✓ Pasona health management platform
- ✓ Health care room BPO



3 *Looking to the age of 100 years*



70-year-old employment solution

- ✓ **Outplacement**
- ✓ **Pasona KOMON NETWORK**
- ✓ **Pasona Masters**



Lifelong active skills that make use of abilities and experiences

- ✓ **Freelance·Entrepreneur**
- **NPO activity support**



Reference

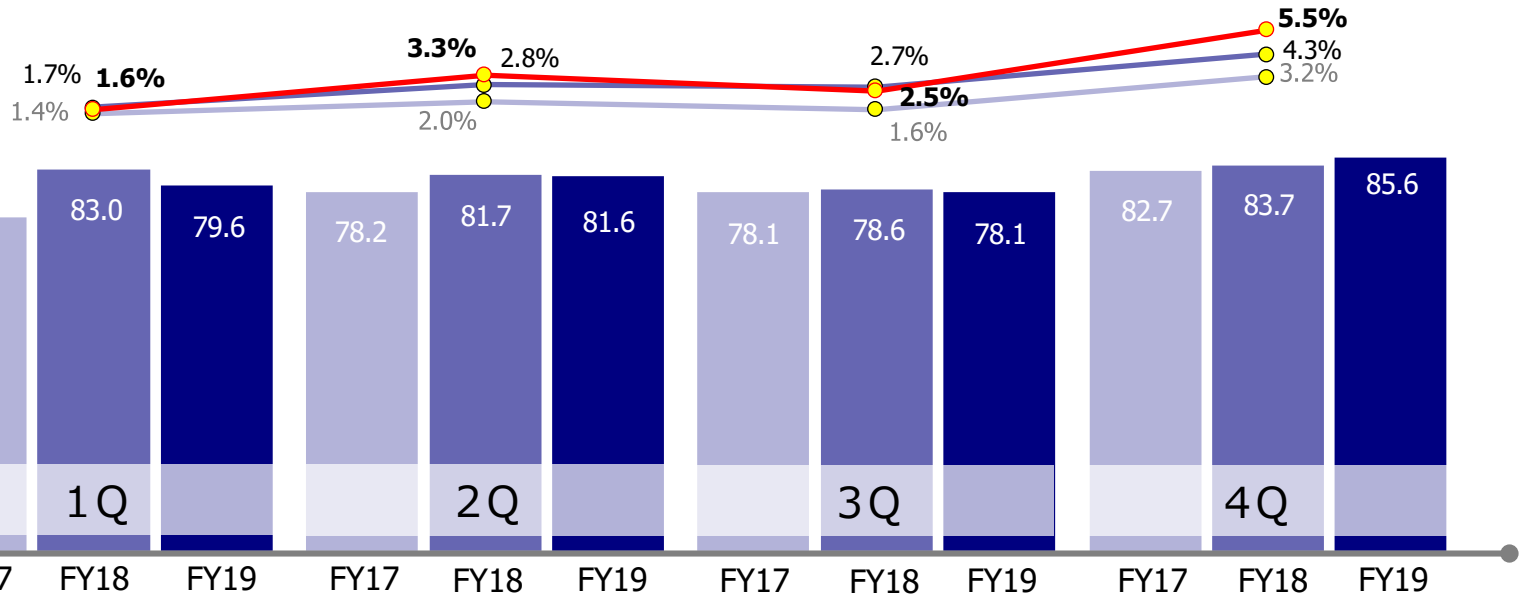
Quarterly Sales and Income Trends

Net Sales

(Billions of yen)

- Operating Income Ratio FY17
- Operating Income Ratio FY18
- Operating Income Ratio FY19

