

# **Results for the First Half of the Fiscal Year Ending May 31, 2020**

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**H1 FY2019 (June 1, 2019 - November 30, 2019)**

**Pasona Group Inc.**

**First Section TSE (2168)**

**January 16, 2020**

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

# Consolidated Results

(Millions of yen)	H1 FY18	(%)	H1 FY19	(%)	Increase /Decrease	H1 FY19 (Forecast)	Increase /Decrease
Net sales	164,692	100.0	161,229	100.0	(3,462) (2.1)%	168,000	(6,770) (4.0)%
Cost of sales	128,533	78.0	123,831	76.8	(4,702) (3.7)%	129,700	(5,868) (4.5)%
Gross profit	36,158	22.0	37,397	23.2	+1,239 +3.4%	38,300	(902) (2.4)%
SG & A expenses	32,425	19.7	33,496	20.8	+1,070 +3.3%	34,300	(803) (2.3)%
Operating income	3,732	2.3	3,901	2.4	+168 +4.5%	4,000	(98) (2.5)%
Ordinary income	3,538	2.1	3,606	2.2	+67 +1.9%	3,600	+6 +0.2%
Profit attributable to owners of parent	631	0.4	392	0.2	(238) (37.8)%	400	(7) (1.8)%
Gross profit ratio	22.0%		23.2%		+1.2pt	22.8%	+0.4pt
Operating income ratio	2.3%		2.4%		+0.1pt	2.4%	+0.0pt

# Quarterly Sales and Income Trends

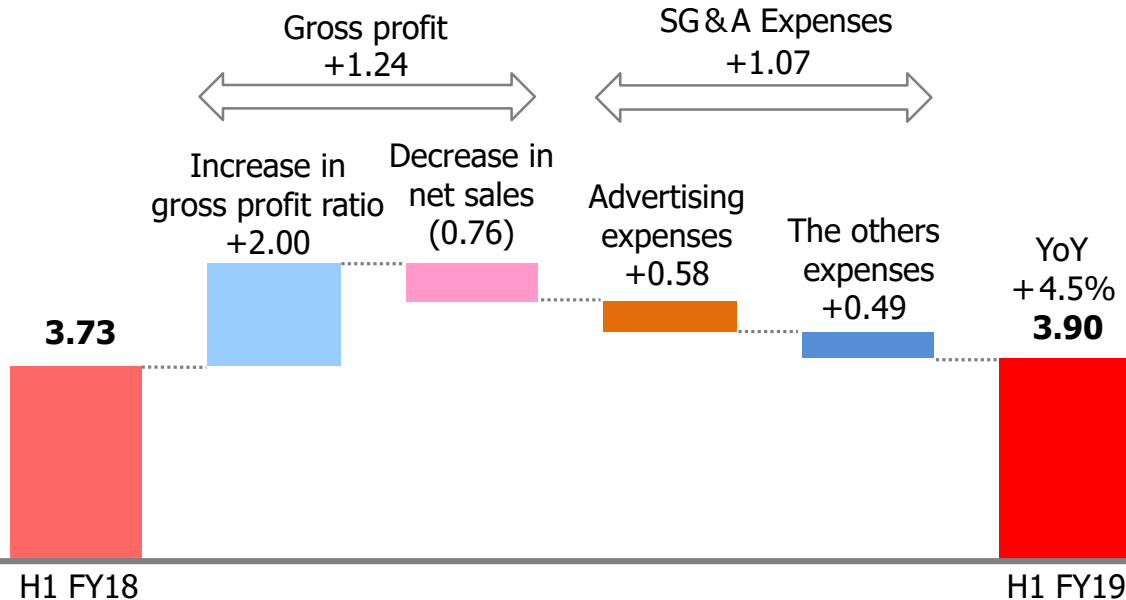
(Millions of yen)

		Q1 (June to August)			Q2 (September to November)		
		FY18	FY19	YoY	FY18	FY19	YoY
<b>Consolidated</b>	Net sales	82,997	79,626	(4.1)%	81,694	81,602	(0.1)%
	Gross profit	18,051	18,270	+1.2%	18,107	19,127	+5.6%
	SG&A expenses	16,599	17,026	+2.6%	15,826	16,469	+4.1%
	Operating income	1,451	1,243	(14.4)%	2,280	2,658	+16.5%
	Gross profit ratio	21.7%	22.9%	+1.2pt	22.2%	23.4%	+1.2pt
	SG&A expense ratio	20.0%	21.4%	+1.4pt	19.4%	20.2%	+0.8pt
	Operating income ratio	1.7%	1.6%	(0.1)pt	2.8%	3.3%	+0.5pt

# Operating Income

Operating Income

(Billions of yen)



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17*	FY18	H1 FY18	H1 FY19
Gross Profit ratio	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%	22.8%	22.0%	23.2%
SG&A ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	20.0%	19.7%	20.8%
Operating Income ratio	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	2.9%	2.3%	2.4%

\*Change in method of recording costs (from cost of sales to SG&A) at Pasona · Panasonic Business Services. No impact on operating income ratio.

## Major Item of Increase/Decrease

- **Gross profit ratio** improved in many segments.
- In spite of reducing cost through efficient operation , **SG&A expenses** increased due to event costs related to the Tokyo Olympics · Paralympics and initial costs for regional revitalization projects.

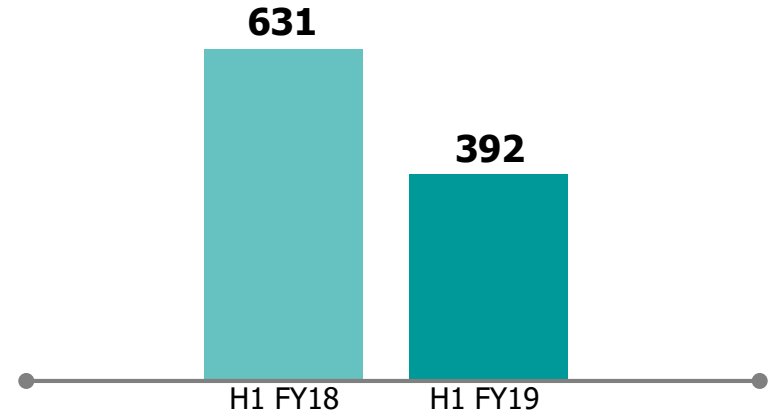
# Consolidated Results

## (Non-operating/Extraordinary income (loss), Others)

(Millions of yen)	H1 FY18	H1 FY19	Increase/ Decrease	YoY
Operating income	3,732	3,901	+168	+4.5%
Non-operating income	577	629	+52	+9.0%
Non-operating expenses	771	925	+153	+19.8%
Ordinary income	3,538	3,606	+67	+1.9%
Extraordinary income	8	4	(3)	(45.1)%
Extraordinary loss	38	450	+411	+1068.0%
Income before income taxes	3,508	3,160	(347)	(9.9)%
Income taxes - current	1,294	1,548	+253	+19.6%
Income taxes - deferred	404	(30)	(434)	(107.4)%
Income taxes	1,698	1,518	(180)	(10.6)%
Profit attributable to non-controlling interests	1,178	1,249	+71	+6.0%
Profit attributable to owners of parent	631	392	(238)	(37.8)%

Profit (loss) attributable to owners of parent

(Millions of yen)



Major Item of Increase/Decrease

- **Non-operating income / expenses** (YoY)
  - Commission fee for sales of shares of Benefit One  
¥409million  
(+¥173million)
  - Share of loss of entities accounted for using equity method  
¥10million  
(¥(25)million)
- **Extraordinary loss**
  - Impairment loss  
¥396million  
(+¥396million)
- **Profit attributable to non-controlling interests**
  - Increase profit in Benefit One  
(+¥71million)

# Consolidated Results by Segment

(Millions of yen)

