

# Results for the First Half of the Fiscal Year Ending May 31, 2018

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**H1 FY2017 (June 1, 2017 - November 30, 2017)**

**Pasona Group Inc.**

**First Section TSE (2168)**

**January 18, 2018**

**[www.pasonagroup.co.jp/english/](http://www.pasonagroup.co.jp/english/)**

# Notice Concerning Difference between Financial Forecast and Actual Result for the First Half of the FY2017

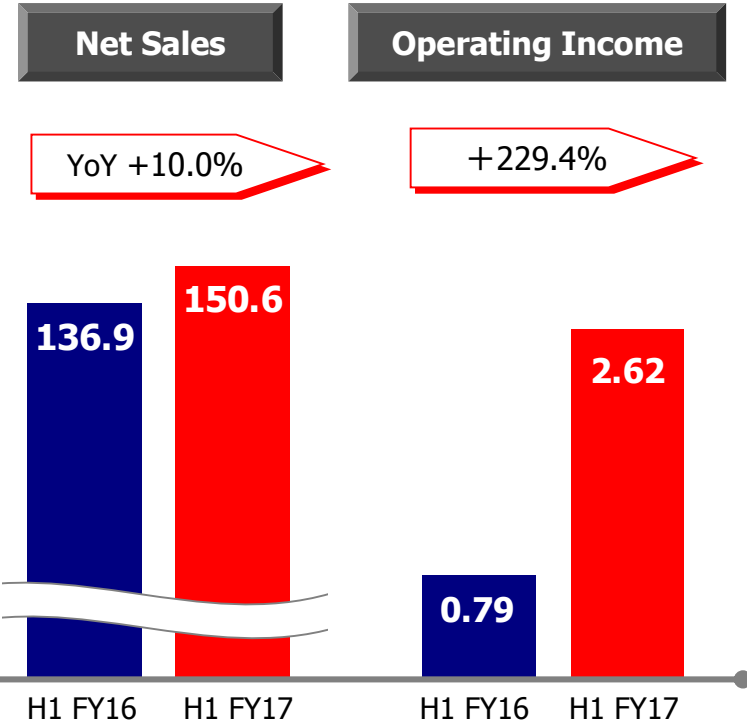
- **Net sales** were mostly in line with our plan as entire labor demand remains firm.
- **Earnings** exceeded the plan as a result of increased profitability in the Insourcing business, standardization of operational processes at group companies, and adoption of a common IT infrastructure. Upward revision to H1 forecasts made on December 20, 2017.
- Full-year forecasts are unchanged, reflecting an overall consideration of such factors as uncertainty surrounding the impact from the Labor Contracts Act, Worker Dispatching Law, and other laws, and the timing for recognition of costs on the Public Solutions business.

H1 FY2017 (Millions of yen)	Initial Forecast	Result	VS Initial Forecast	Difference (%)
Net Sales	154,620	150,619	(4,000)	(2.6)%
Operating Income	1,240	2,618	+1,378	+111.2%
Ordinary Income	1,190	2,634	+1,444	+121.4%
Profit and Loss Attributable to Owners of Parent	(500)	470	+970	-

# Consolidated Results

(Billions of yen)

(Millions of yen)	H1 FY16	(%)	H1 FY17	(%)	VS FY16 Increase/Decrease
Net sales	136,867	100.0	150,619	100.0	+13,752 +10.0%
Cost of sales	109,867	80.3	118,687	78.8	+8,820 +8.0%
Gross profit	27,000	19.7	31,931	21.2	+4,931 +18.3%
SG&A expenses	26,205	19.1	29,313	19.5	+3,107 +11.9%
Operating income	794	0.6	2,618	1.7	+1,823 +229.4%



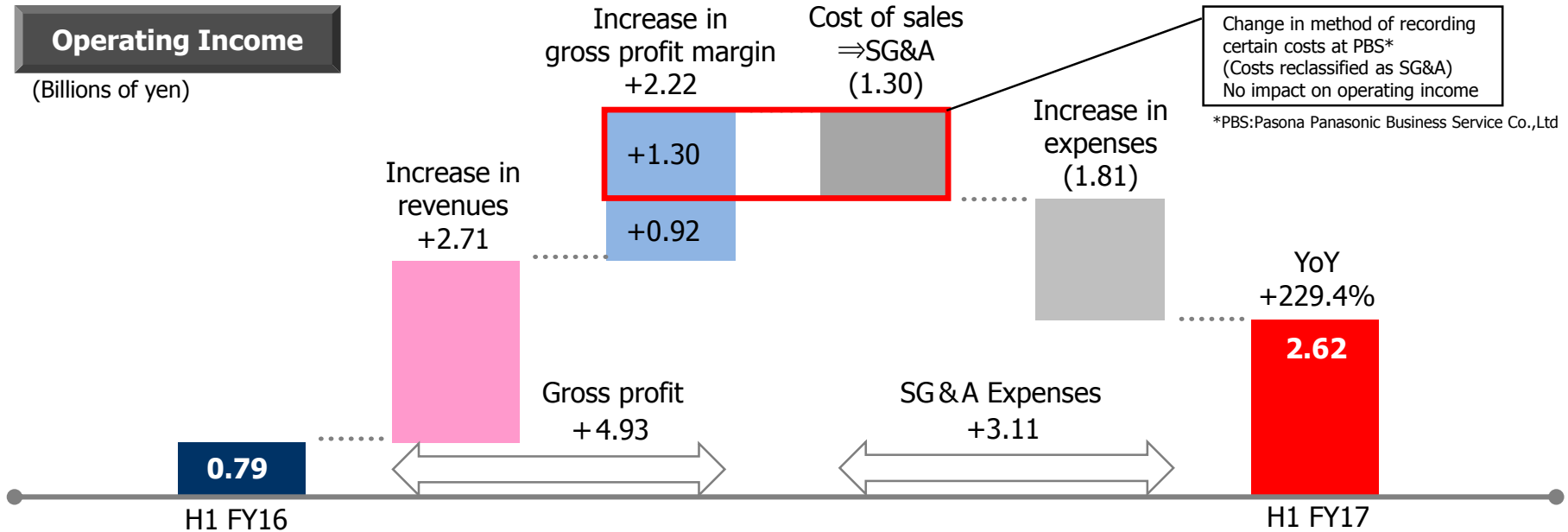
## Major Items of Increase/Decrease

- **Net Sales**
  - Increase in all segments, mainly BPO and Placement/Recruiting businesses.
- **Operating Income**
  - Decrease in costs resulting from lower retirement benefit costs, standardization of operational processes, and greater efficiency from adoption of common IT infrastructure.

# Operating Income

## Operating Income

(Billions of yen)



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	H1 FY16	H1 FY17	*Reference H1 FY17
Gross Profit margin	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	19.7%	21.2%	20.3%
SG&A margin	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.1%	19.5%	18.6%

## Major Items of Increase/Decrease

### ● Gross profit

- Increase due to higher revenue, and gains in Insourcing and Career Solutions businesses.

### ● SG&A expenses

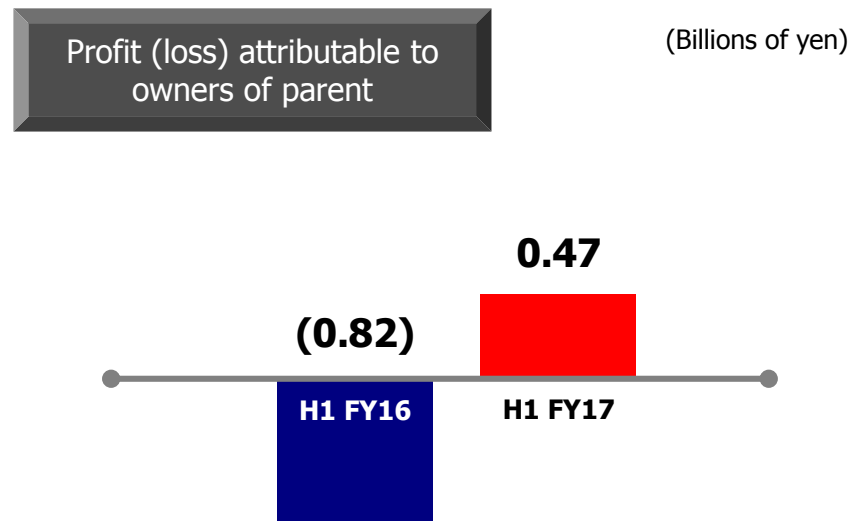
- Higher personnel expenses resulting from M&A and revenue gains.
- Improved cost efficiency due to standardization of operational processes at group companies, and adoption of a common IT infrastructure.
- Reduction in retirement benefit costs, which had a substantial impact in the previous fiscal year (YoY -¥320 million)

\*Before changing in method of recording certain costs at PBS

# Consolidated Results

## (Non-operating/Extraordinary income and loss)

(Millions of yen)	H1 FY16	H1 FY17	Increase/ Decrease	YoY
Operating income	794	2,618	+1,823	+229.4%
Non-operating income	176	433	+257	+145.7%
Non-operating expenses	211	417	+205	+97.2%
Ordinary income	759	2,634	+1,875	+246.8%
Extraordinary income	9	601	+591	+6053.9%
Extraordinary loss	44	182	+138	+309.0%
Income before income taxes	724	3,053	+2,328	+321.3%
Income taxes - current	1,098	1,863	+764	+69.6%
Income taxes - deferred	(229)	29	+259	-
Income taxes	868	1,893	+1,024	+117.9%
Profit attributable to non-controlling interests	672	690	+17	+2.7%
Profit and loss attributable to owners of parent	(816)	470	+1,286	-



