

Results for the Fiscal Year Ended May 31, 2017

FY2016 (June 1, 2016 - May 31, 2017)

Pasona Group Inc.

First Section TSE (2168)

July 21, 2017

www.pasonagroup.co.jp/english/

Notice Concerning Difference between Financial Forecast and Actual Result for FY2016

- Due to solid demand for human resources, **net sales** mostly performed in line with forecast, while **operating income** and **ordinary income** exceeded forecast.
- Outsourcing business performed robustly, and profit attributable to non-controlling interests rose. Pasona Group Inc. posted a net loss, however, as it saw impairment losses on subsidiaries' non-current assets and an increase in tax burden resulting from certain subsidiaries' below-expected improvement of deficit reduction.

FY2016 (Millions of yen)	Initial Forecast	Result	VS Initial Forecast	Difference (%)
Net Sales	283,000	280,395	(2,604)	(0.9)%
Gross Profit	58,100	56,617	(1,482)	(2.6)%
SG&A Expenses	53,800	52,128	(1,671)	(3.1)%
Operating Income	4,300	4,488	188	4.4%
Ordinary Income	4,200	4,319	119	2.8%
Profit Attributable to Owners of Parent	500	(129)	(629)	-

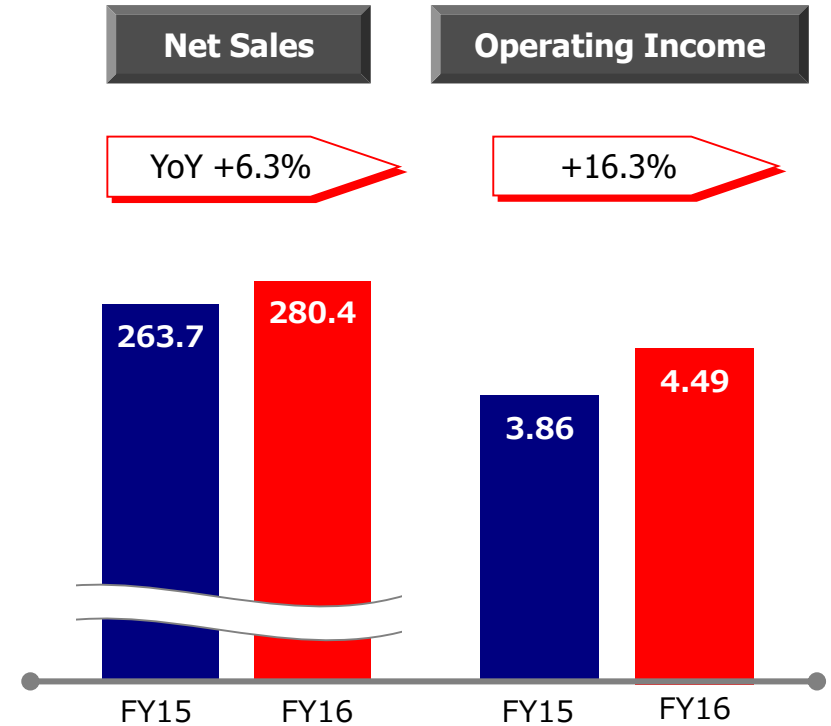
FY2016 Results



Consolidated Results

(Billions of yen)

(Millions of yen)	FY15	(%)	FY16	(%)	VS FY15 Increase/Decrease
Net sales	263,728	100.0	280,395	100.0	16,667 +6.3%
Cost of sales	210,919	80.0	223,778	79.8	12,858 +6.1%
Gross profit	52,808	20.0	56,617	20.2	3,808 +7.2%
SG&A expenses	48,948	18.6	52,128	18.6	3,180 +6.5%
Operating income	3,860	1.5	4,488	1.6	628 +16.3%



Major Items of Increase/Decrease

• Net Sales

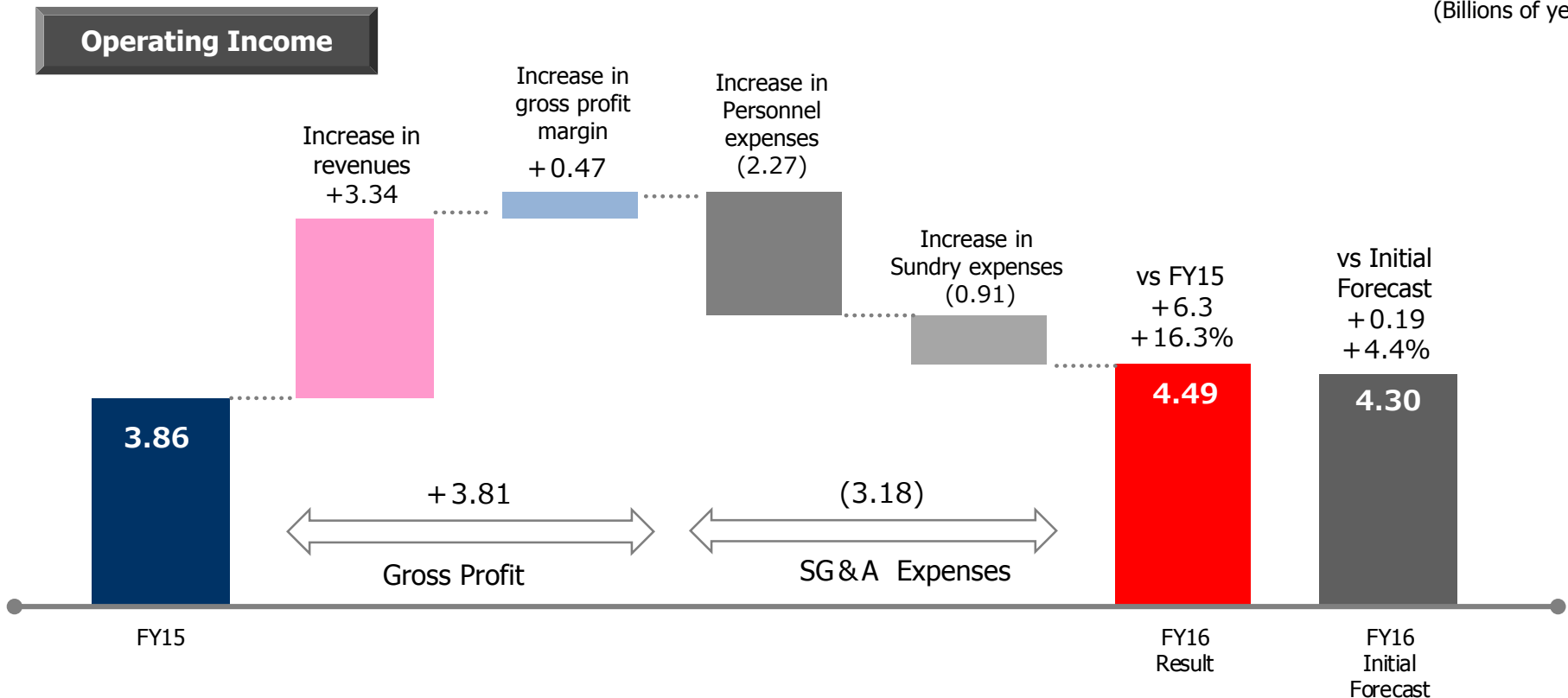
- Net Sales increased in most segments, especially Expert Services and Business Process Outsourcing (BPO) business; excluding M&A, net sales still saw an organic growth. Net sales have risen for six consecutive fiscal years.