Segment		Net sales				Operating income (loss)				Operating income ratio		
		H1 FY18	H1 FY19	Increase/ Decrease	YoY	H1 FY18	H1 FY19	Increase/ Decrease	YoY	H1 FY18	H1 FY19	Increase/ Decrease
①	Expert Services (Temporary Staffing)	83,814	76,459	(7,355)	(8.8)%							
②	BPO Services (Contracting)	46,529	48,456	+1,927	+4.1%	2,496	3,853	+1,356	+54.3%	1.9%	3.0%	+1.1pt
③	HR Consulting, Education, Training, Others.	4,324	4,005	(318)	(7.4)%							
④	Global Sourcing (Overseas)	3,923	4,038	+114	+2.9%	374	251	(123)	(33.0)%	9.5%	6.2%	(3.3)pt
Subtotal		138,592	132,959	(5,632)	(4.1)%	2,871	4,104	+1,233	+42.9%	2.1%	3.1%	+1.0pt
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	7,632	7,384	(248)	(3.3)%	1,893	1,485	(407)	(21.5)%	24.8%	20.1%	(4.7)pt
⑥	Outsourcing	16,407	17,957	+1,550	+9.4%	3,345	3,762	+416	+12.5%	20.4%	21.0%	+0.6pt
⑦	Life Solutions	2,743	3,104	+361	+13.2%	65	53	(11)	(18.1)%	2.4%	1.7%	(0.7)pt
⑧	Regional Revitalization Solutions	1,194	1,638	+443	+37.1%	(665)	(861)	(196)	-	-	-	-
⑨	Eliminations and Corporate	(1,878)	(1,815)	+63	-	(3,776)	(4,642)	(865)	-	-	-	-
Total		164,692	161,229	(3,462)	(2.1)%	3,732	3,901	+168	+4.5%	2.3%	2.4%	+0.1pt

# Balance Sheet

(Billions of yen)			
Major Item of Increase/Decrease	May 31,2019	Nov 30,2019	Increase/Decrease
<b>Assets</b>	119.5	116.9	(2.5)
Current assets	80.3	77.2	(3.2)
Cash and deposits	32.3	26.6	(5.7)
Notes and accounts receivable - trade	39.4	40.7	+1.3
Other	8.6	9.9	+1.3
Non-current assets	39.1	39.8	+0.6
Property, plant and equipment	16.7	17.4	+0.6
Intangible assets	8.3	7.8	(0.5)
Investments and other assets	14.2	14.7	+0.5
<b>Liabilities</b>	79.2	74.6	(4.6)
Current liabilities	59.1	57.0	(2.2)
Accounts payable	6.5	4.7	(1.8)
Short-term loans payable	9.4	5.7	(3.7)
Accrued expenses	15.1	16.8	+1.7
Other	28.1	29.8	+1.7
Non-current liabilities	20.1	17.6	(2.5)
Long-term loans payable	12.8	10.4	(2.4)
<b>Net assets</b>	40.3	42.3	+2.1
Shareholders' equity	28.0	31.9	+4.0
Capital surplus	10.3	14.5	+4.3
Retained earnings	14.9	14.6	(0.3)
Treasury stock	(2.2)	(2.2)	(0.0)
Valuation and translation adjustments	0.4	0.5	+0.1
Non-controlling interests	11.9	9.9	(2.0)
Capital adequacy ratio	23.7%	27.7%	+4.0pt

## Major Item of Increase/Decrease

### [ Cash and deposits ]

Proceeds from selling a portion of shares of Benefit One	+¥8.7 billion
Repayments of loans payable	¥ (6.3) billion
Purchase of treasury shares of Benefit One	¥ (3.5) billion
Payment of Income tax	¥ (3.0) billion
Dividends paid	¥ (2.8) billion

### [ Liabilities ]

Decrease in short-term loans payable	¥ (3.7) billion
Decrease in long-term loans payable	¥ (2.4) billion

### [ Capital surplus ]

Selling the shares of Benefit One etc.	+¥4.3 billion
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### [ Non-controlling interests ]

Benefit One earnings distribution	+¥1.2 billion
Dividends paid by Benefit One	¥ (1.9) billion
Due to selling a portion of shares of Benefit One.	
Change in equity due to purchase and be cancelled of treasury shares by Benefit One.	¥ (1.3) billion

# Cash Flows

		(Billions of yen)		
Major Item of Increase/Decrease	H1 FY18	H1 FY19	Increase/ Decrease	
Cash flows from operating activities	(0.0)	1.5	+1.5	
Income before income taxes	3.5	3.2	(0.3)	
Depreciation and amortization	2.1	2.0	(0.1)	
Impairment loss	-	0.4	+0.4	
Amortization of goodwill	0.5	0.4	(0.1)	
Decrease (increase) in notes and accounts receivable - trade	0.7	(1.5)	(2.1)	
Increase (decrease) in operating debt	(2.7)	(0.2)	+2.5	
Income tax paid	(2.0)	(3.0)	(1.0)	
Other	(2.1)	0.2	+2.3	
Cash flows from investing activities	(3.7)	(3.0)	+0.7	
Purchase of property, plant and equipment	(2.2)	(2.0)	+0.2	
Purchase of intangible fixed assets	(0.8)	(0.9)	(0.0)	
Purchase of investment securities	(0.1)	(0.2)	(0.1)	
Other	(0.5)	0.0	+0.5	
Cash flows from financing activities	5.2	(4.1)	(9.3)	
Increase (decrease) in short-term loans payable	0.0	(3.0)	(3.0)	
Increase (decrease) in long-term loans payable	2.3	(3.2)	(5.4)	
Cash dividends paid	(1.6)	(2.8)	(1.1)	
Purchase of treasury shares of subsidiaries	-	(3.5)	(3.5)	
Proceeds from sales of investments in subsidiaries	4.9	8.7	+3.8	
Other	(0.4)	(0.4)	+0.0	
Net increase (decrease) in cash and cash equivalents	1.5	(5.7)	(7.3)	
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	26.6	26.0	(0.7)	
Free cash flows	(3.7)	(1.5)	+2.2	

## Major Item of Increase/Decrease

**[ Profit before amortization ]**  
 ¥5.9 billion (YoY ¥(0.2) billion)

**[ Decrease in notes and accounts receivable -trade ]**  
 Increasing of net sales in the BPO services etc  
 ¥(2.1) billion

**[ Increase in operating dept ]**  
 Monthly payment of social insurance due to the last day of the month -Company's contribution-  
 +¥2.3 billion

**[ Other ]**  
 Monthly payment of social insurance due to the last day of the month -Employees' contribution-  
 +¥1.3 billion

**[ Long-term loans payable ]**  
 Increase in long-term loans payable ¥(5.3) billion  
 H1 FY18 : ¥5.3 billion / H1 FY19 : No payment

**[ Purchase of treasury shares of subsidiaries ]**  
 Purchase of treasury shares of Benefit One  
 ¥ (3.5) billion

**[ Proceeds from sales of investments in subsidiaries ]**  
 Selling a portion of shares  
 of Benefit One +¥3.8 billion  
 H1 FY18 : ¥4.9 billion / H1 FY19 : ¥8.7 billion



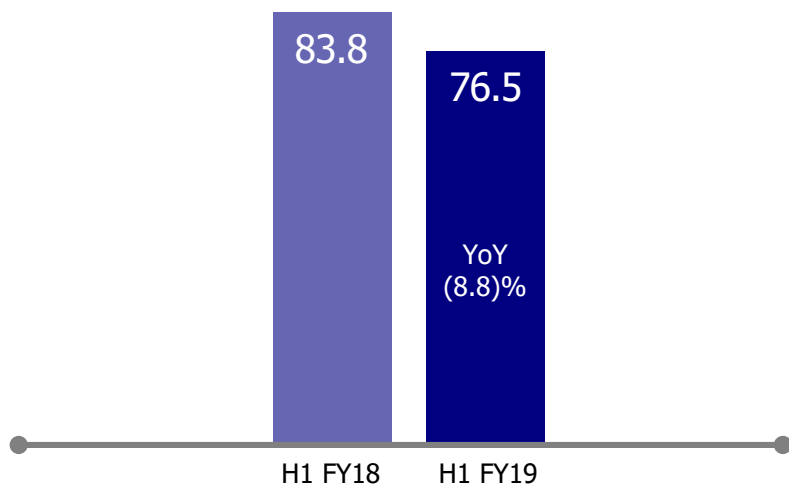
# Segment information

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# Expert Services (Temporary staffing)

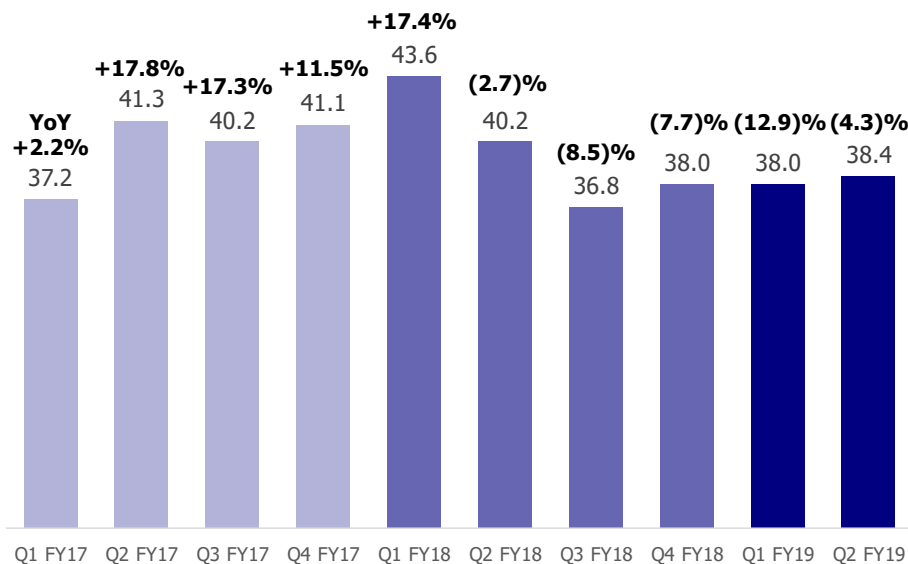
## Net Sales

(Billions of yen)