Major Items of Increase/Decrease (YoY)

- **Non-operating income and expenses**  
Increase due to subletting of portion of head office building
  - Real estate rents                    263 million (+243million)
  - Real estate leasing costs        241 million (+233million)
- **Extraordinary income**
  - Gain on bargain purchase from M&A        601 million
- **Extraordinary loss**
  - Retirement of fixed assets from head office relocation (+61million)

# Consolidated Results by Segment

(Millions of yen)

Segment		Net sales				Operating income (loss)				Operating income margin		
		H1 FY16	H1 FY17	Increase/ Decrease	YoY	H1 FY16	H1 FY17	Increase/ Decrease	YoY	H1 FY16	H1 FY17	Increase/ Decrease
①	Expert Services (Temporary Staffing)	71,469	78,491	+7,022	+9.8%	436	2,330	+1,893	+434.0%	0.4%	1.9%	+1.5pt
②	Insourcing (Contracting)	36,082	39,197	+3,114	+8.6%							
③	HR Consulting, Education, Training, etc.	2,918	3,236	+318	+10.9%							
④	Global Sourcing (Overseas)	3,067	3,506	+439	+14.3%							
Subtotal		113,536	124,431	+10,894	+9.6%							
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	7,178	8,151	+973	+13.6%	704	1,489	+784	+111.3%	9.8%	18.3%	+8.5pt
⑥	Outsourcing	14,545	16,249	+1,704	+11.7%	2,482	2,514	+32	+1.3%	17.1%	15.5%	(1.6)pt
⑦	Life Solutions	2,255	2,511	+256	+11.4%	74	110	+36	+48.4%	3.3%	4.4%	+1.1pt
⑧	Public Solutions	851	1,198	+346	+40.7%	(235)	(732)	(496)	-	-	-	-
⑨	Eliminations and Corporate	(1,500)	(1,923)	(423)	-	(2,667)	(3,094)	(427)	-	-	-	-
Total		136,867	150,619	+13,752	+10.0%	794	2,618	+1,823	+229.4%	0.6%	1.7%	+1.1pt

# Balance sheet

(Billions of yen)

Major Item of Increase/Decrease	May 31,2017	Nov 30,2017	Increase/ Decrease
<b>Assets</b>	94.6	100.9	+6.3
<b>Current assets</b>	64.6	66.3	+1.7
Cash and deposits	21.8	18.4	(3.3)
Notes and accounts receivable –trade	34.2	39.1	+4.9
<b>Non-current assets</b>	30.0	34.6	+4.6
Property, plant and equipment	9.3	13.2	+3.9
Intangible assets	9.1	9.8	+0.7
Investments and other assets	11.6	11.6	(0.0)
<b>Liabilities</b>	66.5	73.0	+6.5
<b>Current liabilities</b>	49.8	51.4	+1.6
Accounts payable	5.9	3.2	(2.7)
Short-term loans payable	5.4	6.4	+1.0
Accrued expenses	14.1	16.8	+2.7
Accrued Bonuses	3.2	3.6	+0.4
Accrued income tax	1.7	1.6	(0.1)
Other	19.5	19.9	+0.3
<b>Non-current liabilities</b>	16.7	21.6	+4.9
Long-term loans payable	12.0	15.3	+3.3
<b>Net assets</b>	28.1	27.9	(0.2)
Shareholders' equity	18.6	18.6	+0.0
Valuation and translation adjustments	0.5	0.5	(0.0)
Non-controlling interests	9.0	8.8	(0.2)
<b>Capital adequacy ratio</b>	20.1%	18.9%	(1.2)pt

## Major Item of Increase/Decrease

### 【Current assets】

Increase in accounts receivable due to revenue gains and M&A +¥4.9 billion

### 【Property, plant and equipment】

Head office relocation +¥0.9 billion  
New businesses +¥3.1 billion

### 【Current liabilities】

Increase in accrued expenses due to M&A (Staff salary) +¥2.7 billion

### 【Retained earnings】

Profit attributable to owners of parent +¥0.5 billion  
Cash dividends paid ¥(0.4) billion

### 【Non-controlling interests】

Benefit One earnings distribution +¥0.7 billion  
Cash dividends paid of Benefit One ¥(0.9) billion

# Cash Flows

(Billions of yen)

Major Item of Increase/Decrease	H1 FY16	H1 FY17	Increase/Decrease
Cash flows from operating activities	(0.5)	0.5	+1.0
Income before income taxes	0.7	3.1	+2.3
Depreciation and amortization	1.6	1.7	+0.1
Amortization of goodwill	0.5	0.5	+0.0
Gain on bargain purchase	0.0	(0.6)	(0.6)
Retirement benefits	0.4	(0.1)	(0.4)
Decrease (increase) in notes and accounts receivable—trade	0.4	(2.4)	(2.9)
Increase (decrease) in operating debt	(1.2)	(1.7)	(0.5)
Increase (decrease) in accrued consumption taxes	(0.3)	(0.2)	+0.1
Income tax paid	(1.3)	(1.5)	(0.2)
Other	(1.4)	1.7	+3.0
Cash flows from investing activities	(2.0)	(7.9)	(5.9)
Purchase of property, plant and equipment	(0.7)	(5.5)	(4.8)
Purchase of intangible fixed assets	(0.6)	(1.1)	(0.5)
Purchase of investment securities	(0.2)	(0.0)	+0.2
Other	(0.6)	(1.3)	(0.7)
Cash flows from financing activities	(2.0)	4.2	+6.1
Proceeds from long-term loans payable	0.0	7.2	+7.2
Repayment of long-term loans payable	(2.5)	(2.7)	(0.2)
Dividends paid to non-controlling interests	(0.7)	(0.9)	(0.3)
Other	1.3	0.7	(0.6)
Net increase (decrease) in cash and cash equivalents	(4.7)	(3.3)	+1.4
Cash and cash equivalents at beginning of the period	16.4	21.1	+4.6
Cash and cash equivalents at the end of the period	11.8	17.8	+6.0
Free cash flows	(2.6)	(7.5)	(4.9)

## Major Item of Increase/Decrease

**【Profit before amortization】**  
¥4.7 billion (YoY +¥1.8 billion)

**【Retirement benefits】**  
Decrease in retirement benefits ¥(0.4) billion

**【Decrease (increase) in notes and accounts receivable - trade】**  
Increase in accounts receivable due to revenue gains and M&A ¥(2.9) billion

**【Purchase of property, plant and equipment】**  
Head office relocation ¥(1.8) billion  
New businesses ¥(2.7) billion

**【Proceeds from long-term loans payable】**  
Due to M&A, changing a deposit to a lease for finance flexibility and proceeds from long-term loans payable +¥7.2 billion



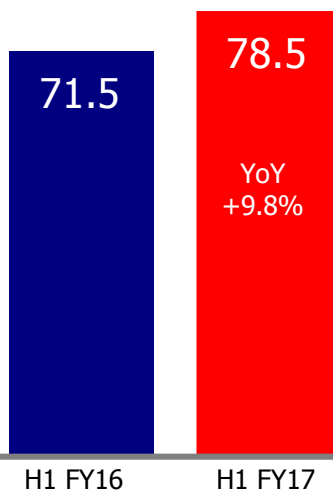
# Segment information

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# Expert Services (Temporary staffing)

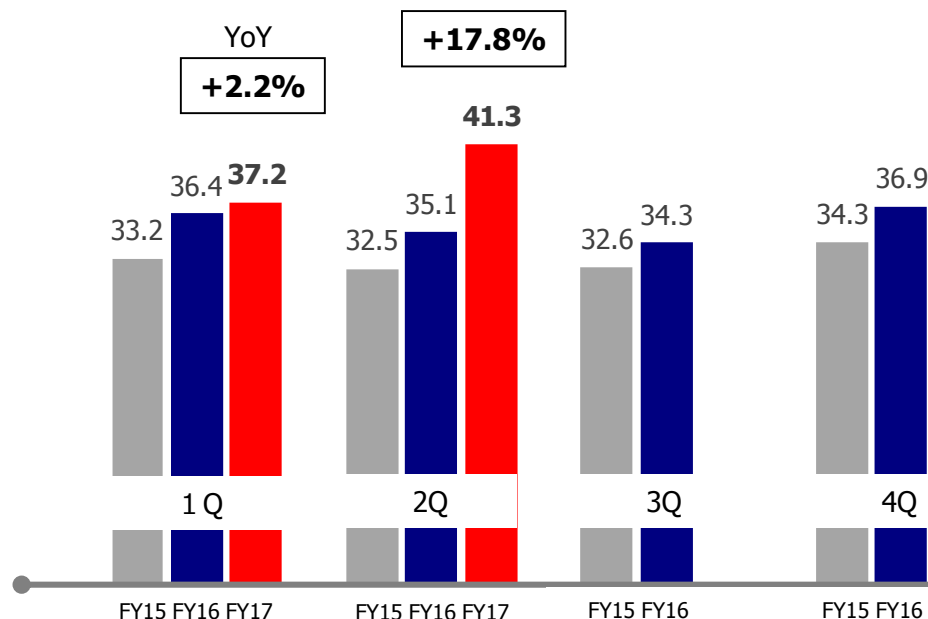
## Net Sales

(Billions of yen)



## Sales Trends

(Billions of yen)



## Business Conditions

### •H1 result

- Growth in specialist positions such as accounting, foreign languages, and IT.
- Gain on business from four human resource companies, and two subsidiaries of the NTT Group which transferred to us.

