

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)**

**FY2020 (June 1, 2020 to May 31, 2021)**  
**Nine Months Ended February 28, 2021**

Listed company name: Pasona Group Inc.  
 Listing stock exchange: The First Section of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <https://www.pasonagroup.co.jp>  
 Representative: Yasuyuki Nambu, Group CEO and President  
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Scheduled filing date of quarterly report: April 13, 2021  
 Supplemental materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(All amounts are in millions of yen rounded down unless otherwise stated)

**1. CONSOLIDATED BUSINESS RESULTS**
**(1) Consolidated Financial Results**

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to	
	Yen	%	Yen	%	Yen	%	Yen	%
Nine months ended February 28, 2021	244,670	2.2	14,512	147.8	14,622	163.3	5,582	882.9
Nine months ended February 29, 2020	239,348	(1.6)	5,856	0.5	5,554	(1.1)	568	(38.1)

(Note) Comprehensive income 9M FY2020: ¥7,803 million 9M FY2019: ¥2,895 million

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended February 28, 2021	142.68	—
Nine months ended February 29, 2020	14.52	—

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio (%)
February 28, 2021	162,286	47,325	22.7
May 31, 2020	140,441	42,316	22.7

(Reference) Equity As of February 28, 2021: ¥36,771 million As of May 31, 2020: ¥31,811 million

**2. DIVIDENDS PER SHARE**

	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	—	0.00	—	19.00	19.00
FY2020	—	0.00	—	—	—
FY2020 (Forecast)	—	—	—	30.00	30.00

(Note) Revision to dividend forecast in the current quarter: Yes

**3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2021**

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Shares	
	Yen	%	Yen	%	Yen	%	Yen	%	Yen	%
FY2020 Full Fiscal Year	330,000	1.5	17,500	65.4	17,500	71.0	6,200	942.3	—	158.45

(Note) Revision to forecast of results in the current quarter: Yes

## 4. NOTES

- (1) Changes in important subsidiaries during the current period: None  
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:  
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
  - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
  - 2) Changes of accounting principles other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
  - 1) The number of shares issued and outstanding as of the period-end (including treasury shares)  
February 28, 2021: 41,690,300 shares    May 31, 2020: 41,690,300 shares
  - 2) The number of treasury shares as of the period-end  
February 28, 2021: 2,550,899 shares    May 31, 2020: 2,574,776 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
Nine months ended February 28, 2021: 39,130,010 shares  
Nine months ended February 29, 2020: 39,115,612 shares

(Note)

The Company has introduced “Board Benefit Trust (BBT)” and “Employment Stock Ownership Plan (J-ESOP)”. The Company’s shares in the BBT and J-ESOP, which are reported as treasury shares under Shareholders’ equity, are counted as the number of treasury shares as of the average number of shares outstanding for the period for the purpose of not including for computing earnings and net assets per share.

The Quarterly Financial Report is not subject to a quarterly review conducted by CPA or audit firm.

### Cautionary statement and other explanatory notes

The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts for a variety of reasons. Please refer to “Overview of Consolidated Forecasts” on page 5.

### Method to obtain supplemental materials for quarterly financial results

Supplemental materials for the quarterly financial results have been posted on the Company’s website (<https://www.pasonagroup.co.jp/ir/>) since April 13, 2021.

# Consolidated Financial Report

Nine Months Ended February 28, 2021

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## 9M FY2020 Consolidated Financial Report

(June 1, 2020 – February 28, 2021)

### 1. Information Concerning Quarterly Consolidated Business Results

#### (1) Consolidated Business Results

	(Millions of yen)		
	9M FY2019	9M FY2020	YoY
Net sales	239,348	244,670	2.2%
Operating income	5,856	14,512	147.8%
Ordinary income	5,554	14,622	163.3%
Profit attributable to owners of parent	568	5,582	882.9%