## Sales Trends

(Billions of yen)



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

## Business Conditions

### ●H1 FY19 result

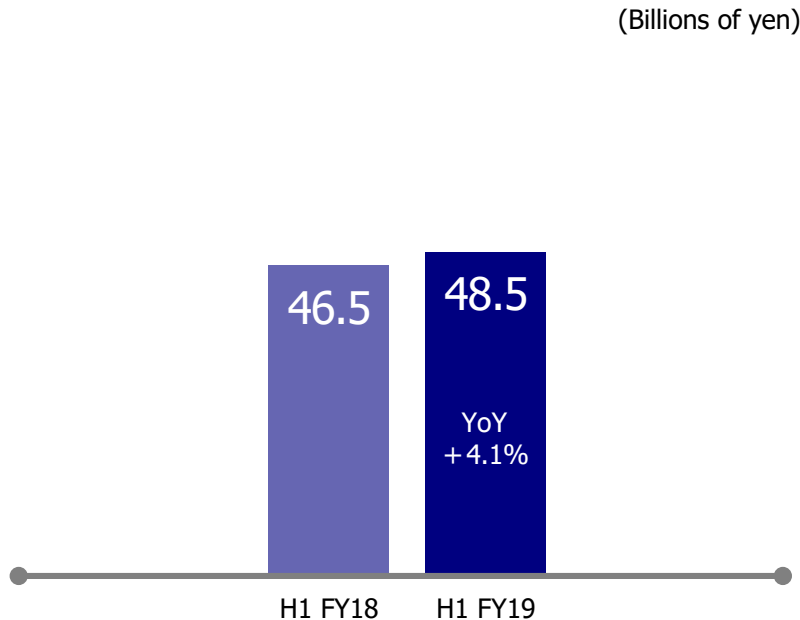
- Excluding the impact of changes in the accounting period of some subsidiaries, year-on-year decrease was 6.8%.
- In the previous fiscal year, as a result of promoting the direct employment of temporary staff to dispatched companies, the number of employees started to decrease from the previous fiscal year.
- Revision of fees to improve dispatch worker treatment.

### ●H2 FY19 plan

- Continuing revision of fee.
- Reducing cost through digitized operation.
- Dealing with equal pay for equal work.
- Promoting the success of senior human resources in 100 years of life.

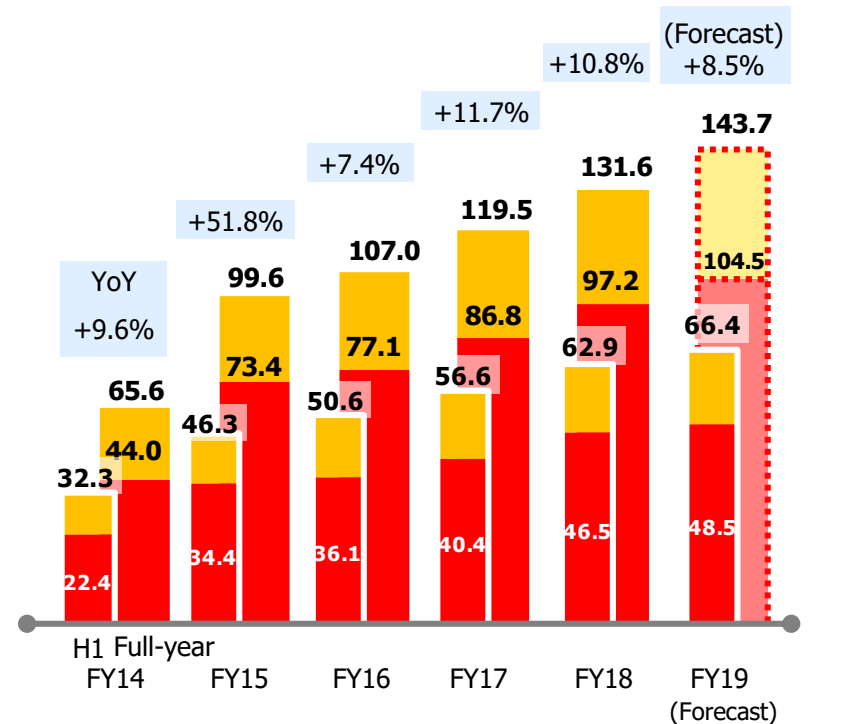
# BPO Services (Contracting) Ex. Insourcing

## Net Sales



## BPO Services, Outsourcing Sales

■ BPO Service (Ex : Insourcing) ■ Outsourcing (Benefit One Inc.)



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

## Business Conditions

### ●H1 FY19 result

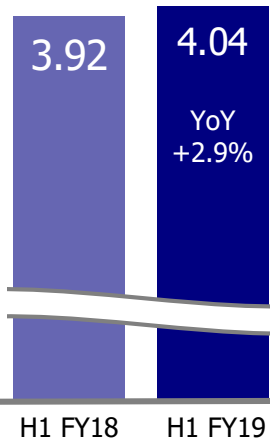
- At Bewith Inc. contract center expanded their sales steadily.
- At Pasona Inc., contracting from central ministries and local governments expanded.

### ●H2 FY19 plan

- Strengthen personnel and structure to expand business.
- Enhance proposals for BPO solutions using AI and RPA to further improve gross margin.

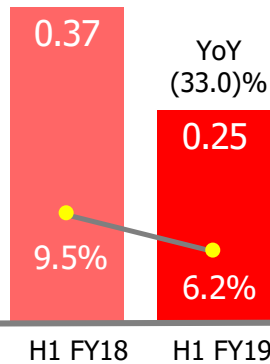
# Global Sourcing (Overseas)

## Net Sales



## Operating Income, Operating Income Ratio

(Billions of yen)



## Sales by Business Segment

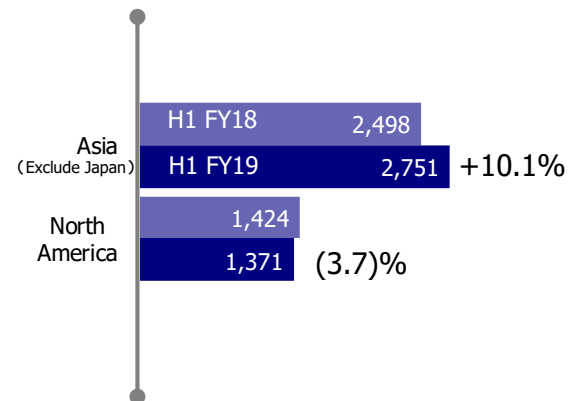
(Millions of yen)

	H1 FY18	H1 FY19	YoY
Temporary Staffing	1,938	1,817	(6.3)%
Placement / Recruiting	1,030	990	(3.9)%
Contracting (Payroll, others)	636	911	+43.1%
Others	318	319	+0.3%
<b>Total</b>	<b>3,923</b>	<b>4,038</b>	<b>+2.9%</b>

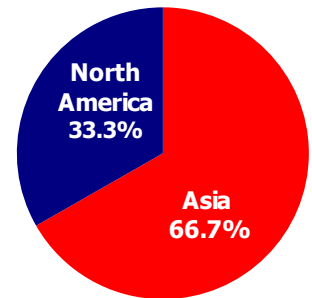
## Sales by Region

(Millions of yen)

※Including overseas outsourcing



## Sales composition



## Business Conditions

### ●H1 FY19 result

- Indonesia which strengthened its sales capabilities.
- Vietnam which trained engineers through industry-academia collaboration with local universities.
- Profit decreased due to an increase in SG & A expenses to strengthen sales capabilities.