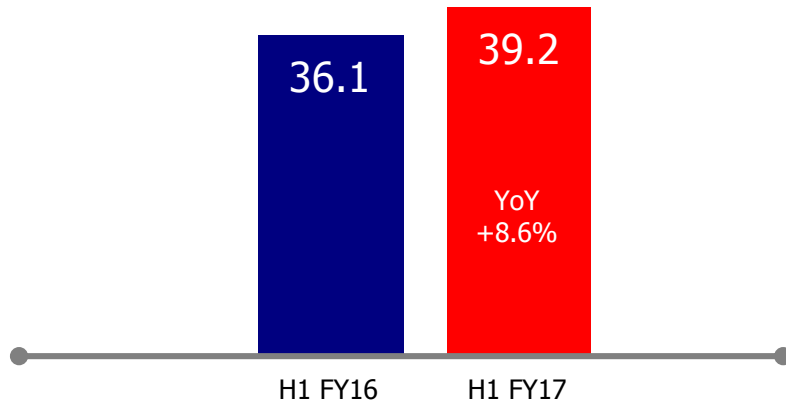
### •H2 plan

- Focus on developing new, highly specialist positions such as robotic process automation (RPA), and training personnel.

# Insourcing (Contracting)

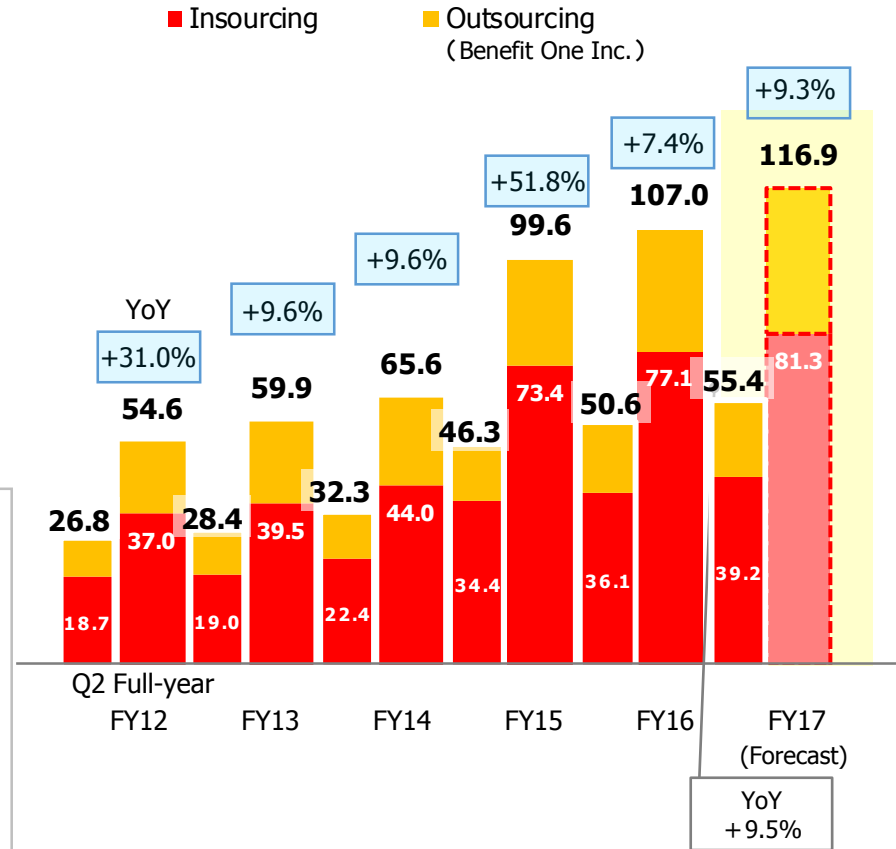
## Net Sales

(Billions of yen)



## BPO Sales

(Billions of yen)



## Business Conditions

### ● H1 result

- Sales increase due to greater demand of private companies, and investments made in the previous fiscal year.
- Increase in regional revitalization projects, such as the "U/I/J-turn consultation service" utilizing the JOB HUB SQUARE space.

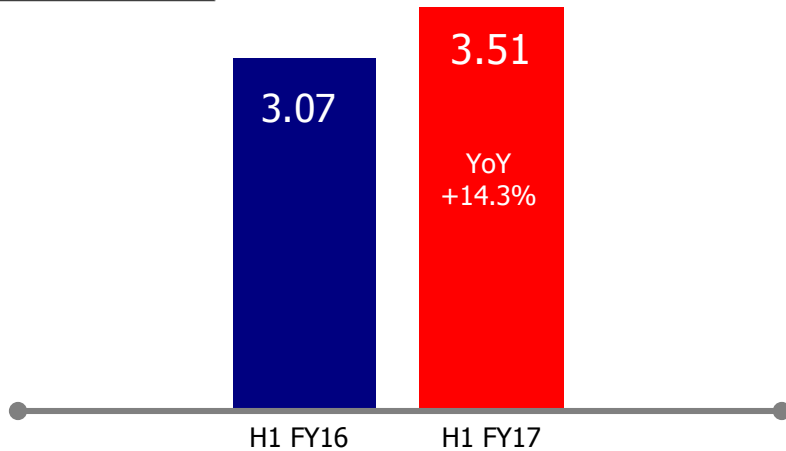
### ● H2 plan

- Strengthening structure to meet needs related to labor law regulations.
- Developing new BPO lineup utilizing group synergy .

# Global Sourcing (Overseas)

## Net Sales

(Billions of yen)



## Sales by Business Segment

(Millions of yen)

	H1 FY16	H1 FY17	YoY
Temporary Staffing	1,315	1,555	+18.3%
Placement / Recruiting	875	988	+13.0%
Contracting (Payroll, others)	535	600	+12.2%
Others	341	361	+5.9%
<b>Total</b>	<b>3,067</b>	<b>3,506</b>	<b>+14.3%</b>

## Business Conditions

### ● H1 result

- Revenue growth in all businesses, including placement/recruiting, temporary staffing, and contracting.
- Continued growth in North America.
- Expansion of worker dispatching business in Indonesia, and in Vietnam, increase in demand for engineers from Japanese companies.

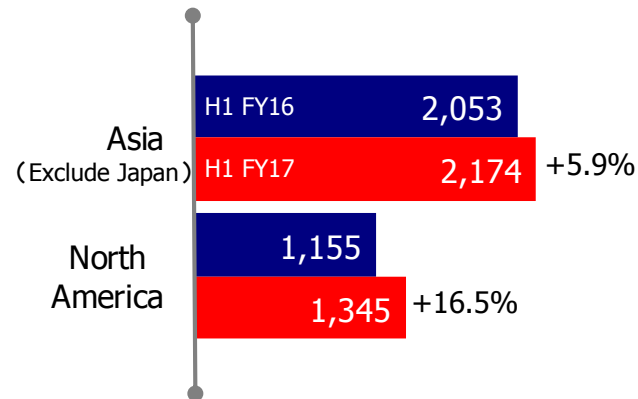
### ● H2 plan

- Continuing strengthening business in fast-growing ASEAN region.
- Strengthening business in Shanghai, Taiwan, and other areas of Southeast Asia, focusing on job fairs (Job Haku).

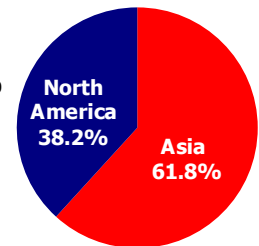
## Sales by Region

(Millions of yen)

※Including overseas outsourcing



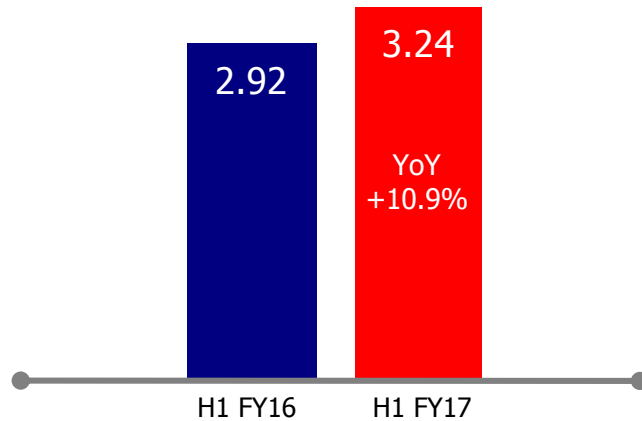
## Sales composition



# HR Consulting, etc. / Operating Income by Segments

## Net Sales (HR Consulting, education, training, etc.)

(Billions of yen)



## Business Conditions

### ● H1 result

- Increase in new corporate training demand related to working style reforms.
- Expansion in direct hiring by clients, increase in placement fees.