• Operating Income

- Despite a sharp increase in retirement benefit costs, operating income rose by double digits. It marked the fifth straight fiscal year for operating income gains.

Analysis of Changes in Operating Income

(Billions of yen)



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	YoY
Gross Profit margin	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	+0.2pt
SG&A/Sales ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	+0.0pt

Major Items of Increase/Decrease

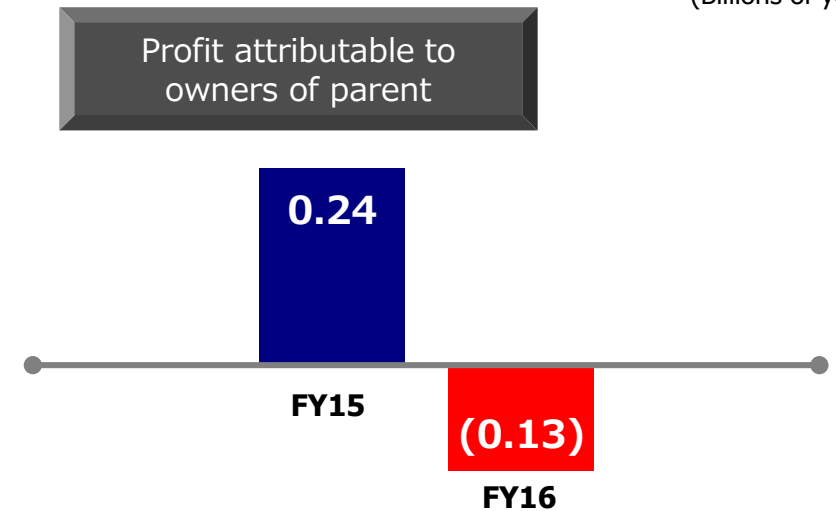
- **Gross profits** expanded thanks to growth in net sales. Gross profit margin went up by 0.2%.
- **SG&A expenses** increased due to personnel expenses which included a ¥1.06 billion increase in retirement benefit costs.

Consolidated Results

(Non-operating/Extraordinary income (loss))

(Billions of yen)

(Millions of yen)	FY15	FY16	Increase/ Decrease	YoY
Operating income	3,860	4,488	628	16.3%
Non-operating income	407	339	(68)	(16.7)%
Non-operating expenses	412	508	96	23.3%
Ordinary income	3,855	4,319	464	12.0%
Extraordinary income	164	36	(128)	(77.7)%
Extraordinary loss	158	265	107	67.9%
Income before income taxes	3,861	4,090	228	5.9%
Income taxes - current	2,437	2,883	446	18.3%
Income taxes - deferred	(45)	(396)	(351)	-
Income taxes	2,391	2,487	95	4.0%
Profit attributable to non-controlling interests	1,226	1,732	506	41.3%
Profit attributable to owners of parent	243	△ 129	(373)	-



Major Items of Increase/Decrease

- **Non-operating income**
 - Subsidy income ¥74 million (YoY -¥72 million)
- **Non-operating expenses**
 - Share of loss of entities accounted for using equity method ¥74 million (+¥25 million)
 - Provision of allowance for doubtful accounts ¥72 million (+¥65 million)
- **Extraordinary income**
 - Gain on sales of investment securities ¥17 million (-¥112 million)
- **Extraordinary loss**
 - Loss on sales of non-current assets ¥113 million (+¥41 million)
 - Impairment loss ¥140 million (+¥102 million)

Consolidated Results by Segment

(Millions of yen)