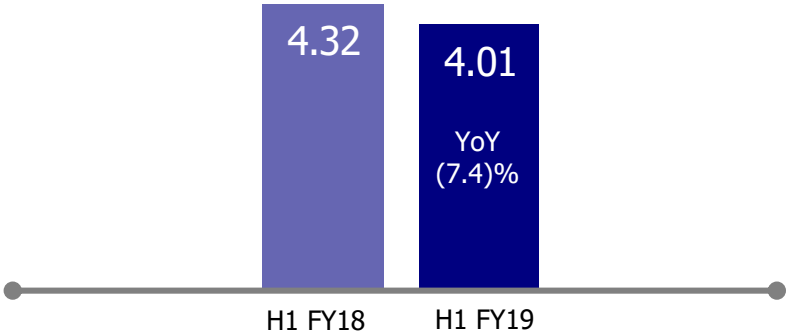
### ●H2 FY19 plan

- Launched direct recruiting service, aiming to expand to other areas.

# HR Consulting, etc. / Operating Income by Segments

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

(Billions of yen)



## Business Conditions

### ● H1 FY19 result

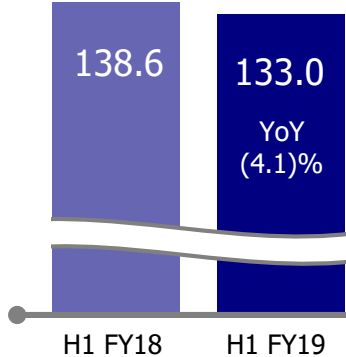
- Recruitment fees for direct placement
- One year has passed since the law went into effect, and the commission for recruitment through direct employment to the dispatched company has gone around.

### Education and training

- Some large projects are closed, but the number of students at popular wine academy increased.
- CAPLAN Corporation launched AI-based management training.

## Net Sales(ES~GS)

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



## Business Conditions

### ● H1 FY19 result

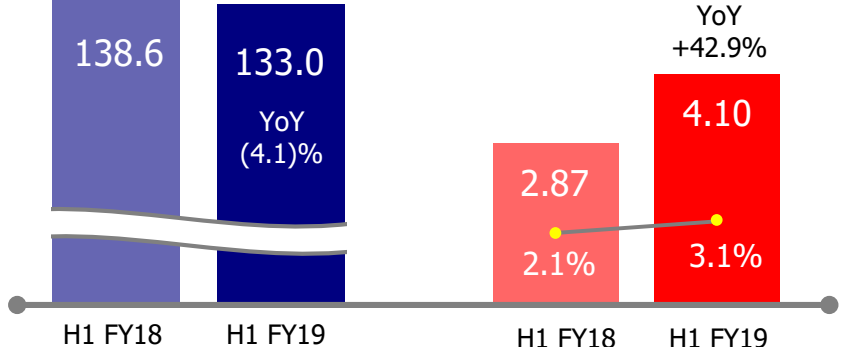
- Profit increased due to improvement in gross margin and reduction in SG&A expenses.

### ● H2 FY19 plan

- Continue to improve the treatment of dispatched worker and respond to equal pay for equal work.

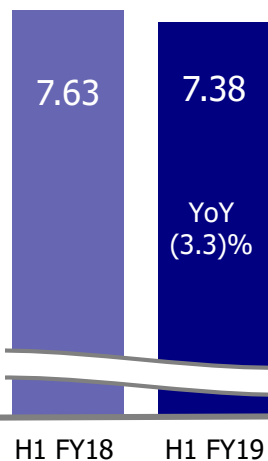
## Operating Income, Operating Income Ratio

(Billions of yen)



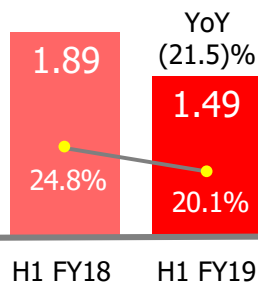
# Career Solutions (Placement/Recruiting, Outplacement)

## Net Sales



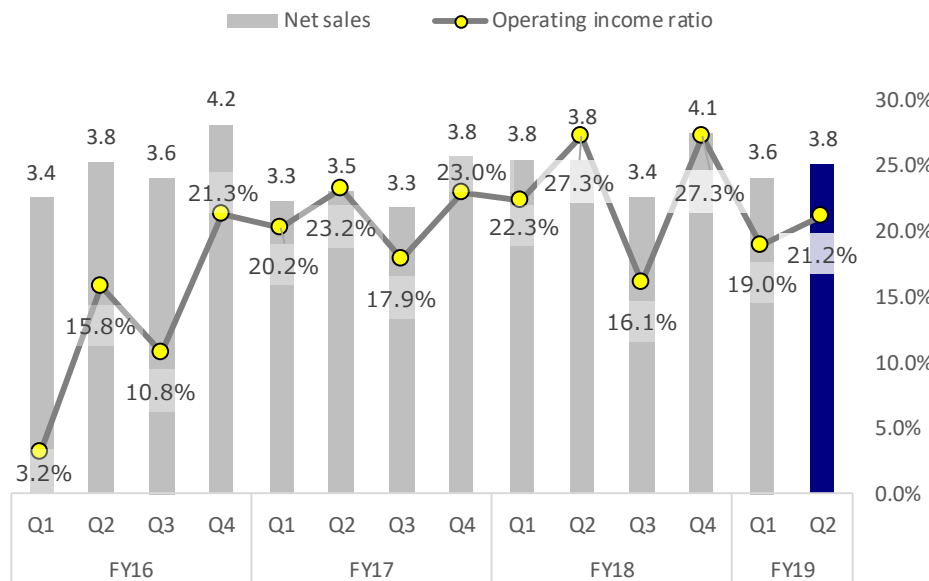
## Operating Income, Operating Income Ratio

(Billions of yen)



## Active opening ratio by occupation (Full-time employees including part-time workers)

(Billions of yen)



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

## Business Conditions

### ●H1 FY19 result

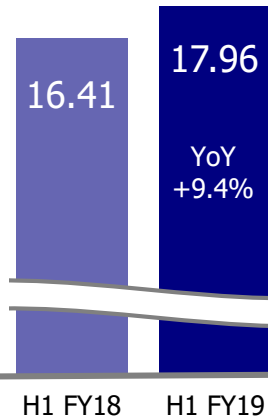
- Placement/Recruiting expanded in rural areas.
- Profit margin improved in Outplacement, but sales decreased due to fewer orders in the second half of last year.
- Pasona Komon Network Inc. was spun off to aim to create senior and professional workers' market.

### ●H2 FY19 plan

- Placement/Recruiting, strengthen comprehensive group sales.
- Employment adjustment companies are increasing and orders for outplacement are improving.

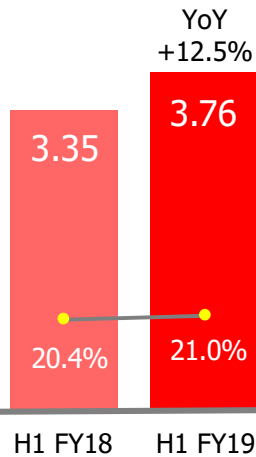
# Outsourcing (Benefit One Inc.)

## Net Sales



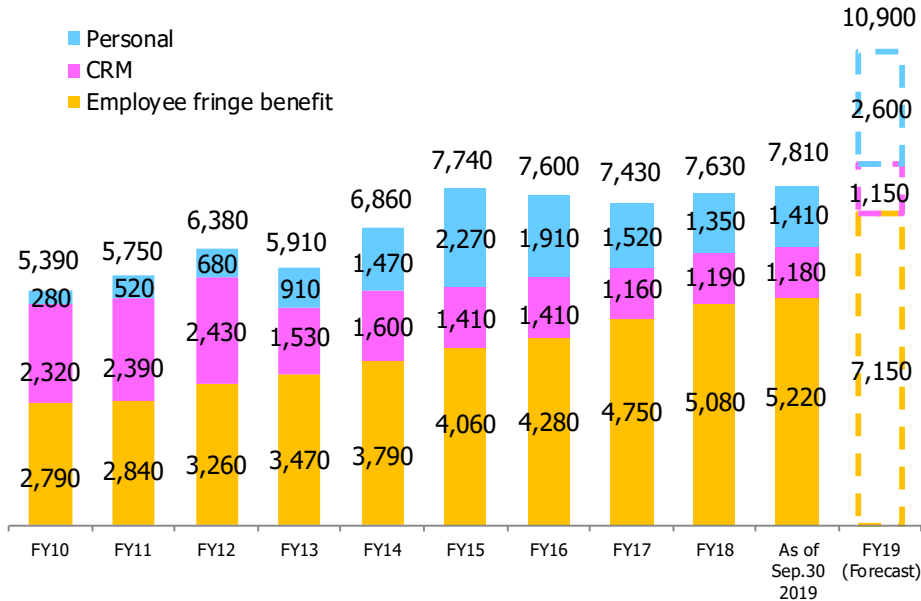
## Operating Income, Operating Income Ratio

(Billions of yen)



## Benefit One Membership

(Thousands people)



## Business Conditions

### ● H1 FY19 result

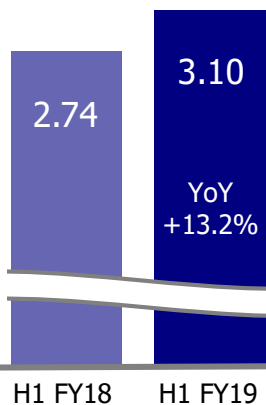
- Steady expansion in employee fringe benefit, healthcare services, incentive business, etc., driven by working style reforms.
- Release new products that offer existing items in one stop.