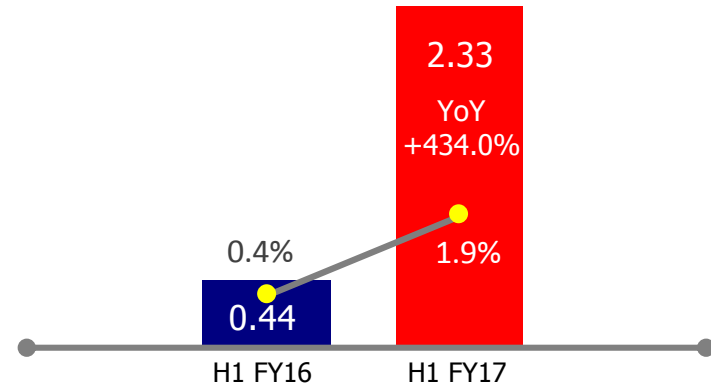
### ● H2 plan

- Expansion training menu including collaborations, and provide training specific to the business environment.
- Continued firm demand for personnel, and increase in placement fees expected.

## ES~GS Operating Income

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

(Billions of yen)



## Business Conditions

### ● H1 result

- Considerable earnings gain due to cost reductions from lower retirement benefit costs and adoption of common IT infrastructure.

### ● H2 plan

- Pursuing group synergies in terms of costs and operations.

# Career Solutions (Placement/Recruiting, Outplacement )

## Net Sales

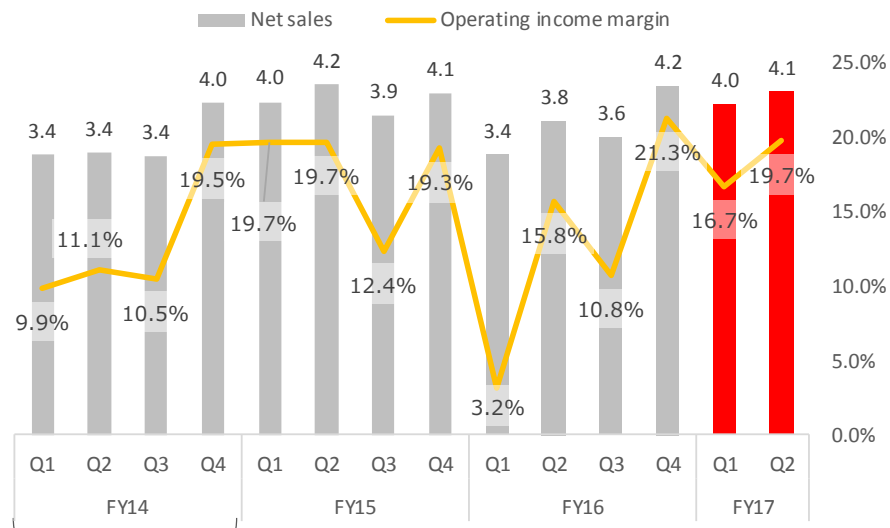
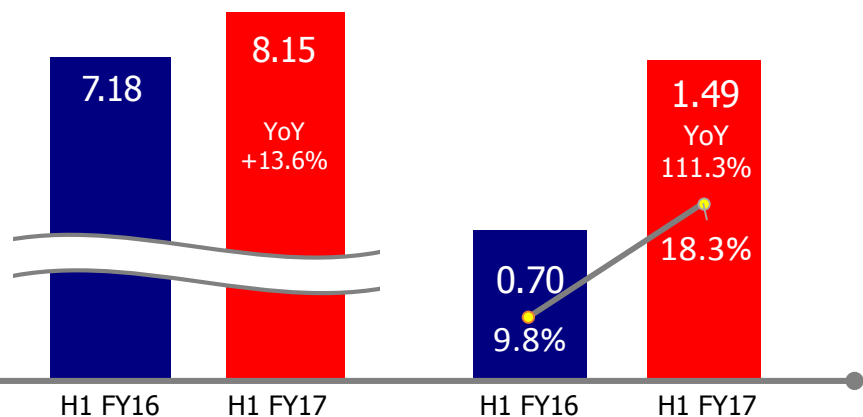
## Operating Income, Operating Income Margin

(Billions of yen)

## Active opening ratio by occupation

(Full-time employees including part-time workers)

(Billions of yen)



※FY2014 is reference figure before change of segment classification.

## Business Conditions

### ●H1 result

- Continued good performance in the Placement/Recruiting business, mainly in manufacturers, IT companies, and financial firms.
- Shift to a general sales structure with outplacement support consultants offering placement/recruiting and advisory services, strengthen business throughout Japan.

### ●H2 plan

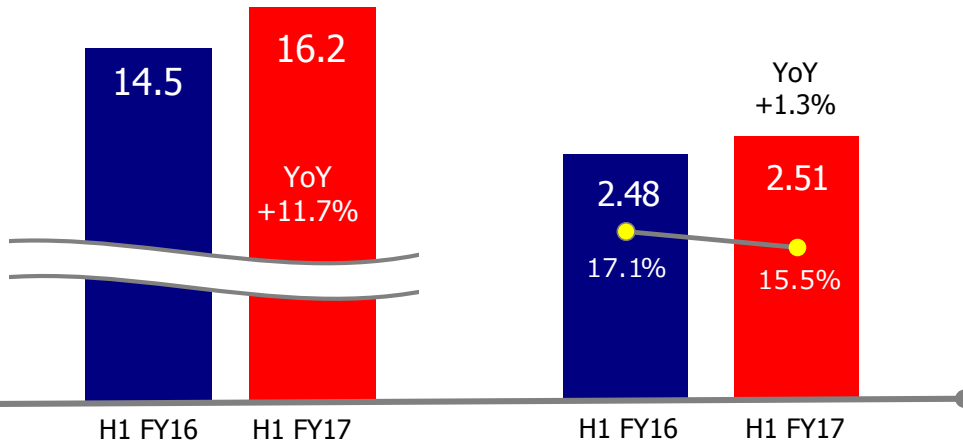
- Creating various IT-based hiring support services to meet changes in the recruiting environment.
- Strengthening retention consulting.

# Outsourcing (Benefit One Inc.)

## Net Sales

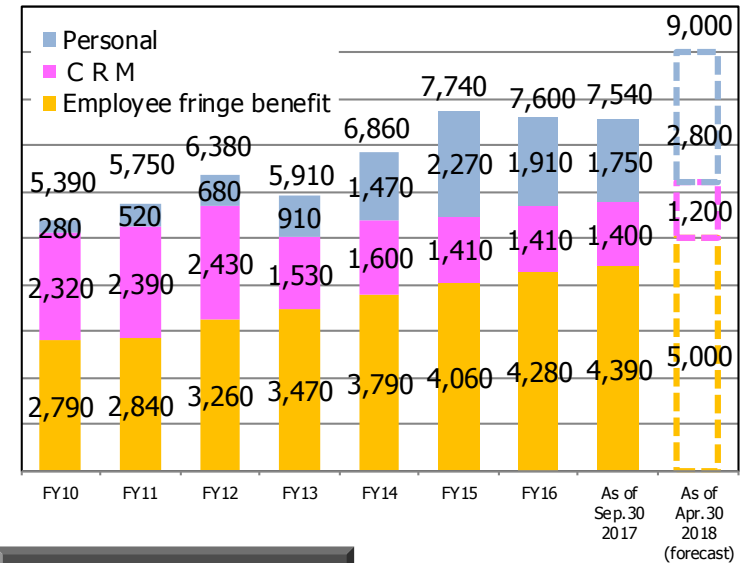
## Operating Income, Operating Income Margin

(Billions of yen)



## Benefit One Membership

(Thousands people)



## Business Conditions

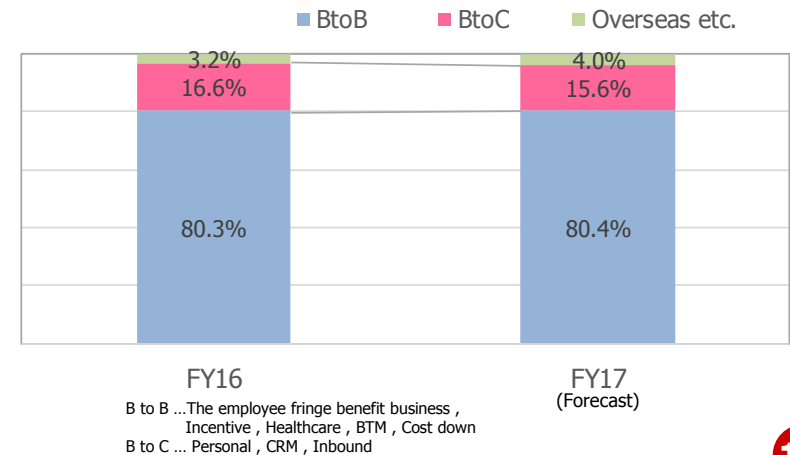
### •H1 result

- Steady growth in corporate members for employee fringe benefit business.
- Temporary up-front expenditures to promote use and for IT investment.

### •H2 plan

- Regaining individual members with launch at major new cooperative companies.
- Maintaining strict cost controls.