Operating Income Ratio



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)					Q4 (March to May)					
	FY17	FY18	YoY	FY19	YoY	FY17	FY18	YoY	FY19	YoY	FY17	FY18	YoY	FY19	YoY	FY17	FY18	YoY	FY19	YoY	
	Consolidated																				
Net sales	72,458	82,997	+14.5%	79,626	(4.1)%	78,160	81,694	+4.5%	81,602	(0.1)%	78,070	78,603	+0.7%	78,119	(0.6)%	82,720	83,689	+1.2%	85,636	+2.3%	
Gross profit	15,256	18,051	+18.3%	18,270	+1.2%	16,675	18,107	+8.6%	19,127	+5.6%	16,083	18,078	+12.4%	18,233	+0.9%	19,013	20,474	+7.7%	21,058	+2.9%	
SG&A expenses	14,222	16,599	+16.7%	17,026	+2.6%	15,090	15,826	+4.9%	16,469	+4.1%	14,844	15,983	+7.7%	16,278	+1.8%	16,331	16,836	+3.1%	16,336	(3.0)%	
Operating income	1,033	1,451	+40.5%	1,243	(14.4)%	1,585	2,280	+43.9%	2,658	+16.5%	1,238	2,094	+69.1%	1,954	(6.7)%	2,681	3,637	+35.6%	4,721	+29.8%	
Gross profit ratio	21.1%	21.7%	+0.6pt	22.9%	+1.2pt	21.3%	22.2%	+0.8pt	23.4%	+1.2pt	20.6%	23.0%	+2.4pt	23.3%	+0.3pt	23.0%	24.5%	+1.5pt	24.6%	+0.1pt	
SG&A expense ratio	19.6%	20.0%	+0.4pt	21.4%	+1.4pt	19.3%	19.4%	+0.1pt	20.2%	+0.8pt	19.0%	20.3%	+1.3pt	20.8%	+0.5pt	19.7%	20.1%	+0.4pt	19.1%	(1.0)pt	
Operating income ratio	1.4%	1.7%	+0.3pt	1.6%	(0.1)pt	2.0%	2.8%	+0.8pt	3.3%	+0.5pt	1.6%	2.7%	+1.1pt	2.5%	(0.2)pt	3.2%	4.3%	+1.1pt	5.5%	+1.2pt	

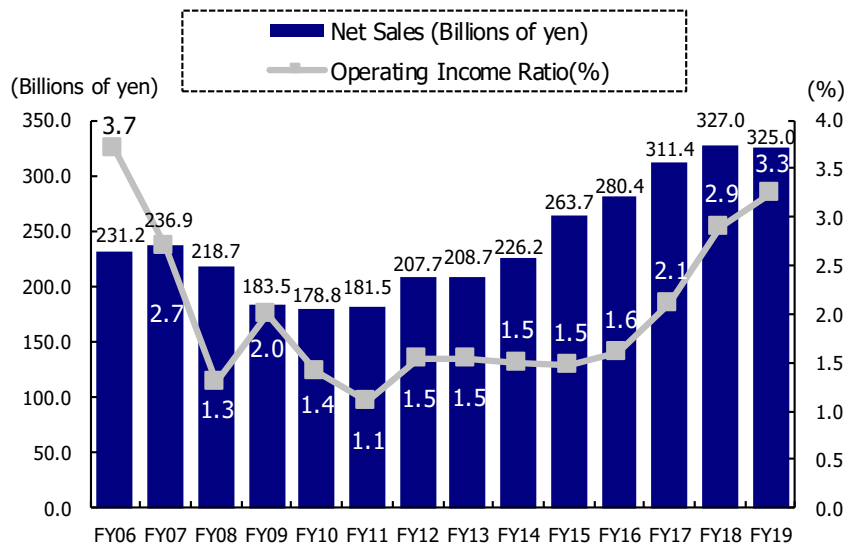
Quarterly Sales and Income Trends by Segment

(Millions of yen)