### ● H2 FY19 plan

- Improve employee engagement through "working style reforms" and "equal pay for equal work".

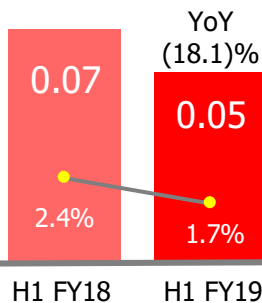
# Life Solutions (Childcare, Nursing care)

## Net Sales



## Operating Income, Operating Income Ratio

(Billions of yen)



## Pasona Foster・Pasona Life Care

※As of Nov.30, 2019

【 The number of facilities (YoY) 】  
 ・Daycare facilities 47 (YoY +6)  
 ・After-school children's clubs 40 (YoY +1)

【 The number of facilities (YoY) 】  
 ・Nursing care facilities 24 (YoY (1))

## Business Conditions

### ●H1 FY19 result

- In the childcare, growth in facilities and projects for child care support.
- Increased benefits for childcare worker and higher recruitment costs since the previous fiscal year.
- In the nursing care, facility management and housekeeping services expanded.

### ●H2 FY19 plan

- Scheduled to open 3 facilities at daycare facilities and after-school children's clubs. (Apr 2020)
- Further equipment and quality improvement at existing daycare facilities.
- Started selling "CRAYON BOOK" for childcare workers through joint research with the University of the Ryukyus.





# Regional Revitalization Solutions Ex.Public Solutions

## Net Sales

## Operating Income

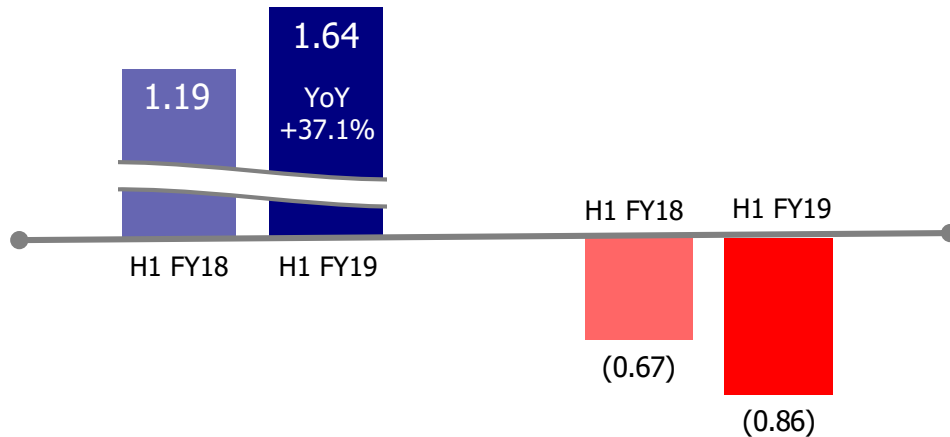
(Billions of yen)

## Awajishima

- “Chi no Maki ~ Gaiden ~” course newly established at the “NARUTO & BORUTO shinobi-zato” attraction in “Nijigen No Mori”. (Aug 2019)
- At the same facility , a projection mapping show “Hokageiwa Night Illusion” will be held for a limited time. (Nov 2019 ~)



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## Business Conditions

### ●H1 FY19 result

- Sales increased due to the opening of new facilities and the synergistic effect of each facility. (NARUTO & BORUTO Shinobi-zato , HELLO KITTY SHOW BOX)
- Initial costs of new facilities such as advertising expenses increased.

### ●H2 FY19 plan

- Expand sales channels for regional specialty products by leveraging regional trading company functions.
- In the summer of 2020, “Godzilla Interception - National Godzilla Awajishima Research Center -” will be opened in “Nijigen No Mori”.

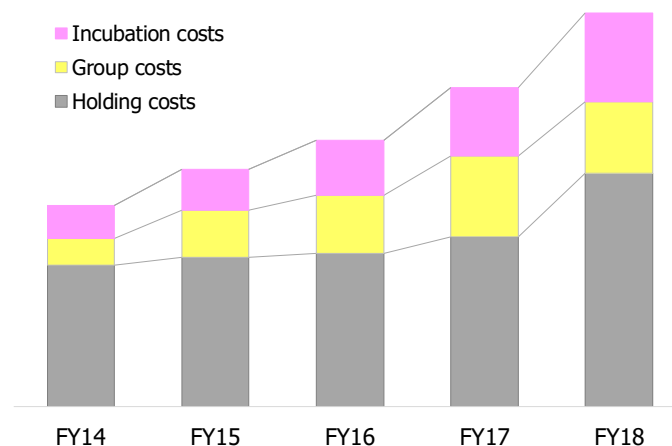
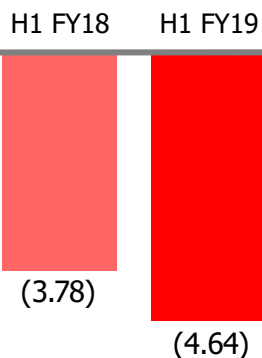
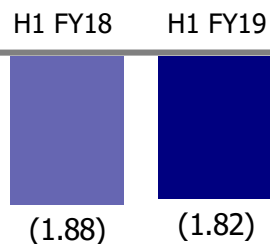
# Elimination/Corporate Segment Costs

## Net Sales

## Operating Income

## Costs Trends

(Billions of yen)



## Main Reasons for Cost Increase

### ● H1 FY19 result

- Event expenses related to the Tokyo Olympics and Paralympics.
- Initial expenses for new business development.
- Initiatives to create new employment mainly for seniors.
- personnel expenses recorded in this segment due to the strengthening and consolidation of headquarter functions increased.

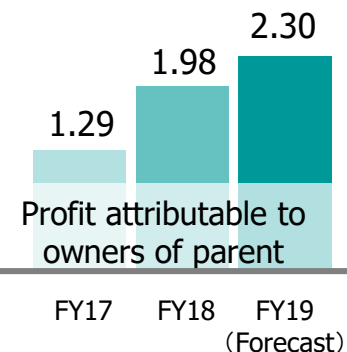
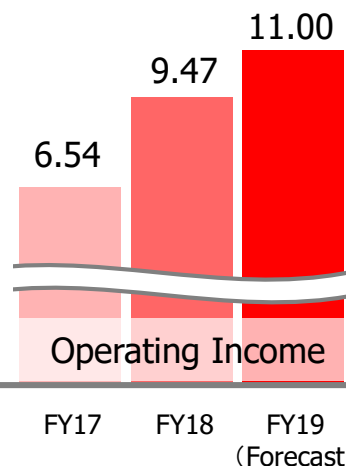
# FY2019 Consolidated Forecasts

(Billions of yen)

+5.2%

+16.2%

+16.4%



(Millions of yen)	FY17	to net sales %	FY18	to net sales %	FY19 Forecast	to net sales %	vs FY18 Increase/Decrease	YoY
Net sales	311,410	100.0	326,984	100.0	344,000	100.0	+17,015	+5.2%
Cost of sales	244,382	78.5	252,274	77.2	264,600	76.9	+12,325	+4.9%
Gross profit	67,028	21.5	74,710	22.8	79,400	23.1	+4,689	+6.3%
SG&A expenses	60,489	19.4	65,245	20.0	68,400	19.9	+3,154	+4.8%
Operating income	6,539	2.1	9,465	2.9	11,000	3.2	+1,534	+16.2%
Ordinary income	6,631	2.1	9,237	2.8	10,700	3.1	+1,462	+15.8%
Profit(Loss) attributable to owners of parent	1,288	0.4	1,975	0.6	2,300	0.7	+324	+16.4%

# FY2019 Consolidated Forecasts by Segment

(Millions of yen)