Segment		Net sales				Operating income				Operating income margin		
		FY15	FY16	Increase/ Decrease	YoY	FY15	FY16	Increase/ Decrease	YoY	FY15	FY16	Increase/ Decrease
①	Expert Services (Temporary Staffing)	132,588	142,662	10,073	7.6%	1,959	2,297	337	17.3%	0.9%	1.0%	0.1pt
②	Insourcing (Contracting)	73,417	77,100	3,683	5.0%							
③	HR Consulting, Education, Training, etc.	6,044	6,133	88	1.5%							
④	Global Sourcing (Overseas)	6,180	6,388	208	3.4%							
Subtotal		218,231	232,285	14,053	6.4%							
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	16,265	15,008	(1,256)	(7.7)%	2,904	1,992	(912)	(31.4)%	17.9%	13.3%	(4.6)pt
⑥	Outsourcing	26,229	29,893	3,663	14.0%	4,276	5,782	1,505	35.2%	16.3%	19.3%	3.0pt
⑦	Life Solutions Public Solutions	5,618	6,327	708	12.6%	(477)	(213)	264	-	-	-	-
⑧	Elimination/Corporate	(2,617)	(3,119)	(502)	-	(4,802)	(5,370)	(567)	-	-	-	-
Consolidated		263,728	280,395	16,667	6.3%	3,860	4,488	628	16.3%	1.5%	1.6%	0.1pt

Balance sheet

(Billions of yen)

Major Items of Increase/Decrease	May 31,2016	May 31,2017	Increase/ Decrease
Assets	85.4	94.6	9.2
Current assets	56.2	64.6	8.4
Cash and deposits	16.8	21.8	5.0
Notes and accounts receivable – trade	32.0	34.2	2.2
Other	7.4	8.7	1.2
Non-current assets	29.2	30.0	0.8
Property, plant and equipment	8.7	9.3	0.5
Intangible assets	9.9	9.1	(0.8)
Investments and other assets	10.6	11.6	1.0
Liabilities	58.6	66.5	7.9
Current liabilities	45.2	49.8	4.6
Accounts payable	5.0	5.9	0.9
Short-term loans payable	4.9	5.4	0.5
Accrued expenses	5.4	7.1	1.7
Accrued consumption taxes	13.0	14.1	1.1
Other	16.9	17.3	0.4
Non-current liabilities	13.4	16.7	3.3
Long-term loans payable	8.8	12.0	3.2
Other	4.6	4.7	0.1
Net assets	26.7	28.1	1.3
Shareholders' equity	19.2	18.6	(0.6)
Valuation and translation adjustments	(0.2)	0.5	0.7
Non-controlling interests	7.8	9.0	1.2

Major Items of Increase/Decrease

[Cash and deposits]

Cash and deposits ¥5.0 billion
 (Loans payable ¥3.7 billion)
 Accounts Receivable ¥2.2 billion

[Investments and other assets]

Increase in investment securities ¥0.7 billion

[Liabilities]

Increase in short-term and long-term
 loans payable ¥3.7 billion
 Increase in accrued expenses ¥1.7 billion
 Increase in accrued consumption taxes ¥1.1 billion

[Retained earnings]

Loss attributable to owners of parent ¥(0.1) billion
 Cash dividends payment ¥(0.4) billion

[Valuation and translation adjustments]

Increase in remeasurements of defined benefit plans
 ¥0.5 billion

[Non-controlling interests]

Benefit one earnings available
 to non-controlling shareholders ¥1.7 billion
 Benefit one cash dividends payment ¥(0.6) billion

Cash Flow Statement

(Billions of yen)

Major Items of Increase/Decrease

Major Items of Increase/Decrease	FY15	FY16	Increase/ Decrease
Cash flow from operating activities	0.5	6.5	6.0
Income before income taxes	3.9	4.1	0.2
Depreciation and amortization	3.3	3.3	0.0
Impairment loss	0.0	0.1	0.1
Amortization of goodwill	1.0	1.0	(0.0)
Retirement benefit expenses	(0.5)	0.7	1.2
Decrease/increase in notes and accounts receivable—trade (numbers in parentheses represent increases)	(2.0)	(2.2)	(0.2)
Increase/decrease in operating debt (numbers in parentheses represent decreases)	0.0	1.6	1.6
Increase/decrease in accrued consumption taxes (numbers in parentheses represent decreases)	(3.0)	0.2	3.2
Income tax paid	(2.4)	(2.7)	(0.3)
Cash flow from investing activities	(2.2)	(3.7)	(1.5)
Decrease/increase in time deposits (numbers in parentheses represent increases)	0.7	(0.4)	(1.0)
Purchase of property, plant and equipment	(1.2)	(1.3)	(0.1)
Proceeds from sales of property, plant and equipment	0.9	0.0	(0.9)
Purchase of intangible fixed assets	(1.4)	(1.4)	(0.0)
Proceeds from sales of intangible fixed assets			
Purchase of investment securities	(0.6)	(0.4)	0.2
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(0.7)	(0.1)	0.6
Cash flow from financing activities	(2.0)	1.9	3.9
Long and short-term loans payable	2.1	3.7	1.6
Purchase of treasury shares of subsidiaries	(1.5)	(0.0)	1.5
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1.1)	(0.0)	1.0
Cash and cash equivalents at the end of the period	20.3	16.4	(3.9)
Cash and cash equivalents at the end of the period	16.4	21.1	4.6
Free cash flow	(1.7)	2.8	4.4

【 Profit before amortization 】
¥8.5 billion (YoY +¥0.3 billion)

【 Retirement benefits 】
Increase in retirement benefits (YoY+¥1.2 billion)

【 Accrued consumption taxes 】
【FY15】 Payments of consumption
tax hike ¥(3.0) billion

【 Increase in time deposits 】
Increase in time deposits of subsidiaries ¥1.0 billion

【 Proceeds from sales of property, plant and equipment 】
【FY15】 Proceeds from sales of
Benefit One facilities ¥0.9 billion