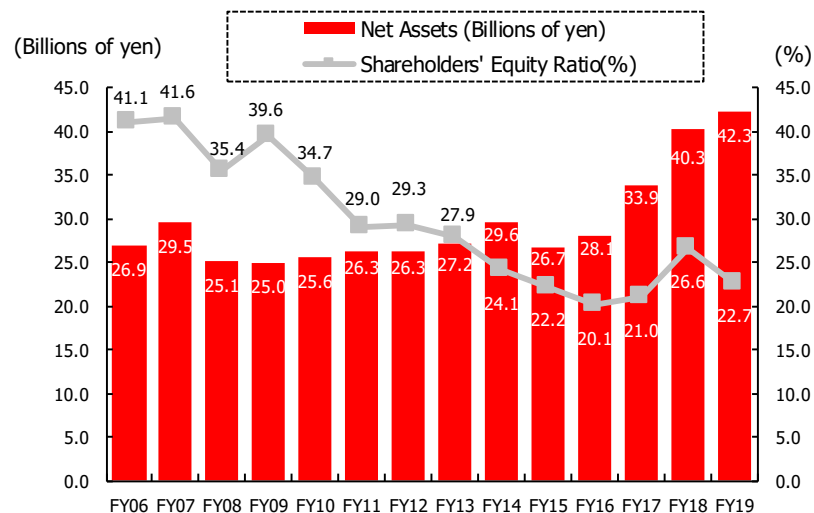
Segment		Sales									Operating income (loss)								
		Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	YoY	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	YoY
①	Expert Services (Temporary Staffing)	43,626	40,188	36,818	37,963	38,011	38,447	36,072	38,917	+2.5%									
②	BPO Services (Contracting)	22,779	23,749	24,009	26,613	23,765	24,690	23,773	27,551	+3.5%	992	1,504	1,527	2,666	1,515	2,338	1,347	3,740	+40.3%
③	HR Consulting, Education & Training, Others.	2,096	2,228	2,593	2,168	2,032	1,973	2,213	1,795	(17.2)%									
④	Global Sourcing (Overseas)	1,961	1,962	1,948	2,093	2,060	1,977	1,878	1,879	(10.2)%	177	197	132	155	125	125	9	(62)	-
Subtotal		70,464	68,128	65,370	68,838	65,870	67,089	63,937	70,145	+1.9%	1,169	1,701	1,659	2,822	1,640	2,463	1,356	3,678	+30.3%
⑤	Career Solutions (Placement/Recruiting, Outplacement)	3,821	3,810	3,389	4,120	3,616	3,768	3,886	4,100	(0.5)%	853	1,040	544	1,124	686	799	854	1,208	+7.5%
⑥	Outsourcing	7,763	8,643	8,743	9,309	8,679	9,278	9,104	10,209	+9.7%	1,675	1,669	2,047	2,248	1,916	1,845	2,192	2,420	+7.6%
⑦	Life Solutions	1,355	1,388	1,386	1,530	1,527	1,577	1,587	1,558	+1.8%	18	46	65	37	(12)	65	95	75	+104.4%
⑧	Regional Revitalization Solutions	543	651	572	794	815	822	615	736	(7.3)%	(376)	(289)	(302)	(286)	(517)	(343)	(440)	(574)	-
⑨	Eliminations and Corporate	(950)	(928)	(858)	(904)	(882)	(932)	(1,013)	(1,113)	-	(1,889)	(1,887)	(1,920)	(2,309)	(2,470)	(2,171)	(2,104)	(2,087)	-
Total		82,997	81,694	78,603	83,689	79,626	81,602	78,119	85,636	+2.3%	1,451	2,280	2,094	3,637	1,243	2,658	1,954	4,721	+29.8%

Full-Year Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



Results

Key Indicators	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05	'16/05	'17/05	'18/05	'19/05	'20/05
Net Sales	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227	263,728	280,395	311,410	326,984	324,984
Gross Profit Margin	20.3%	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	20.3%	20.0%	20.0%	20.2%	21.5%	22.8%	23.6%
SG&A Expenses	38,542	42,925	40,735	33,070	31,125	31,840	36,898	37,029	42,381	48,948	52,128	60,489	65,245	66,111
SG&A Expense Ratio	16.6%	18.1%	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	20.0%	20.3%
Operating Income	8,507	6,444	2,850	3,660	2,432	1,964	3,176	3,210	3,490	3,860	4,488	6,539	9,465	10,577
Operating Income Ratio	3.7%	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	2.9%	3.3%
Ordinary Income	8,807	6,637	3,361	4,044	2,571	2,091	3,187	3,135	3,343	3,855	4,319	6,631	9,237	10,236
Ordinary Income Ratio	3.8%	2.8%	1.5%	2.2%	1.4%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%	2.1%	2.8%	3.1%
Net Income *4	4,198	2,962	312	204	412	29	610	526	214	243	(129)	1,288	1,975	594
Net Income Ratio	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	-	0.4%	0.6%	0.2%
Total Assets *5	54,425	58,513	55,468	52,269	60,564	70,889	71,276	75,615	88,641	85,356	94,584	112,477	119,459	140,441
Net Assets *1	26,904	29,468	25,148	24,979	25,642	26,295	26,253	27,181	29,620	26,735	28,062	33,889	40,253	42,316
Shareholders' Equity Ratio *2 *5	41.1%	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%	24.1%	22.2%	20.1%	21.0%	26.6%	22.7%
Return on Equity *3	18.2%	12.7%	1.4%	1.0%	2.0%	0.1%	2.9%	2.5%	1.0%	1.2%	(0.7)%	6.0%	7.6%	2.0%
Number of Employees (exclude contract workers)	3,126	3,647	3,671	3,643	3,956	4,452	4,778	5,022	6,584	7,144	7,238	7,716	7,855	9,657

Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Non-controlling interests included in presentation of net assets since the fiscal year ended May 31, 2007.