Segment	Sales				Operating income (loss)				Operating income ratio		
	FY18	FY19 Forecast	VS FY18 Increase/Decrease	VS FY18 %	FY18	FY19 Forecast	VS FY18 Increase/Decrease	VS FY18 %	FY18	FY19 Forecast	VS FY18 Increase/Decrease
Expert Services (Temporary Staffing)	158,597	158,100	(497)	(0.3)%							
BPO Services (Contracting)	97,152	104,500	+7,347	+7.6%	6,690	6,180	(510)	(7.6)%	2.5%	2.3%	(0.3)pt
HR Consulting, Education, Training, Others.	9,086	8,900	(186)	(2.1)%							
Global Sourcing (Overseas)	7,965	9,100	+1,134	+14.2%	662	790	+127	+19.2%	8.3%	8.7%	+0.4pt
<b>Subtotal</b>	<b>272,801</b>	<b>280,600</b>	<b>+7,798</b>	<b>+2.9%</b>	<b>7,353</b>	<b>6,970</b>	<b>(383)</b>	<b>(5.2)%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>(0.2)pt</b>
Career Solutions (Placement/Recruiting, Outplacement)	15,142	17,000	+1,857	+12.3%	3,562	4,060	+497	+14.0%	23.5%	23.9%	+0.4pt
Outsourcing	34,461	39,200	+4,738	+13.8%	7,641	9,000	+1,358	+17.8%	22.2%	23.0%	+0.8pt
Life Solutions	5,660	6,300	+639	+11.3%	168	170	+1	+1.0%	3.0%	2.7%	(0.3)pt
Regional Revitalization Solutions	2,561	4,400	+1,838	+71.8%	(1,254)	(1,100)	+154	-	-	-	-
Elimination/Corporate	(3,642)	(3,500)	+142	-	(8,006)	(8,100)	(93)	-	-	-	-
<b>Consolidated</b>	<b>326,984</b>	<b>344,000</b>	<b>+17,015</b>	<b>+5.2%</b>	<b>9,465</b>	<b>11,000</b>	<b>+1,534</b>	<b>+16.2%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>+0.3pt</b>

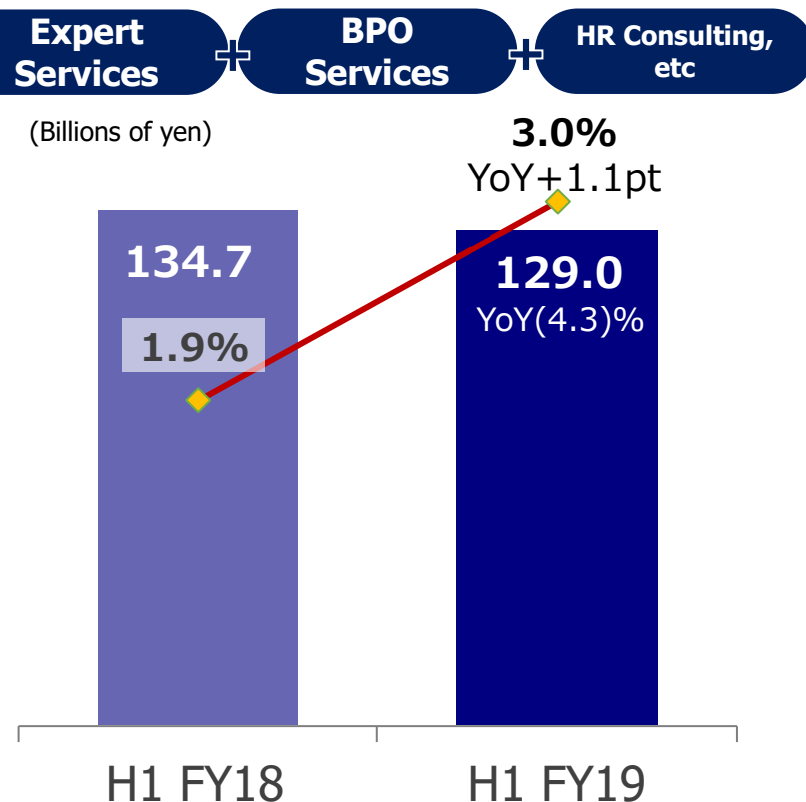
# FY2019 2Q

## TOPICS

# Expert Services

Direct Employment at Dispatch Companies Repays Following Law Revision.  
Improve the allowance of temporary staff.

## Changes in sales and operating margin



## Our approach

- **Equal pay for equal work**  
Improve the allowance of temporary staff
- **Solution Sales**  
Unit type dispatch service  
+ BPO service (on site)  
+ BPO service (on site)
- **Efficiency through organizational consolidation**  
Consolidate operations, digitalization,  
improve operations efficiency by utilizing  
RPA / AI
- **For 100 years of life**  
Diverse work style platform for seniors  
Expansion of Pasona Masters business

# BPO Services ① Bewith, Inc.

BPO Services



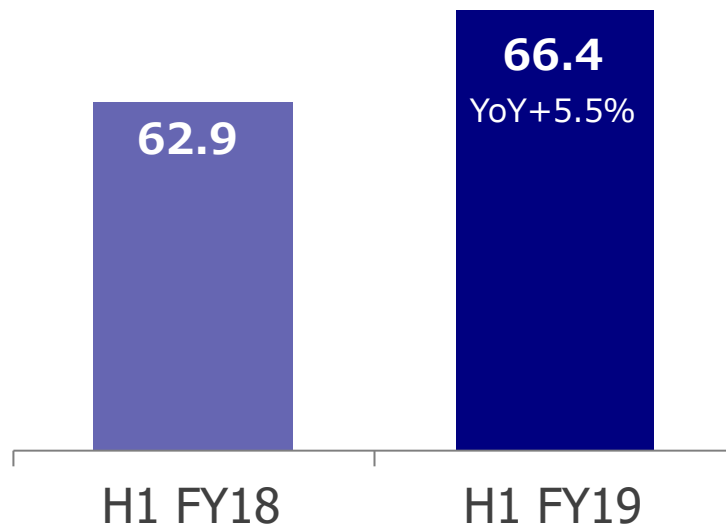
digital transformation

## BPO service sales trends

(Partial reprint of P.11)

BPO Services + Outsourcing

(Billions of yen)



## Business Overview

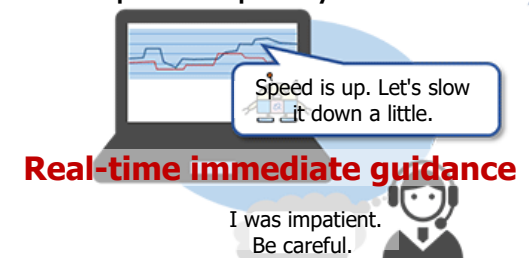
### ➤ TOPICS

Contact center business such as electricity liberalization and human resources BPO business are performing well.

Increased sales licenses for "Omnia Link", a total performance with AI function.

### ➤ DX strategy using AI

Fully automated response quality evaluation.



### ➤ Expansion of contact center floor

4 centers (Shinjuku・Yokohama×2・Nagasaki)

BPO Services



Regional Revitalization Solutions

"Work" like traveling  
***JOB HUB TRAVEL***

**Cross-industry collaboration to increase the population**



**JAPAN AIRLINES**

**「JOB HUB TRAVEL」  
User movement  
support**

**ANA Sales**



**Work like traveling  
Tour co-  
development**



感動のそばに、いつも。

**Supporting side  
job experience on  
a remote island**



# Reference

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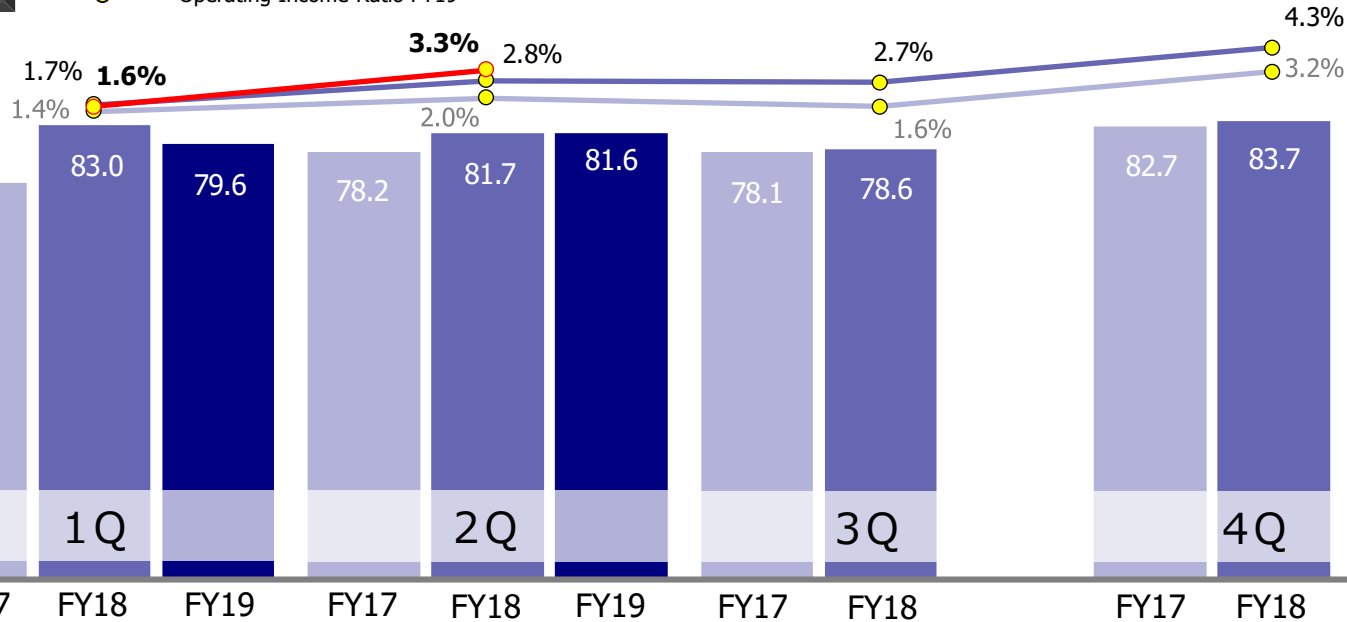
# Quarterly Sales and Income Trends