## Sales Composition



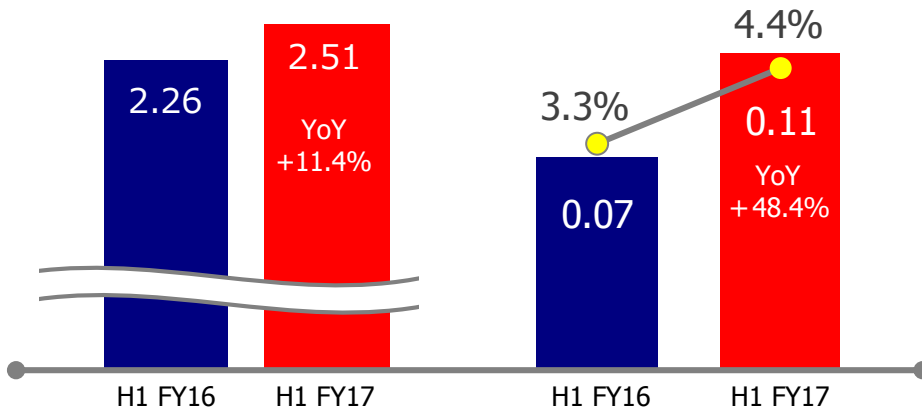
# Life Solutions (Childcare, Nursing care)



## Net Sales

## Operating Income, Operating Income Margin

(Billions of Yen)



## Pasona Foster

- Hoiku (Childcare) Academy opened in September 2017  
Provide training and networking for people seeking to enter the childcare industry

【The number of facilities (YoY)】 ※As of Nov.30, 2017

- Daycare facilities 32 (+4)
- After-school children's clubs 37 (+2)

## Pasona Life Care

- Kaigo (Nursing care) Academy opened in January 2018  
Provide training in nursing care for people without care experience.
- Support Service for Balancing of Work and Nursing Care  
Introduced at 100 companies

【The number of facilities】

- Nursing care facilities 27 ※As of Nov.30, 2017

## Business Conditions

### ●H1 result

- Pasona Foster Care Inc.: Increase in contracts for daycare facilities, strengthen consulting for daycare facilities in companies, and pursue proactive expansion.
- Pasona Life Care Inc.: Increase in use of nursing care services, dispatched care staff, and housekeeping services. Steady growth in Support Service for Balancing of Work and Nursing Care.

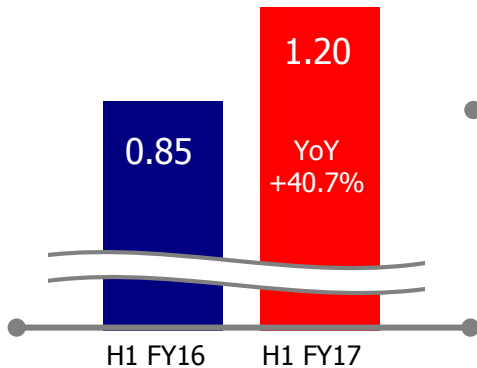
### ●H2 plan

- Strengthening contracts for daycare facilities in companies, retain childcare workers and improve working conditions.
- Raising occupancy rate for existing nursing care facilities, and diversify nursing care services.



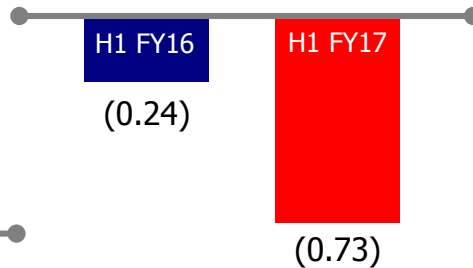
# Public Solutions (Regional Revitalization, etc.)

## Net Sales



## Operating Income

(Billions of Yen)



## Business Conditions

### •H1 result

- Tango Kingdom Inc.: Steady improvement in earnings from expanded sales channels as a regional company, and greater operating efficiency.
- Nijigennomori Inc.: Portion of costs deferred to 2H.

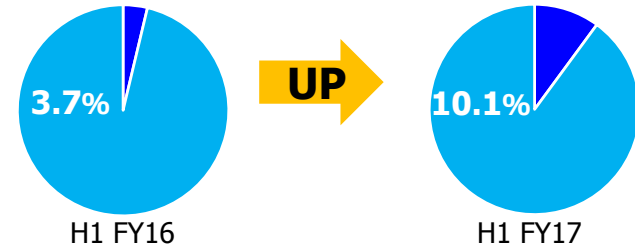
### •H2 plan

- Tango Kingdom Inc.: Strengthening measures as a regional company through antenna shops in Amanohashidate and Tokyo.
- Nijigennomori Inc.: Continuing strengthening marketing measures to increase visitors.

## Tango Kingdom Inc.

- In addition to operation of michinoeki (roadside station), strengthen external sales of in-house products, and wholesale of agricultural products as a regional company

<Proportion of Sales from the External Sales and Wholesale Businesses>



- Cultivate dairy farming personnel by listing Otemachi Farm on JOB HUB SQUARE, and opening of the Otemachi Farm School.
- Dairy farming work fair planned for March 2018.** Matching of agricultural workers and workers changing jobs with the dairy industry

## Nijigennomori Inc.

- Awaji Island location opened in July 2017  
Operation of an entertainment facility fusing Japanese animation and nature.
- Sales efforts to capture inbound demand.



# Elimination/Corporate Segment Costs

## Net Sales

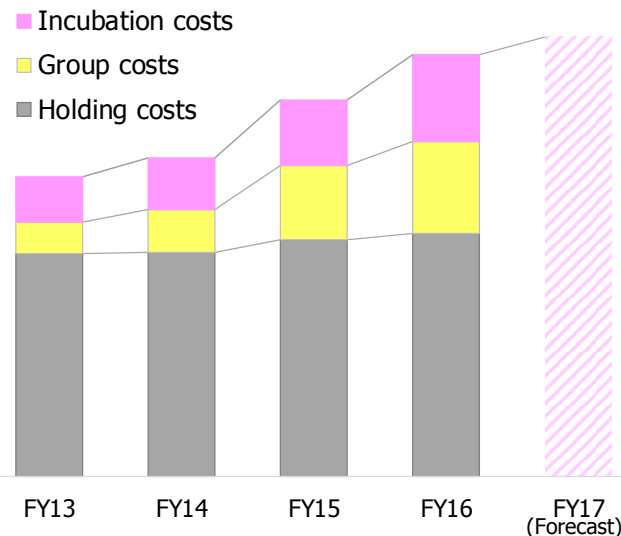
## Operating Income

(Billions of yen)

## Costs Trends

H1 FY16 (1.50)  
H1 FY17 (1.92)

H1 FY16 (2.67)  
H1 FY17 (3.09)



## Main Reasons for Cost Increase

### ● H1 result

#### **Holding costs:** Management costs as holding company

- Slight decline year on year

#### **Group costs:** Costs to maximize group synergies

- +0.37 billion YoY due to one-time costs from relocation of Tokyo head office building, recurrent education, and IT infrastructure

#### **Incubation costs:** Costs for development and launch of new businesses

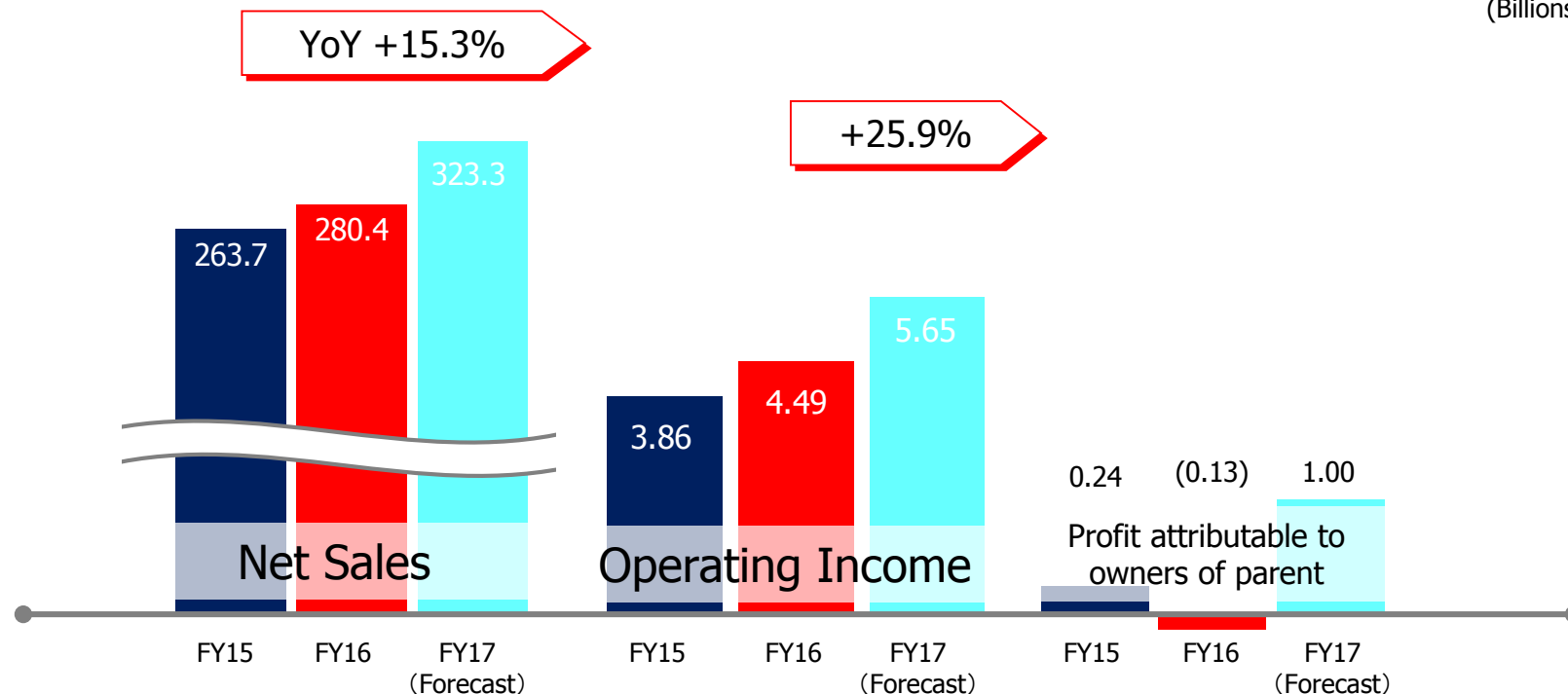
- +0.07 billion YoY due to new business startup costs