#### Segment Information (Figures include intersegment sales)

##### Consolidated Net Sales by Segment

	(Millions of yen)		
	9M FY2019	9M FY2020	YoY
<b>HR Solutions</b>	235,214	240,835	2.4%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	197,867	203,980	3.1%
Expert Services (Temporary staffing)	112,532	111,186	(1.2)%
BPO Services (Contracting)	72,213	82,403	14.1%
HR Consulting, Education & Training, Others	7,205	5,326	(26.1)%
Global Sourcing (Overseas)	5,916	5,062	(14.4)%
Career Solutions (Placement / Recruiting, Outplacement)	10,284	9,777	(4.9)%
Outsourcing	27,062	27,077	0.1%
<b>Life Solutions</b>	4,692	4,882	4.1%
<b>Regional Revitalization Solutions</b>	2,253	2,173	(3.5)%
Eliminations and Corporate	(2,811)	(3,221)	—
Total	239,348	244,670	2.2%

##### Consolidated Operating Income (Loss) by Segment

	(Millions of yen)		
	9M FY2019	9M FY2020	YoY
<b>HR Solutions</b>	13,757	22,491	63.5%
Expert Services (Temporary staffing), BPO Services (Contracting), Others	5,585	13,274	137.7%
Expert Services (Temporary staffing)			
BPO Services (Contracting)	5,325	13,241	148.7%
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)	260	32	(87.4)%
Career Solutions (Placement / Recruiting, Outplacement)	2,216	2,297	3.6%
Outsourcing	5,954	6,919	16.2%
<b>Life Solutions</b>	149	224	50.6%
<b>Regional Revitalization Solutions</b>	(1,301)	(1,555)	—
Eliminations and Corporate	(6,747)	(6,647)	—
Total	5,856	14,512	147.8%

※Since the first quarter of FY2020, the segment of some subsidiaries has been changed with the reorganization of subsidiaries.

## **(2) Overview of Consolidated Financial Position**

### **Status of Assets, Liabilities and Net Assets**

#### **Assets**

Total assets as of February 28, 2021 stood at ¥162,286 million, an increase of ¥21,845 million or 15.6%, compared with May 31, 2020. This was mainly attributable to an increase of ¥19,597 million in cash and deposits mainly due to an increase in deposits received, an increase of ¥1,202 million in inventories, and an increase of ¥1,251 million in property, plant and equipment.

#### **Liabilities**

Total liabilities as of February 28, 2021 stood at ¥114,960 million, an increase of ¥16,836 million or 17.2%, compared with May 31, 2020. This was mainly attributable to an increase of ¥21,158 million in deposits received with contracted projects, a decrease of ¥1,776 million in accounts payable-trade due to the progress of payment, and a decrease of ¥1,545 million in provision for bonuses.

#### **Net Assets**

Net assets as of February 28, 2021 stood at ¥47,325 million, an increase of ¥5,009 million or 11.8%, compared with May 31, 2020. This was mainly attributable to an increase of ¥4,824 million in retained earnings due to profit attributable to owners of parent of ¥5,582 million in spite of dividends of ¥758 million.

As a result, equity ratio was 22.7%.

## **(3) Overview of Consolidated Forecasts**

Regarding the results for the consolidated cumulative third quarter of FY2020, although concerns about COVID-19 infection continued, demand for BPO services from companies and public sectors increased and use of outplacement expanded.

Even at present, there is still uncertainty about the future, demand for BPO services and outplacement continues to be strong. Therefore, forecast of results for the fiscal year ending May 31, 2021 announced on January 13, 2021 has been revised.