## 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	FY17	FY18	YoY
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%	82,720	83,689	+1.2%
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%	19,013	20,474	+7.7%
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%	16,331	16,836	+3.1%
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%	2,681	3,637	+35.6%
Ordinary income	1,006	1,222	+21.4%	930	(23.9)%	1,628	2,316	+42.3%	2,676	+15.5%	1,313	2,079	+58.4%	2,683	3,618	+34.9%
Profit (Loss) attributable to owners of parent	533	(7)	-	46	-	(62)	638	-	346	(45.8)%	(275)	286	-	1,093	1,058	(3.2)%
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	23.0%	24.5%	+1.5pt
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	19.7%	20.1%	+0.4pt
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	3.2%	4.3%	+1.1pt
Ordinary income ratio	1.4%	1.5%	+0.1pt	1.2%	(0.3)pt	2.1%	2.8%	+0.7pt	3.3%	+0.5pt	1.7%	2.6%	+0.9pt	3.2%	4.3%	+1.1pt
Profit attributable to owners of parent ratio	0.7%	-	-	0.1%	-	-	0.8%	-	0.4%	(0.4)pt	-	0.4%	-	1.3%	1.3%	+0.0pt

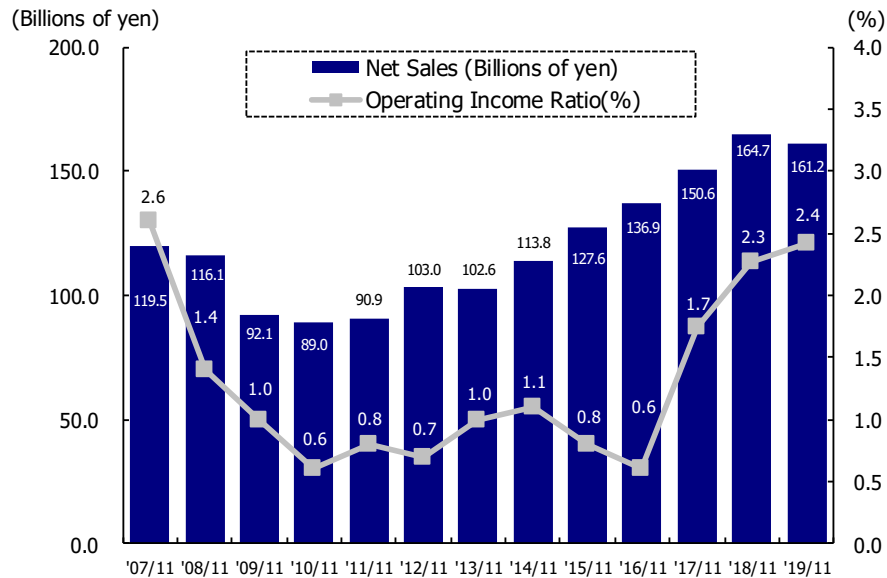
# Quarterly Sales and Income Trends by Segment

(Millions of yen)

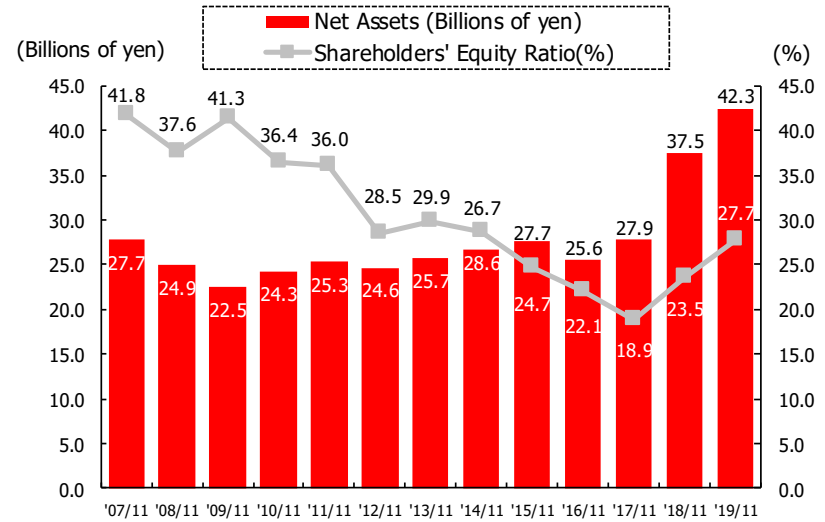
Segment		Sales							Operating income (loss)						
		Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	YoY	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	YoY
①	Expert Services (Temporary Staffing)	43,626	40,188	36,818	37,963	38,011	38,447	(4.3)%	992	1,504	1,527	2,666	1,515	2,338	+55.4%
②	BPO Services (Contracting)	22,779	23,749	24,009	26,613	23,765	24,690	+4.0%							
③	HR Consulting, Education, Training, Others.	2,096	2,228	2,593	2,168	2,032	1,973	(11.4)%							
④	Global Sourcing (Overseas)	1,961	1,962	1,948	2,093	2,060	1,977	+0.8%							
Subtotal		70,464	68,128	65,370	68,838	65,870	67,089	(1.5)%	1,169	1,701	1,659	2,822	1,640	2,463	+44.8%
⑤	Career Solutions (Placement/Recruiting, Outplacement)	3,821	3,810	3,389	4,120	3,616	3,768	(1.1)%	853	1,040	544	1,124	686	799	(23.1)%
⑥	Outsourcing	7,763	8,643	8,743	9,309	8,679	9,278	+7.3%	1,675	1,669	2,047	2,248	1,916	1,845	+10.5%
⑦	Life Solutions	1,355	1,388	1,386	1,530	1,527	1,577	+13.6%	18	46	65	37	(12)	65	+39.7%
⑧	Regional Revitalization Solutions	543	651	572	794	815	822	+26.2%	(376)	(289)	(302)	(286)	(517)	(343)	-
⑨	Eliminations and Corporate	(950)	(928)	(858)	(904)	(882)	(932)	-	(1,889)	(1,887)	(1,920)	(2,309)	(2,470)	(2,171)	-
Total		82,997	81,694	78,603	83,689	79,626	81,602	(0.1)%	1,451	2,280	2,094	3,637	1,243	2,658	+16.5%

# 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	'18/11	'19/11
Net Sales	119,516	116,086	92,069	88,994	90,880	102,976	102,619	113,805	127,602	136,867	150,619	164,692	161,229
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%	22.0%	23.2%
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	32,425	33,496
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%	19.7%	20.8%
Operating Income	3,071	1,598	905	533	724	714	1,038	1,195	1,072	794	2,618	3,732	3,901
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%	2.3%	2.4%
Ordinary Income	3,145	1,803	933	580	744	692	961	1,118	977	759	2,634	3,538	3,606
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%	2.1%	2.2%
Net Income (Loss) *3	1,063	203	(1,696)	(549)	75	(454)	(25)	(155)	(334)	(816)	470	631	392
Net Income Ratio	0.9%	0.2%	-	-	0.1%	-	-	-	-	-	0.3%	0.4%	0.2%
Total Assets *4	55,216	52,670	42,866	55,084	57,480	68,768	68,524	72,357	80,164	80,517	100,881	114,914	116,930
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	37,529	42,341
Shareholders' Equity Ratio *2 *4	41.8%	37.6%	41.3%	36.4%	36.0%	28.5%	29.9%	28.6%	24.7%	22.1%	18.9%	23.5%	27.7%

\*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.