### ● H2 plan

- Elimination of one-time relocation costs
- Group costs anticipated for Olympic sponsor and others

# FY2017 Consolidated Forecasts

(Billions of yen)



(Millions of yen)	FY15	to net sales %	FY16	to net sales %	FY17 Forecast	to net sales %	vs FY16 Increase/Decrease	YoY
Net sales	263,728	100.0	280,395	100.0	323,300	100.0	+42,904	+15.3%
Cost of sales	210,919	80.0	223,778	79.8	254,770	78.8	+30,991	+13.8%
Gross profit	52,808	20.0	56,617	20.2	68,530	21.2	+11,912	+21.0%
SG&A expenses	48,948	18.6	52,128	18.6	62,880	19.4	+10,751	+20.6%
Operating income	3,860	1.5	4,488	1.6	5,650	1.7	+1,161	+25.9%
Ordinary income	3,855	1.5	4,319	1.5	5,600	1.7	+1,280	+29.6%
Profit attributable to owners of parent	243	0.1	(129)	-	1,000	0.3	+1,129	-

# FY2017 Consolidated Forecasts by Segment

(Millions of yen)

Segment	Sales				Operating income (loss)				Operating income margin		
	FY16	FY17 Forecast	VS FY16 Increase/Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/Decrease
Expert Services (Temporary Staffing)	142,662	169,600	+26,937	+18.9%	2,297	3,030	+732	+31.9%	1.0%	1.1%	+0.2pt
Insourcing (Contracting)	77,100	81,300	+4,199	+5.4%							
HR Consulting, Education, Training, etc.	6,133	6,940	+806	+13.1%							
Global Sourcing (Overseas)	6,388	7,060	+671	+10.5%							
Subtotal	232,285	264,900	+32,614	+14.0%							
Career Solutions (Placement/Recruiting, Outplacement)	15,008	16,500	+1,491	+9.9%	1,992	2,150	+157	+7.9%	13.3%	13.0%	(0.2)pt
Outsourcing	29,893	35,620	+5,726	+19.2%	5,782	6,970	+1,187	+20.5%	19.3%	19.6%	+0.2pt
Life Solutions	4,657	5,260	+602	+12.9%	237	150	(87)	(36.7)%	5.1%	2.9%	(2.2)pt
Public Solutions	1,670	3,690	+2,019	+120.9%	(450)	(1,090)	(639)	-	-	-	-
Elimination/Corporate	(3,119)	(2,670)	+449	-	(5,370)	(5,560)	(189)	-	-	-	-
Consolidated	280,395	323,300	+42,904	+15.3%	4,488	5,650	+1,161	+25.9%	1.6%	1.7%	+0.1pt

# Reference

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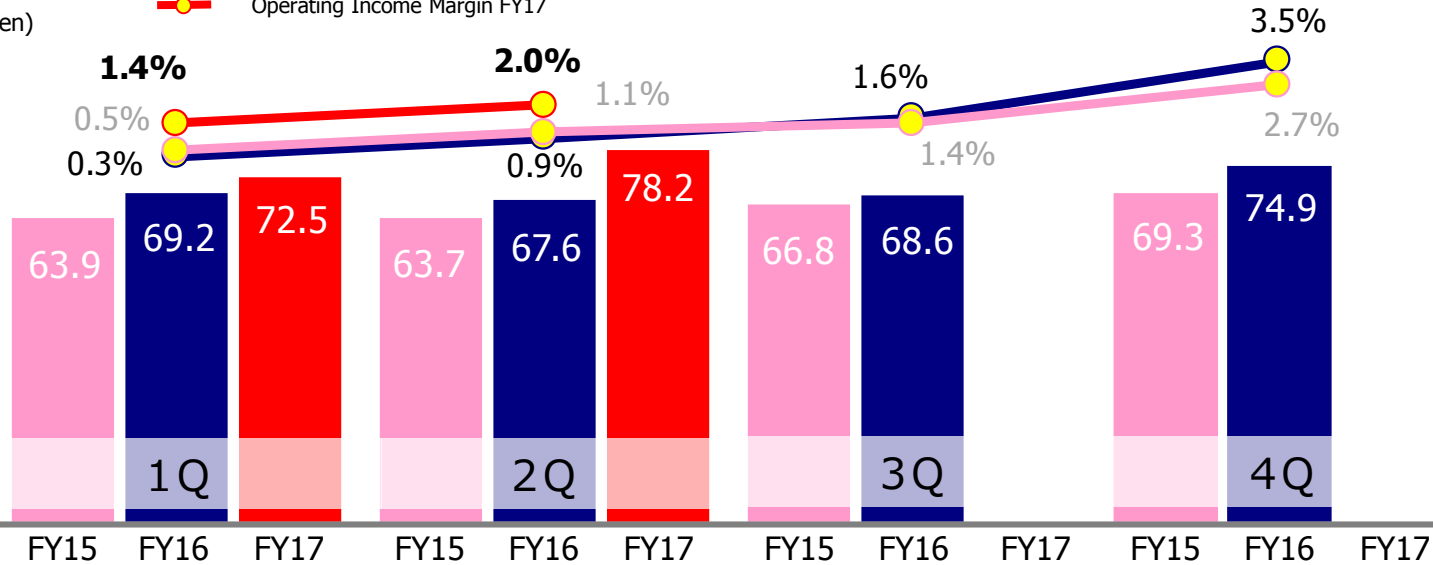
# Quarterly Earnings Trends

## Net Sales

(Billions of yen)

- Operating Income Margin FY15
- Operating Income Margin FY16
- Operating Income Margin FY17

## Operating Income Margin



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)			Q4 (March to May)		
	FY15	FY16	YoY	FY17	YoY	FY15	FY16	YoY	FY17	YoY	FY15	FY16	YoY	FY15	FY16	YoY
	Net sales	63,891	69,231	+8.4%	72,458	+4.7%	63,710	67,636	+6.2%	78,160	+15.6%	66,827	68,613	+2.7%	69,297	74,915
Gross profit	13,412	13,372	(0.3)%	15,256	+14.1%	12,023	13,628	+13.3%	16,675	+22.4%	13,041	13,529	+3.7%	14,331	16,086	+12.3%
SG&A expenses	13,061	13,156	+0.7%	14,222	+8.1%	11,300	13,048	+15.5%	15,090	+15.6%	12,111	12,446	+2.8%	12,473	13,476	+8.0%
Operating income	350	215	(38.5)%	1,033	+378.9%	722	579	(19.8)%	1,585	+173.8%	929	1,083	+16.5%	1,857	2,610	+40.5%
Ordinary income	256	174	(32.1)%	1,006	+476.5%	720	585	(18.8)%	1,628	+178.3%	956	1,039	+8.7%	1,921	2,520	+31.2%
Profit (Loss) attributable to owners of parent	(323)	(539)	-	533	-	(10)	(276)	-	(62)	-	(119)	(98)	-	697	785	+12.6%
Gross profit margin	21.0%	19.3%	(1.7)pt	21.1%	+1.8pt	18.9%	20.1%	+1.2pt	21.3%	+1.2pt	19.5%	19.7%	+0.2pt	20.7%	21.5%	+0.8pt
SG&A expense ratio	20.4%	19.0%	(1.4)pt	19.6%	+0.6pt	17.7%	19.3%	+1.6pt	19.3%	+0.0pt	18.1%	18.1%	+0.0pt	18.0%	18.0%	+0.0pt
Operating income margin	0.5%	0.3%	(0.2)pt	1.4%	+1.1pt	1.1%	0.9%	(0.2)pt	2.0%	+1.1pt	1.4%	1.6%	+0.2pt	2.7%	3.5%	+0.8pt
Ordinary income margin	0.4%	0.3%	(0.1)pt	1.4%	+1.1pt	1.1%	0.9%	(0.2)pt	2.1%	+1.2pt	1.4%	1.5%	+0.1pt	2.8%	3.4%	+0.6pt
Profit attributable to owners of parent margin	-	-	-	0.7%	-	-	-	-	-	-	-	-	-	1.0%	1.0%	+0.0pt