For details, please refer to “Notice regarding revision of forecast of results for the fiscal year ending May 31, 2021 and dividends per share” announced today, or on April 13, 2021.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2020	As of February 28, 2021
<b>ASSETS</b>		
Current assets		
Cash and deposits	49,122	68,719
Notes and accounts receivable-trade	42,744	42,352
Inventories	2,250	3,453
Other	6,985	7,934
Allowance for doubtful accounts	(124)	(162)
Total current assets	100,977	122,297
Non-current assets		
Property, plant and equipment	16,606	17,858
Intangible assets		
Goodwill	2,140	1,640
Other	5,040	4,556
Total intangible assets	7,181	6,197
Investments and other assets		
Other	15,623	15,786
Allowance for doubtful accounts	(135)	(26)
Total investments and other assets	15,488	15,760
Total non-current assets	39,275	39,815
Deferred assets	187	173
Total assets	140,441	162,286

(Millions of yen)

	As of May 31, 2020	As of February 28, 2021
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	5,704	3,928
Short-term loans payable	8,640	9,197
Accrued expenses	17,324	16,490
Income taxes payable	3,700	2,446
Deposits received	4,492	25,650
Provision for bonuses	4,111	2,565
Provision for directors' bonuses	14	12
Asset retirement obligations	2	48
Other	20,490	22,026
Total current liabilities	64,482	82,366
Non-current liabilities		
Bonds payable	2,482	2,329
Long-term loans payable	23,158	22,209
Provision for directors' stock benefit	318	442
Provision for employees' stock grant	303	412
Net defined benefit liability	2,172	2,202
Asset retirement obligations	1,971	2,084
Other	3,236	2,914
Total non-current liabilities	33,642	32,594
Total liabilities	98,124	114,960
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	14,013	14,015
Retained earnings	14,789	19,614
Treasury shares	(2,442)	(2,417)
Total shareholders' equity	31,360	36,211
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	499	646
Foreign currency translation adjustment	(90)	(97)
Remeasurements of defined benefit plans	41	11
Total accumulated other comprehensive income	451	559
Non-controlling interests	10,504	10,553
Total net assets	42,316	47,325
Total liabilities and net assets	140,441	162,286

**(2) Quarterly Consolidated Statements of Income**

(Millions of yen)

	9M FY2019	9M FY2020
Net sales	239,348	244,670
Cost of sales	183,717	183,640
Gross profit	55,631	61,029
Selling, general and administrative expenses	49,774	46,517
Operating income	5,856	14,512
Non-operating income		
Interest income	25	30
Subsidy	46	439
Real estate rent	546	561
Other	247	186
Total non-operating income	866	1,217
Non-operating expenses		
Interest expenses	141	219
Share of loss of entities accounted for using equity method	15	225
Commitment fee	40	44
Rent expenses on real estates	451	487
Commission fee	412	—
Other	109	131
Total non-operating expenses	1,168	1,107
Ordinary income	5,554	14,622
Extraordinary income		
Gain on sales of investment securities	—	4
Gain on sales of shares of subsidiaries and associates	4	0
Total extraordinary income	4	4
Extraordinary loss		
Loss on sales and retirement of non-current assets	64	195
Impairment loss	396	1,092
Loss on valuation of investment securities	29	14
Loss on valuation of shares of subsidiaries and associates	17	48
Total extraordinary loss	507	1,351
Income before income taxes	5,051	13,274
Income taxes-current	1,961	5,445
Income taxes-deferred	589	346
Income taxes	2,551	5,791
Profit	2,499	7,483
Profit attributable to non-controlling interests	1,931	1,900
Profit attributable to owners of parent	568	5,582



**(3) Quarterly Consolidated Statements of Comprehensive Income**

(Millions of yen)

	9M FY2019	9M FY2020
Profit	2,499	7,483
Other comprehensive income		
Valuation difference on available-for-sale securities	357	340
Foreign currency translation adjustment	(30)	1
Remeasurements of defined benefit plans	69	(22)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	396	319
Comprehensive income	2,895	7,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	806	5,691
Comprehensive income attributable to non-controlling interests	2,089	2,111

#### (4) Notes to Going Concern Assumption

Not applicable

#### (5) Notes on Significant Changes in the Shareholders' Equity

Not applicable

#### (6) Change in Presentation:

##### Relating to Consolidated Balance Sheet

Since the third quarter of FY2020, “Deposits received” has been disclosed independently because of increased monetary importance. They had been included in “Other” of “Current liabilities” in FY2019. To reflect this display method, consolidated financial statements have been reclassified in FY2019.