2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

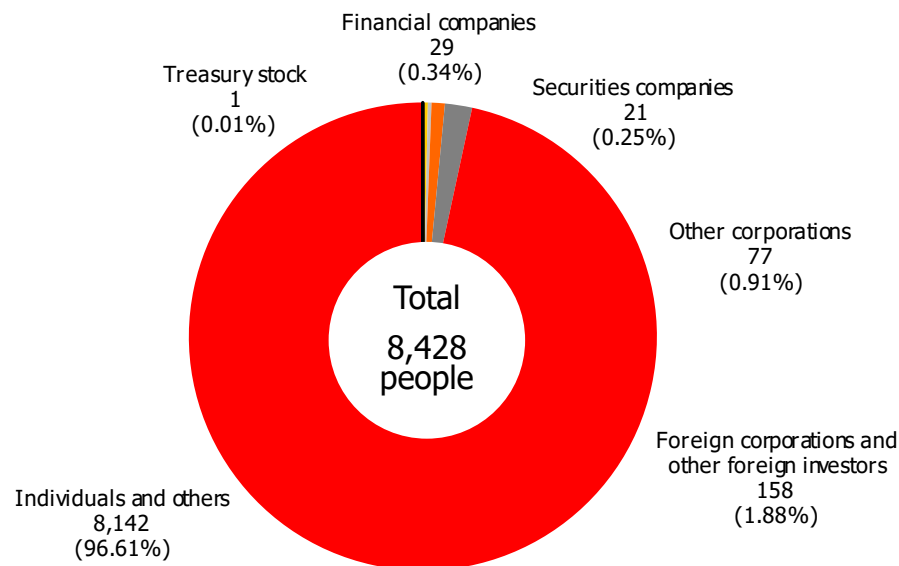
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

4. Since the fiscal year ended on May 31, 2016, net income has been referred to profit attributable to owners of parent.

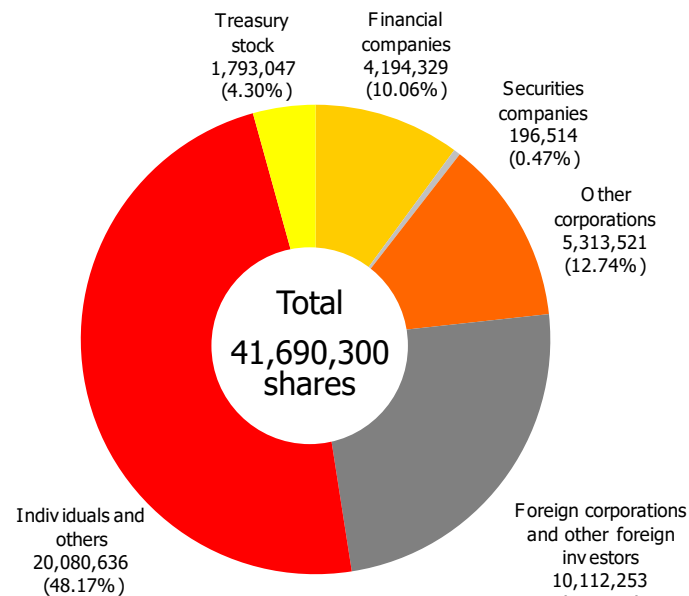
5. As the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of FY2018. As for the financial position, the figures for the previous consolidated fiscal year were processed by the method.

Stock Information (As of May. 31, 2020)

Breakdown of Shareholders by Type



Breakdown of Shareholders by Number of Share Held



Principal Shareholders

	No. of Shares Held	%
Yasuyuki Nambu	14,763,200	35.41%
Nambu Enterprise Inc.	3,738,500	8.97%
BNYM NON-TREATY DTT	1,861,600	4.47%
Pasona Group Inc.	1,793,047	4.30%
AVI GLOBAL TRUST PLC	1,574,000	3.78%
The Master Trust Bank of Japan, Ltd (Trust Account)	1,152,900	2.77%
CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT	782,800	1.88%
Trust & Custody Services Bank, Ltd. (Trust Account E)	781,729	1.88%
AVI JAPAN OPPORTUNITY TRUST PLC	720,600	1.73%
BNYM TREATY DTT 15	625,400	1.50%

1. The Company's treasury stock (1,793,047 shares, 4.30% of total issued shares) ranked Fourth. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.
2. Pasona Group received a notification from Tempered Investment Management LTD., that it held 2,847,400 shares as of October 21, 2019 outlined the delivery of a Substantial Shareholding Report submitted to the Kanto Local Finance Bureau on October 21, 2019. As the Company is unable to confirm the number of shares held as of 31 May, 2020, Tempered Investment Management LTD. has been omitted from the list of major shareholders identified.