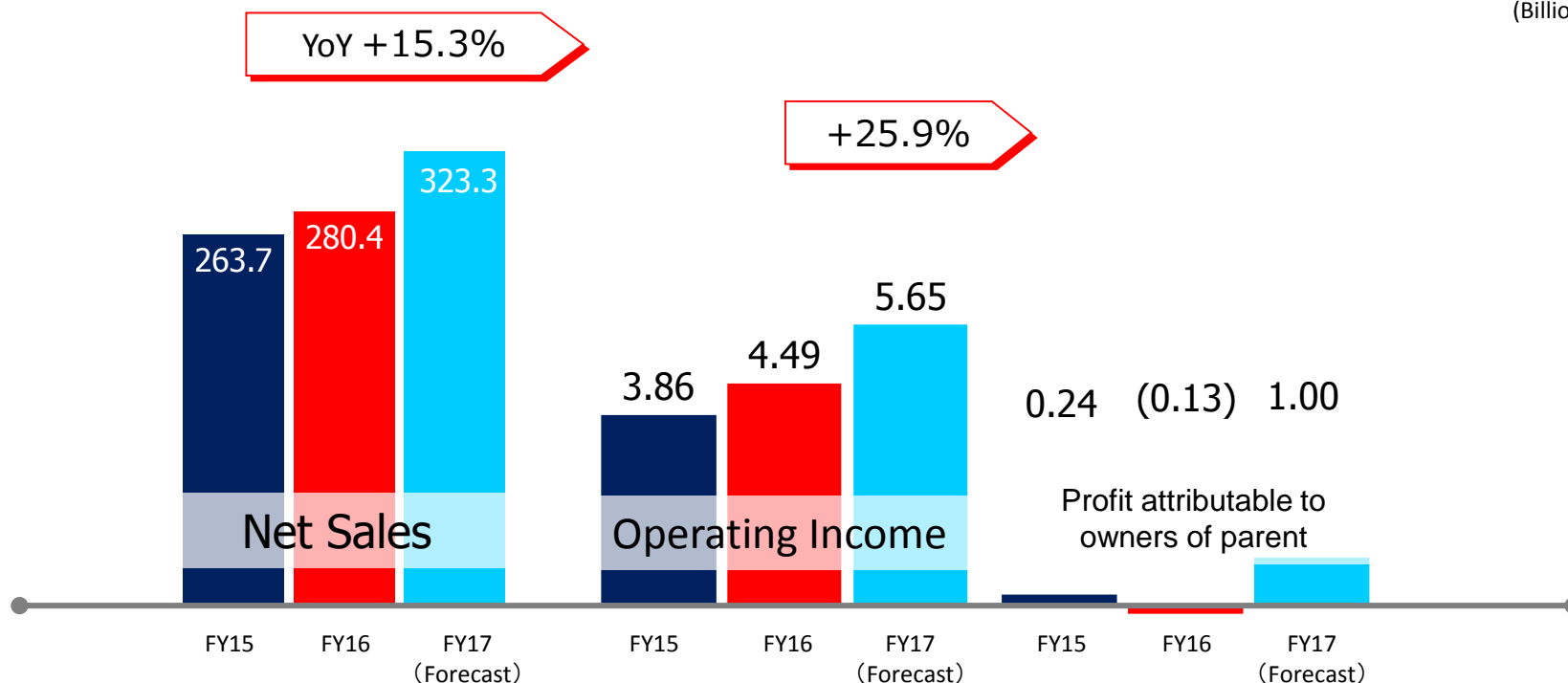
【 Increase/Decrease in long-term loan payable 】
Long-term loan payable ¥8.5 billion (+¥2.0 billion)
Repayment of long-term loan payable
¥(5.0) billion (-¥5.0 billion)

【 Purchase of treasury share of subsidiary 】
【FY15】 Purchase of Benefit One treasury shares
¥(1.5) billion

FY2017 Forecasts

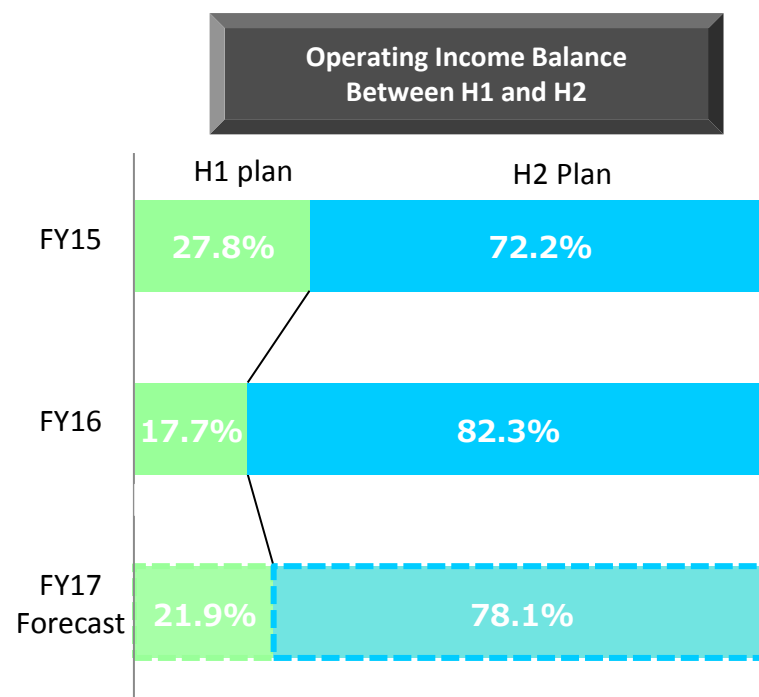
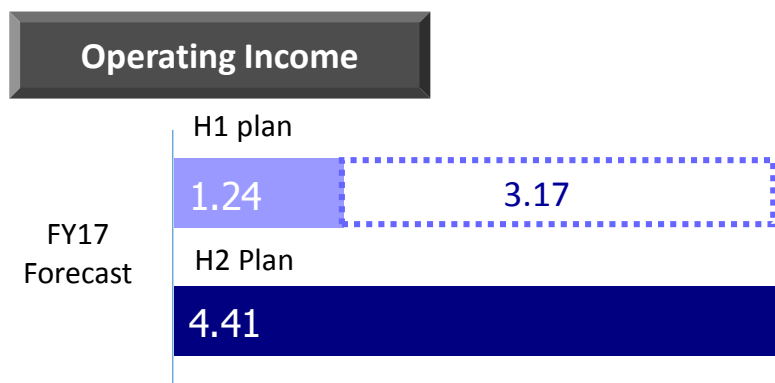
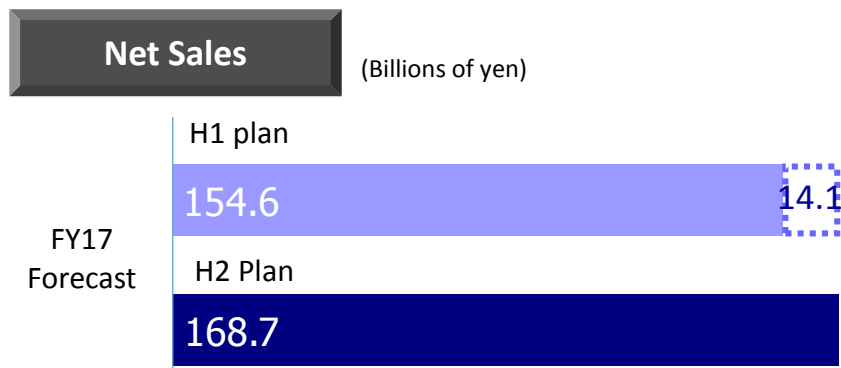
FY2017 Consolidated Forecasts