As a result, in the consolidated balance sheet for FY2019, “Other” of “Current liabilities” of ¥24,982 million has been reclassified into “Deposit received” of ¥4,492 million and “Other” of ¥20,490 million.

#### (7) Additional Information:

##### Accounting estimates with the spread of COVID-19 infections

There are no significant changes to the assumption including future spread and convergence time of COVID-19 infections, which is described in “Additional Information” of “Consolidated Financial Report FY2019 (June 1, 2019 to May 31, 2020).

#### (8) Segment Information

i) Nine months ended February 29, 2020

a) Information regarding net sales and segment income (loss) by reporting segment

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others (Note 1)	Career Solutions	Outsourcing					
Net sales								
(1) Sales to outside customers	195,900	10,243	26,656	4,545	2,001	239,348	—	239,348
(2) Intersegment sales and transfers	1,966	40	405	146	251	2,811	(2,811)	—
Total	197,867	10,284	27,062	4,692	2,253	242,160	(2,811)	239,348
Operating income (loss)	5,585	2,216	5,954	149	(1,301)	12,604	(6,747)	5,856

Notes:

1. The “Expert Services, BPO Services, Others” segment includes each of the businesses of Expert Services (Temporary staffing), BPO Services (Contracting), HR Consulting/Education & Training/Others and Global Sourcing (Overseas).
2. Adjustment of ¥(6,747) million with Operating income (loss) includes corporate expenses of ¥(6,778) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥30 million.
3. Segment income is adjusted with operating income under consolidated statements of income.

b) Information regarding impairment loss of non-current assets or goodwill by reporting segment

Impairment loss of non-current assets in “Regional Revitalization Solutions” segment has amounted to ¥396 million in the consolidated cumulative third quarter of FY2019.

ii) Nine months ended February 28, 2021

a) Information regarding net sales and segment income (loss) by reporting segment

(Millions of yen)

	Reporting segments					Total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	HR Solutions			Life Solutions	Regional Revitalization Solutions			
	Expert Services, BPO Services, Others (Note 1)	Career Solutions	Outsourcing					
Net sales								
(1) Sales to outside customers	201,815	9,757	26,586	4,664	1,845	244,670	—	244,670
(2) Intersegment sales and transfers	2,164	19	490	218	327	3,221	(3,221)	—
Total	203,980	9,777	27,077	4,882	2,173	247,891	(3,221)	244,670
Operating income (loss)	13,274	2,297	6,919	224	(1,555)	21,159	(6,647)	14,512

Notes:

1. The “Expert Services, BPO Service, Others” segment includes each of the businesses of Expert Services (Temporary staffing), BPO Services (Contracting), HR Consulting/Education & Training/Others and Global Sourcing (Overseas).
2. Adjustment of ¥(6,647) million with Operating income (loss) includes the corporate expenses of ¥(6,698) million which primarily consist of Group management costs relating to the Company and incubation cost for our new business and the elimination of intersegment transactions of ¥51 million.
3. Segment income is adjusted with operating income under consolidated statements of income.

b) Matters concerning changes in reporting segment

Since the first quarter of FY2020, considering the actual situation of the business, the segment of some subsidiaries has been changed from “Career Solutions” to “Expert Services, BPO Services, Others”.

The segment information in the previous fiscal year has been recorded in the way of new segment classification method.

c) The information of impairment loss of fixed assets or goodwill every segment

The total impairment loss of non-current assets in the consolidated cumulative third quarter of FY2020 has amounted to ¥1,092 million; ¥639 million in “Expert Services, BPO Services, Others” segment and ¥452 million in “Regional Revitalization Solutions” segment.

**(9) Important Subsequent Events**

Not applicable