Consolidated

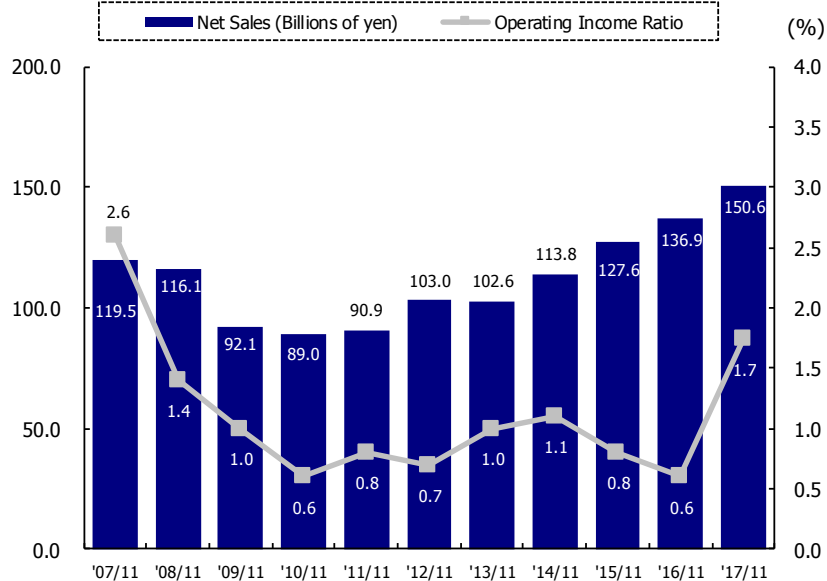
# Quarterly Earnings Trends by Segment

(Millions of yen)

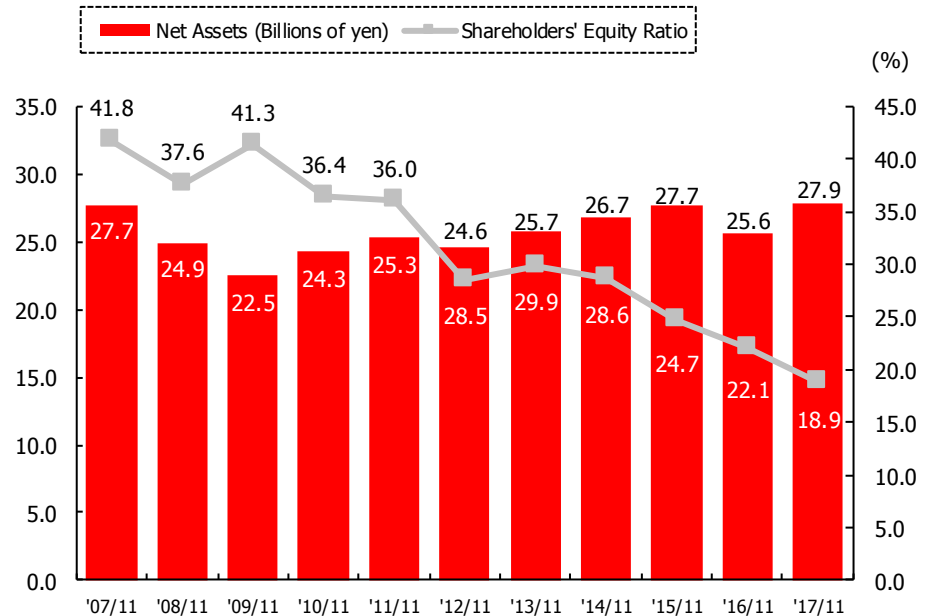
Segment	Sales							Operating income (loss)						
	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	YoY	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	YoY
Expert Services (Temporary Staffing)	36,378	35,090	34,298	36,894	37,172	41,319	+17.8%							
Insourcing (Contracting)	18,174	17,908	19,338	21,679	19,449	19,747	+10.3%							
HR Consulting, others	1,541	1,376	1,666	1,548	1,580	1,656	+20.4%	380	56	397	1,463	851	1,479	+2525.1%
Global Sourcing (Overseas)	1,536	1,530	1,509	1,811	1,724	1,781	+16.4%							
Subtotal	57,631	55,905	56,813	61,934	59,926	64,505	+15.4%							
Career Solutions (Placement/Recruiting, Outplacement)	3,386	3,791	3,607	4,223	4,004	4,147	+9.4%	107	597	388	899	670	819	+37.0%
Outsourcing	7,478	7,066	7,408	7,939	7,775	8,473	+19.9%	1,134	1,348	1,659	1,640	1,184	1,330	(1.3)%
Life Solutions	1,116	1,138	1,137	1,264	1,250	1,260	+10.7%	40	34	65	96	49	61	+81.7%
Public Solutions	391	459	418	399	462	735	+60.0%	(140)	(95)	(116)	(98)	(124)	(607)	-
Eliminations and Corporate	(773)	(726)	(772)	(846)	(961)	(962)	-	(1,305)	(1,361)	(1,311)	(1,391)	(1,597)	(1,496)	-
Total	69,231	67,636	68,613	74,915	72,458	78,160	+15.6%	215	579	1,083	2,610	1,033	1,585	+173.8%

# H1 Key Indicators

## Net Sales and Operating Income Ratio



## Net Assets and Shareholders' Equity Ratio



### First Half Results

Key Indicators	'07/11	'08/11	'09/11	'10/11	'11/11	'12/11	'13/11	'14/11	'15/11	'16/11	'17/11
Net Sales	119,516	116,086	92,069	88,994	90,880	102,976	102,619	113,805	127,602	136,867	150,619
Gross Profit Margin	20.4%	20.0%	19.2%	18.2%	18.3%	18.5%	18.9%	19.7%	19.9%	19.7%	21.2%
SG&A Expenses	21,274	21,598	16,784	15,640	15,922	18,355	18,372	21,265	24,362	26,205	29,313
SG&A Expense Ratio	17.8%	18.6%	18.2%	17.6%	17.5%	17.8%	17.9%	18.7%	19.1%	19.1%	19.5%
Operating Income	3,071	1,598	905	533	724	714	1,038	1,195	1,072	794	2,618
Operating Income Ratio	2.6%	1.4%	1.0%	0.6%	0.8%	0.7%	1.0%	1.1%	0.8%	0.6%	1.7%
Ordinary Income	3,145	1,803	933	580	744	692	961	1,118	977	759	2,634
Ordinary Income Ratio	2.6%	1.6%	1.0%	0.7%	0.8%	0.7%	0.9%	1.0%	0.8%	0.6%	1.7%
Net Income (Loss)	1,063	203	(1,696)	(549)	75	(454)	(25)	(155)	(334)	(816)	470
Net Income Ratio	0.9%	0.2%	-	-	0.1%	-	-	-	-	-	0.3%
Total Assets	55,216	52,670	42,866	55,084	57,480	68,768	68,524	72,357	80,164	80,517	100,881
Net Assets *1	27,736	24,939	22,497	24,260	25,295	24,619	25,743	26,744	27,702	25,591	27,886
Shareholders' Equity Ratio *2	41.8%	37.6%	41.3%	36.4%	36.0%	28.5%	29.9%	28.6%	24.7%	22.1%	18.9%
Current Ratio	150.8%	136.4%	148.1%	190.7%	172.4%	144.4%	139.0%	125.3%	129.0%	120.2%	129.0%

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

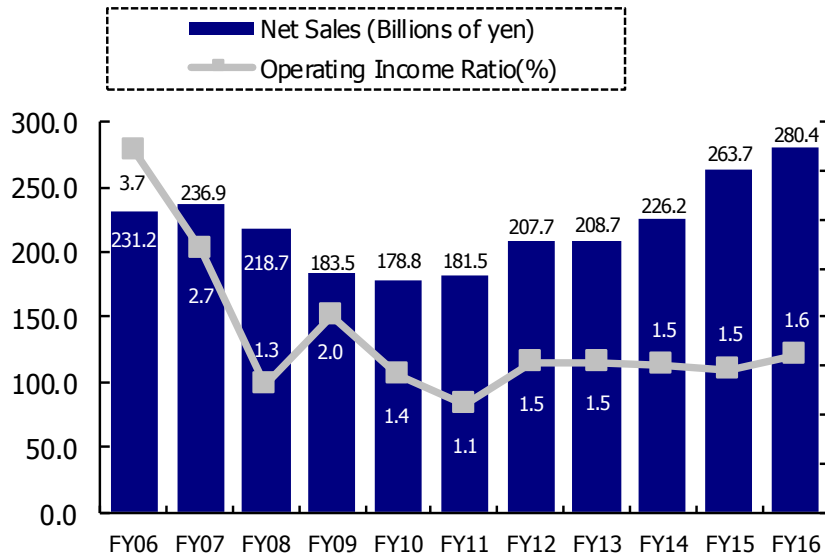
2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