(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 Balance Between the First and Second Half



(Millions of yen)	FY16				FY17			
	H1	H1	to net sales	vsFY16 %	H2	H2	to net sales	vsFY16 %
Net Sales	136,867	154,620	100.0	13.0%	143,528	168,680	100.0	17.5%
Cost of sales	109,867	121,780	78.8	10.8%	113,911	132,990	78.8	16.7%
Gross profit	27,000	32,840	21.2	21.6%	29,616	35,690	21.2	20.5%
SG&A expenses	26,205	31,600	20.4	20.6%	25,922	31,280	18.5	20.7%
Operating income	794	1,240	0.8	56.0%	3,693	4,410	2.6	19.4%
Ordinary income	759	1,190	0.8	56.7%	3,559	4,410	2.6	23.9%
Profit(Loss) attributable to owners of parent	(816)	(500)	-	-	686	1,500	0.9	118.4%

FY2017 Consolidated Forecasts by Segment

(Millions of yen)

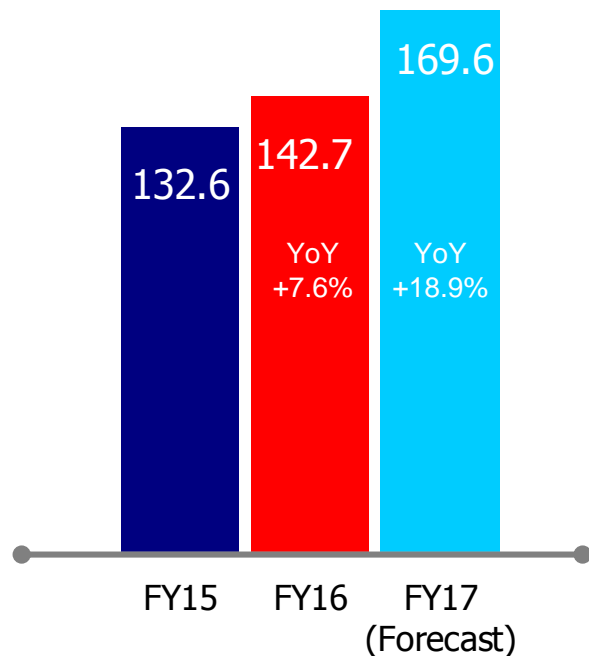
Segment	Sales				Operating income (loss)				Operating income margin		
	FY16	FY17 Forecast	VS FY16 Increase/Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/Decrease
Expert Services (Temporary Staffing)	142,662	169,600	+26,937	+18.9%	2,297	3,030	+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

Expert Services (Temporary staffing)

Net Sales

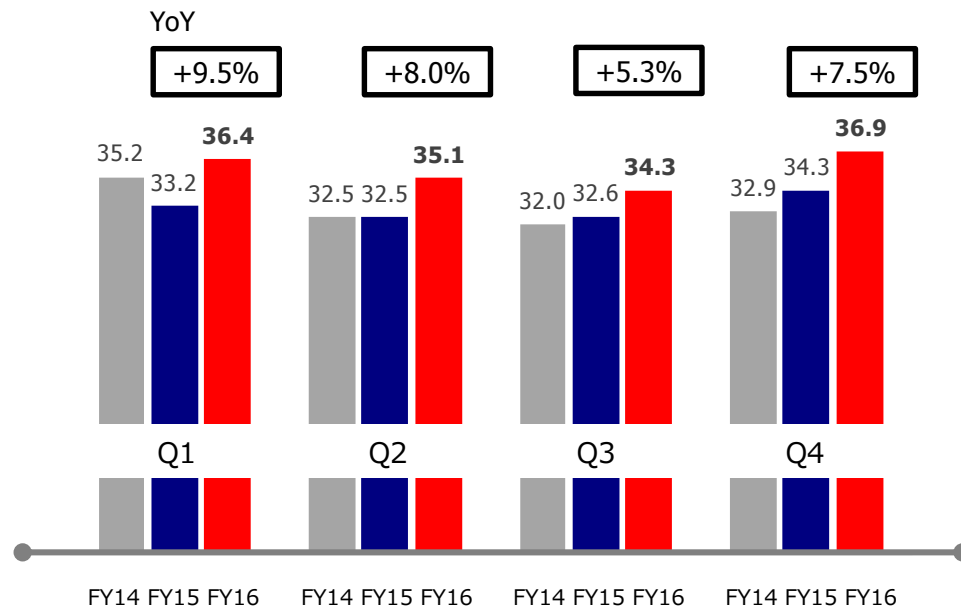
※ Segment figures include intersegment sales

(Billions of yen)



Sales Trends

(Billions of yen)



Business Conditions

●FY16 (result)

- With the use of temporary staffing, as a work-style reform measure, becoming widespread, our number of job order requests increased among the wide-ranging staffing industry.
- The number of new registrants increased more in FY 16 than in the previous fiscal year, along with a rise in the number of registrants employed.
- Job order requests for specialist positions in Accounting, Foreign Languages, Import-export, as well as Sales, grew.