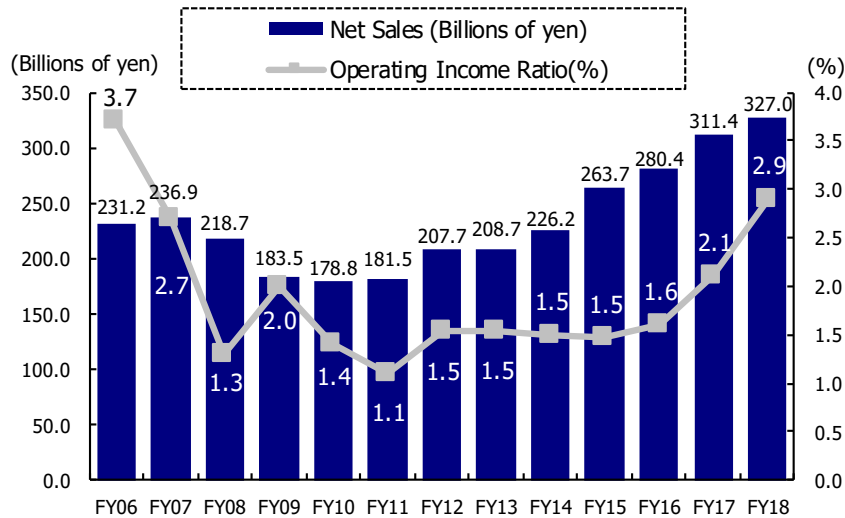
\*2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

\*3. Since the fiscal year ended on May 31, 2016, net income has been referred to profit attributable to owners of parent.

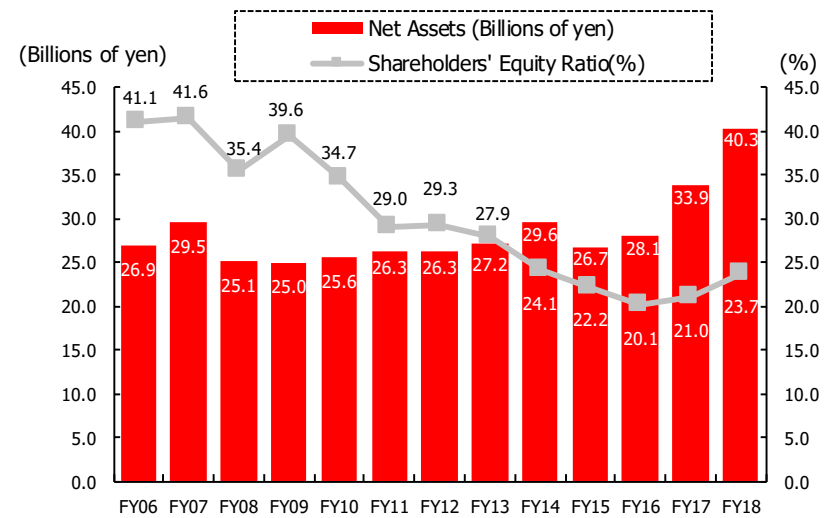
\*4. As the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of FY2018. As for the financial position, the figures for the previous consolidated fiscal year were processed by the method.

# 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
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
Gross Profit Ratio	20.3%	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%	22.8%
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
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%
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
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%
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
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%
Net Income *4	4,198	2,962	312	204	412	29	610	526	214	243	(129)	1,288	1,975
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%
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
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
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%	23.7%
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%
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

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.

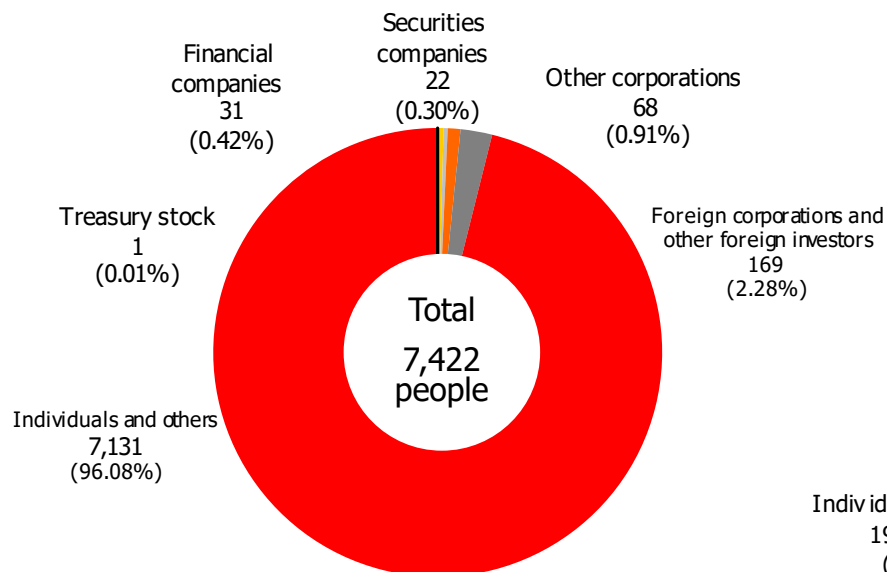
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

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

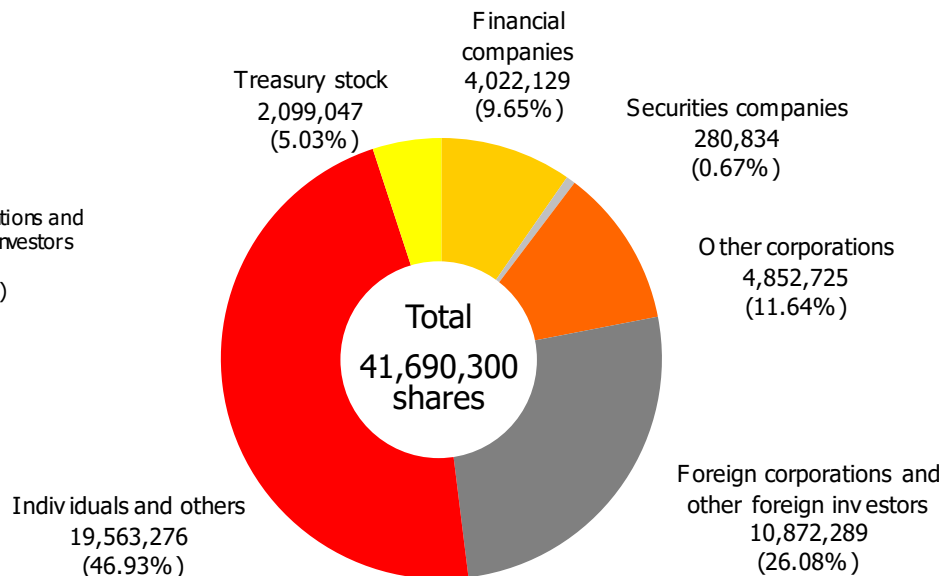
5. As the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of FY2018. As for the financial position, the figures for the previous consolidated fiscal year were processed by the method.

# Stock Information (As of Nov. 30, 2019)

## 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.	3,737,800	8.97%
Pasona Group Inc.	2,099,047	5.03%
BNYM NON-TREATY DTT	1,872,600	4.49%
BRITISH EMPIRE TRUST PLC	1,510,000	3.62%
The Master Trust Bank of Japan, Ltd (Trust Account)	1,047,800	2.51%
CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT	690,800	1.66%
BNYM TREATY DTT 15	625,400	1.50%
Pasona Group Employees' Shareholding Association	610,200	1.46%
AVI JAPAN OPPORTUNITY TRUST PLC	606,100	1.45%

- The Company's treasury stock (2,099,047 shares, 5.03% of total issued shares) ranked third. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.
- 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 30 November, 2019, 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 HR Consulting 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.
Nijigennomori Inc. Others *

● Consolidated subsidiaries 66

\* Equity-method affiliates 11

(As of Nov. 30, 2019)

# 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) , BPO Services (Contracting) ※Ex. Insourcing HR Consulting, education and training, others Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outplacement ) Outsourcing , Life Solutions Regional Revitalization Solutions ※Ex. Public Solutions <span style="float: right;">(Segment name of FY19)</span>	
<b>Number of Employees</b>	9,317 (Consolidated, including contract workers)	(As of May. 31, 2019)
<b>Consolidated Group Companies</b>	Subsidiaries 66 , Affiliates 11	(As of Nov. 30, 2019)
<b>URL</b>	<a href="http://www.pasonagroup.co.jp/english/">www.pasonagroup.co.jp/english/</a>	