3. For '01/11-'06/11, Pasona Inc. consolidated business results have been used for comparative purposes.

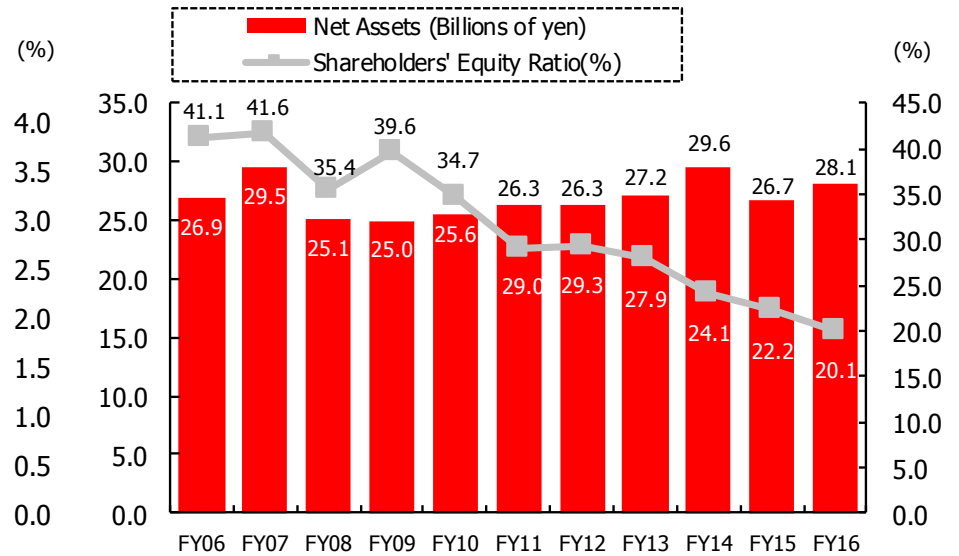


# Full-Year Key Indicators

## 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
Net Sales	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227	263,728	280,395
Gross Profit Margin	20.3%	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%
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
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%
Operating Income	8,507	6,444	2,850	3,660	2,432	1,964	3,176	3,210	3,490	3,860	4,488
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%
Ordinary Income	8,807	6,637	3,361	4,044	2,571	2,091	3,187	3,135	3,343	3,855	4,319
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%
Net Income *4	4,198	2,962	312	204	412	29	610	526	214	243	(129)
Net Income Ratio	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	—
Total Assets	54,425	58,513	55,468	52,269	60,564	70,889	71,276	75,615	88,641	85,356	94,584
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
Shareholders' Equity Ratio *2	41.1%	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%	24.1%	22.2%	20.1%
Return on Equity *2	18.2%	12.7%	1.4%	1.0%	2.0%	0.1%	2.9%	2.5%	1.0%	1.2%	(0.7)%
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

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.

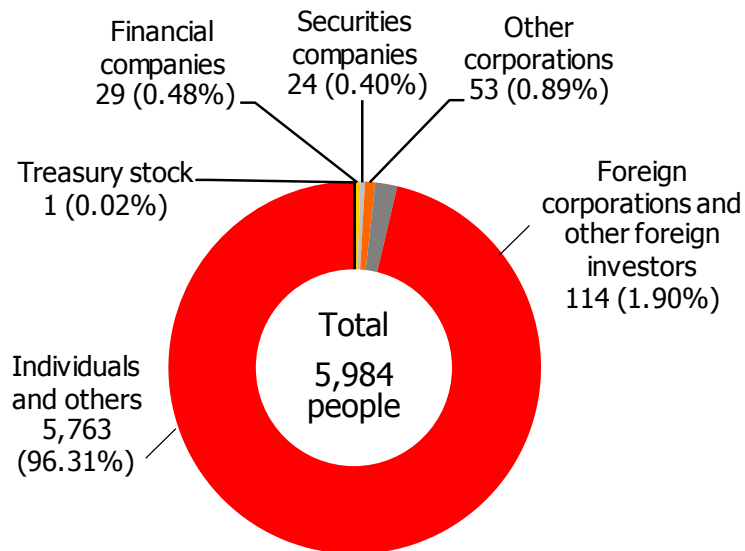
2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

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

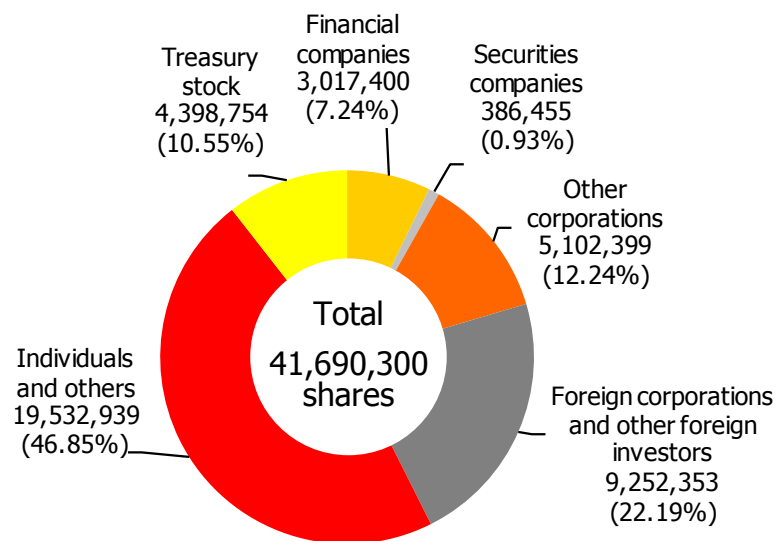
4. Since the fiscal year ended on May 31, 2016, net income has been referred to profit attributable to owners of parent.

# Stock Information (As of Nov. 30, 2017)

## 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%
Pasona Group Inc.	4,398,754	10.55%
Nambu Enterprise Inc.	3,737,800	8.97%
BNYM NON – TREATY DTT	1,986,600	4.77%
Credit Suisse AG Hong Kong Trust A/C Client	1,081,200	2.59%
State Street Bank and Trust Company 505004	976,832	2.34%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	933,521	2.24%
Pasona Group Employees' Shareholding Association	695,600	1.67%
Gratitude Inc.	596,600	1.43%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	548,819	1.32%

1. The Company's treasury stock (4,398,754 shares, 10.55% of total issued shares) ranked second. 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 2,114,600 shares as of April 6, 2017 outlined the delivery of a Substantial Shareholding Report submitted to the Kanto Local Finance Bureau on April 11, 2017. As the Company is unable to confirm the number of shares held as of 30 November, 2017, Tempered Investment Management LTD. has been omitted from the list of major shareholders identified.

# Group Companies (by segment)

## Expert Services, Insourcing HR Consulting, Education and Training, Others

Pasona Inc.	KIS Co.,Ltd.
Pasona Tech, Inc.	CAPLAN Corporation
Pasona Okayama Inc.	YASKAWA BUSINESS STAFF CORPORATION
PASONA LOGICOM Inc.	Bewith, Inc.
Pasona Marketing, Inc.	Asahi Beer Communications Co, Ltd.
Pasona Agri-Partners Inc.	Pasona Panasonic Business Service Co.,Ltd
ECOLOVE Inc.	Smart Style Co.,Ltd.
Nihon Employment Creation Organization Inc.	
Pasona Tech Systems Inc.	iBRID.Co.Ltd
Shin nihon kogyo Co.,Ltd.	Pasona Knowledge Partner Inc.
Pasona Tquila Inc.	Pasona Human Solutions Inc.
Pasona Job Support 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 Education Co. Limited
Pasona India Private Limited	PT. Dutagriya Sarana
MGR Consulting Co., Ltd	
Pasona Human Resources (Shanghai) Co., Ltd.	
Pasona HR Consulting Recruitment (Thailand) Co., Ltd.	
Pasona Tech Vietnam Co., Ltd.	
Pasona HR Malaysia Sdn. Bhd.	
CAPLAN (Thailand) Co., Ltd.	Other

## Career Solutions

Pasona Inc.	Pasona Fortune Inc.	Others
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## Outsourcing

Benefit One Inc.	
Benefit one Health care Inc.	
Benefit One Solutions Inc.	
Benefit One Payroll Inc.	
Benefit One ASIA PTE. LTD.	
贝那商务咨询（上海）有限公司	
Benefit ONE USA, INC.	
Benefit One (THAILAND) COMPANY LYIMITED	
PT. BENEFIT ONE INDONESIA	
Benefit One Deutschland GmbH	
REWARDZ PRIVATE LIMITED	
DG1 Inc.	
National Examination Center Inc.*	Others *

## Life Solutions

Pasona Foster Inc.
Pasona Life Care Inc.

## Public Solutions

Pasona Heartful Inc.	
Pasona Furusato Incubation Inc.	
Tango Kingdom Inc.	
Pasona Tohoku Sousei Inc.	
Nijigennomori Inc.	Others

- Consolidated subsidiaries 64
- Equity-method affiliates 6\*

(As of Nov. 30, 2017)

# Corporate Information

Tokyo Stock Exchange, 1st Section 2168

<b>Corporate Name</b>	Pasona Group Inc.	
<b>Headquarters</b>	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
<b>Established</b>	December 3, 2007 (Founding February 1976)	
<b>Paid-in Capital</b>	5,000 million yen	
<b>Representative</b>	Yasuyuki Nambu	
<b>Business Activities</b>	Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting, education and training, others Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outplacement ) Outsourcing Life Solutions, Public Solutions	
<b>Number of Employees</b>	8,682 (Consolidated, including contract workers)	(As of May 31, 2017)
<b>Consolidated Group Companies</b>	Subsidiaries 64 , Affiliates 6	
<b>URL</b>	<a href="http://www.pasonagroup.co.jp/english/">www.pasonagroup.co.jp/english/</a>	

(As of Nov. 30, 2017)