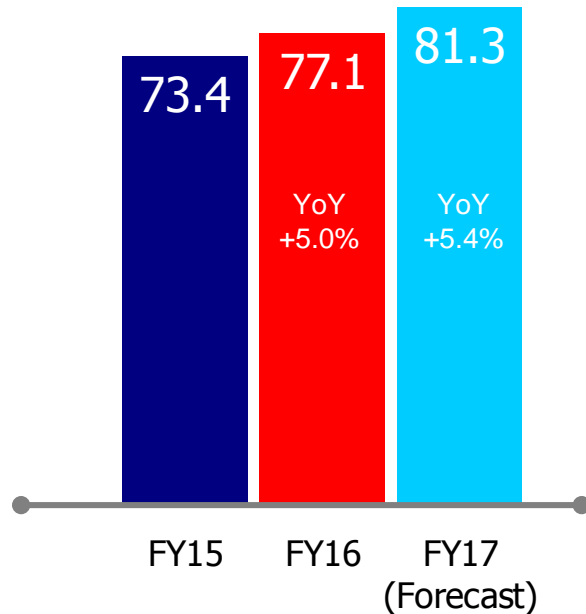
●FY17 (plan)

- Starting in August, recently acquired NTT's human resource company will contribute to Pasona's earnings.
- Strengthen human resource training and development in new fields such as robotics, AI, etc.

Insourcing (Contracting)

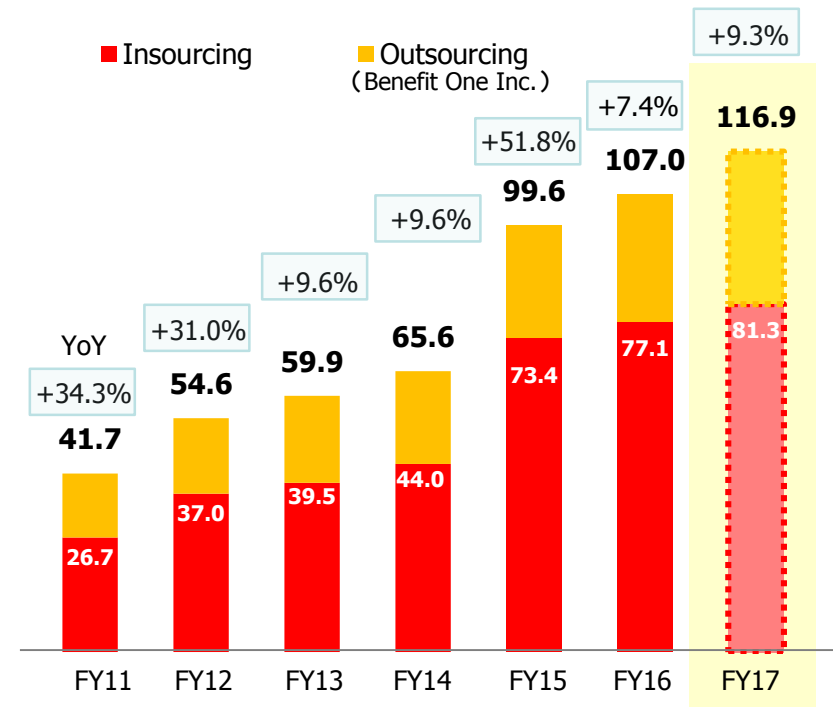
Net Sales

(Billions of yen)



BPO Sales Trend

(Billions of yen)



Business Conditions

● FY16 (result)

- Provided flexible services tailored to each client's preference.
- Previous solid performance enabled the Insourcing business focusing on public sector clients to pursue horizontal growth.
- Overall growth rate for Insourcing business was curbed as Bewith, Inc.'s record was based on a 14-month term due to fiscal period change in the previous fiscal year.

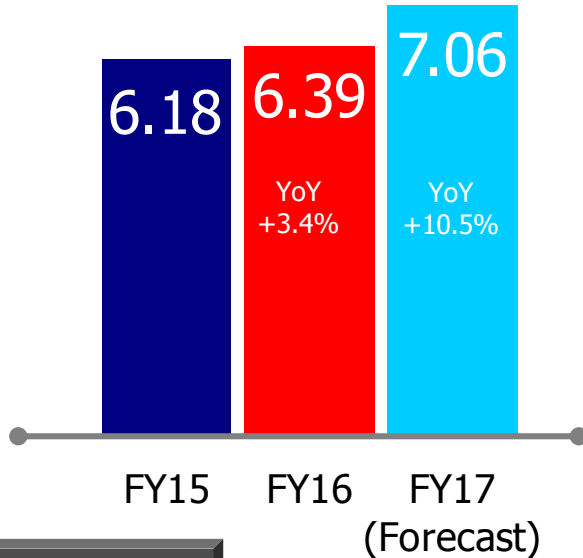
● FY17 (plan)

- Develop new services and accelerate business structure enhancement for existing private-sector Insourcing (Contracting) business.
- Place emphasis on efficiency of services for clients in public sector and aim for horizontal growth.