Group Companies (by segment)

Expert Services, BPO Services (Contracting) ※Ex. Insourcing HR Consulting, Education and Training, Others

Pasona Inc.	CAPLAN Corporation
Pasona Tech, Inc.	Pasona Yaskawa Business Staff Inc.
Pasona Okayama Inc.	Bewith, Inc.
PASONA LOGICOM Inc.	Asahi Beer Communications Co, Ltd.
Pasona Masters Inc.	Pasona art now Inc.
Pasona Marketing, Inc.	Pasona Panasonic Business Service Co.,Ltd
Pasona Tech Systems Inc.	Pasona Knowledge Partner Inc.
Shin nihon kogyo Co.,Ltd.	Pasona Job Support Inc.
Pasona Human Solutions Inc.	Nagasaki diamond staff
Pasona Heartful Inc.	Benefit One Payroll Inc.
Pasona JOB HUB Inc.	Pasona Tquila Inc. * Others *

Global Sourcing

Pasona N A, Inc.	Pasona Canada, Inc.
Pasona Taiwan Co., Ltd.	Pasona Singapore Pte. Ltd.
Pasona Asia Co., Limited	PT Pasona HR Indonesia
Pasona Korea Co., Ltd	Pasona India Private Limited
MGR Consulting Co., Ltd.	Pasona Tech Vietnam Co., Ltd.
Pasona Human Resources (Shanghai) Co., Ltd.	
Pasona Recruitment (Thailand) Co., Ltd	
Pasona Education Co. Limited	
Pasona HR Malaysia Sdn. Bhd.	
PT. Dutagriya Sarana	Others

Career Solutions

Pasona Inc.	Pasona Fortune Inc.
Pasona KomonNetwork Inc.	

Outsourcing

Benefit One Inc.	
BENEFIT ONE INTERNATIONAL PTE. LTD.	
贝那商务咨询(上海)有限公司	
Benefit One USA,INC.	
Benefit One (Thailand) Co., Ltd.	
PT. BENEFIT ONE INDONESIA	
Benefit One Deutschland GmbH	
REWARDZ PRIVATE LIMITED	
BENEFITONE ENGAGEMENT TECHNOLOGIES PRIVATE LIMITED	
DG1 Inc.	Others *

Life Solutions

Pasona Foster Inc.
Pasona Life Care Inc.

Regional Revitalization Solutions ※Ex. Public Solutions

Pasona Furusato Incubation Inc.	
Pasona Agri-Partners Inc.	
Tango Kingdom Inc.	
Tango Kingdom Brewery Inc.	
Pasona Tohoku Sousei Inc.	
Nijigenomori Inc.	
Pasona Smile Inc.	Others *

● Consolidated subsidiaries 67

* Equity-method affiliates 11

(As of May. 31, 2020)

Corporate Information

Tokyo Stock Exchange, 1st Section 2168

Corporate Name	Pasona Group Inc.	
Headquarters	Shin Marunouchi Bldg. 1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-6514	<u>Comprehensive Group office</u> Otemachi 2-6-2 Chiyoda-ku, Tokyo 100-8228 Phone 03-6734-0200
Established	December 3, 2007 (Founding February 1976)	
Paid-in Capital	5,000 million yen	
Representative	Yasuyuki Nambu	
Business Activities	Expert Services (Temporary staffing) , BPO Services (Contracting) ※ Ex. Insourcing HR Consulting, Education & Training, Others Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outplacement) Outsourcing , Life Solutions Regional Revitalization Solutions ※ Ex. Public Solutions	(Segment name of FY19)
Number of Employees	19,588 (Consolidated, including contract workers)	(As of May. 31, 2020)
Consolidated Group Companies	Subsidiaries 67 , Affiliates 11	(As of May. 31, 2020)
URL	www.pasonagroup.co.jp/english/	