Global Sourcing (Overseas)

Net Sales

(Billions of yen)



Business Conditions

- FY16 (result)**
 - Indonesia firm PT. Dutagriya Sarana (DGS), an newly made subsidiary in the previous fiscal year, with its increased client base, contributed to the overseas growth of temporary staffing business.
 - Expanded the training business of Caplan Thailand, which began its operations in September 2016.
- FY17 (plan)**
 - Strengthen Caplan Thailand's personnel training programs in ASEAN region.
 - Provide job opportunities for foreign talents and build a borderless career counseling network through job fair (Job Haku).

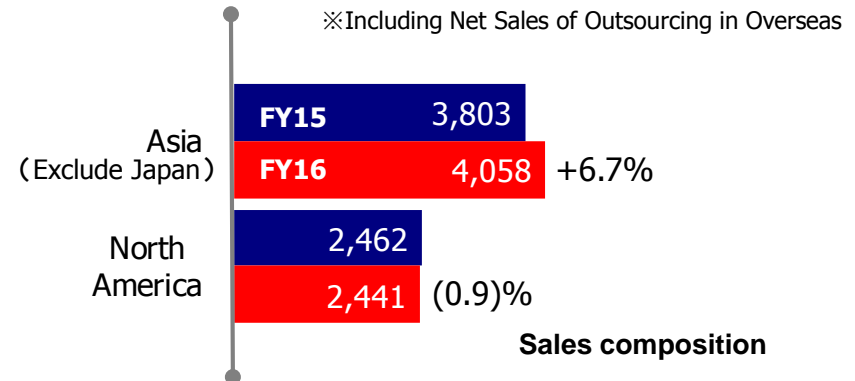
Sales by Business Segment

(Millions of yen)

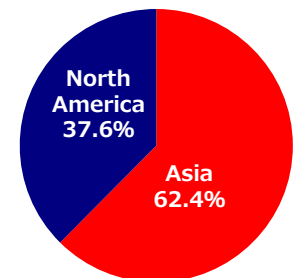
	FY15	FY16	YoY
Temporary Staffing	2,473	2,707	9.4%
Placement / Recruiting	2,001	1,778	(11.2)%
Contracting (Payroll, others)	1,167	1,180	1.1%
Others	537	723	34.6%
Total	6,180	6,388	3.4%

Sales by Region

(Millions of yen)



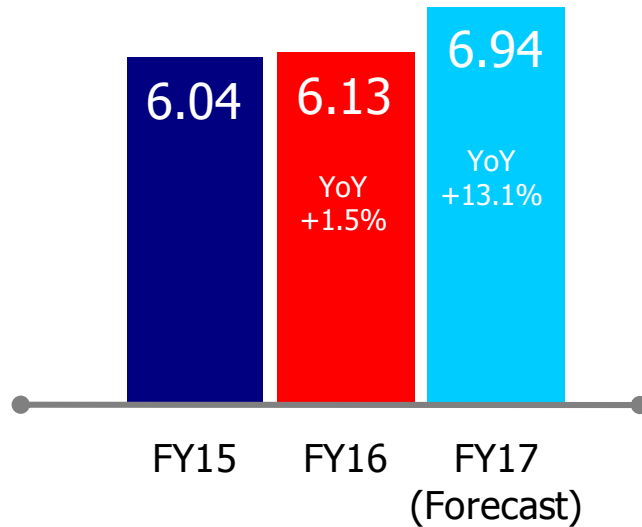
Sales composition



HR Consulting, etc. / Operating Income by Segments

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

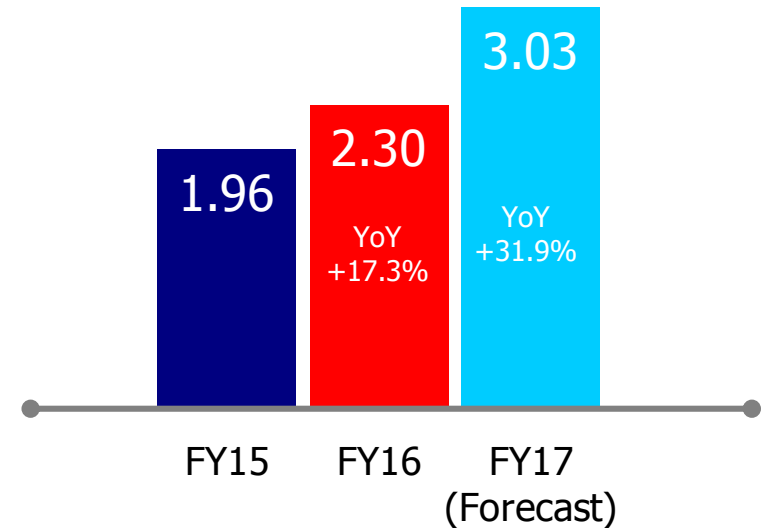
(Billions of yen)



ES~GS Operating Income

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

(Billions of yen)



Business Conditions

- **FY16 (result)**
 - HR training programs for receptionist services focusing on foreign tourists grew because of increasing demand.
- **FY17 (plan)**
 - Provide training programs which help companies adapt to new business environment such as Omotenashi Standard Certification System and work-style reforms.

Business Conditions

- **FY16 (result)**
 - Expert Service and Insourcing grew steadily.
 - Revenue gains and back office cost reduction were effective.
- **FY17 (plan)**
 - Boost profitability by constructing common IT infrastructure among group's companies.

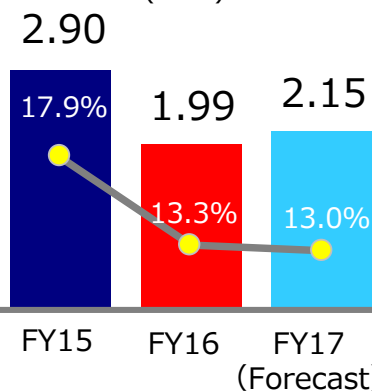
Career Solutions (Placement/Recruiting, Outplacement)

Net Sales

(Billions of yen)

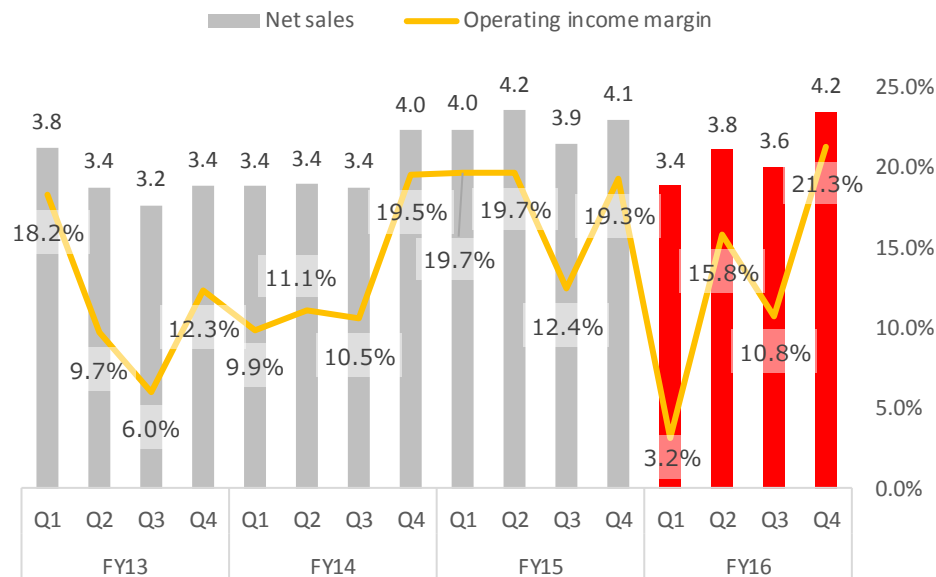
Operating Income, Operating Income Margin

YoY (31.4%) YoY +7.9%



Trends in Net Sales & Operating Income Margin

(Billions of yen)



※FY2013-2014 are reference figure before change of segment classification.

Business Conditions

• FY16 (result)

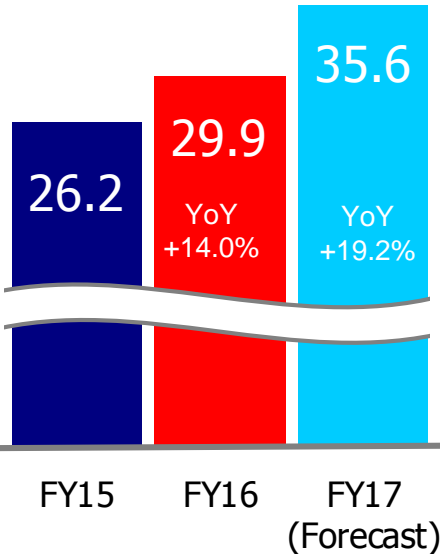
- Placement/Recruiting business grew steadily. Signed contracts with women and seniors increased
- Outplacement business faced significant market contraction and persistently tough market conditions

• FY17 (plan)

- Strengthen recruitment of IT engineers, including foreign talents, to satisfy the growing demand.
- Set up the organizational structure that enables agencies nationwide to offer full services including placement/recruiting and career (outplacement) counseling.

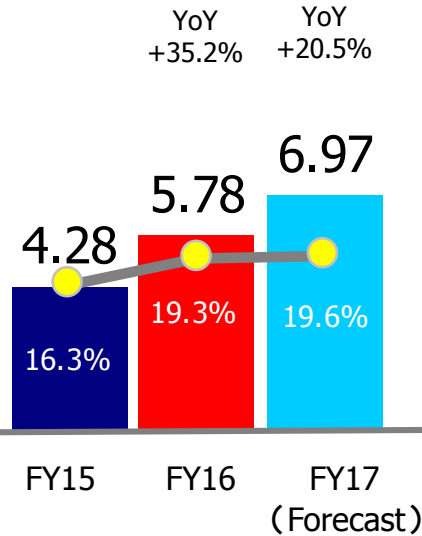
Outsourcing (Benefit One Inc.)

Net Sales



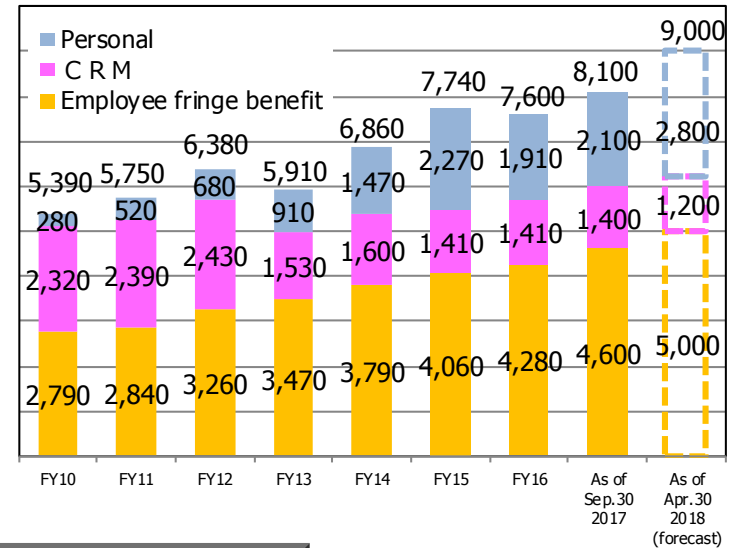
Operating Income, Operating Income Margin

(Billions of yen)



Benefit One Membership

(Thousand people)



Business Conditions

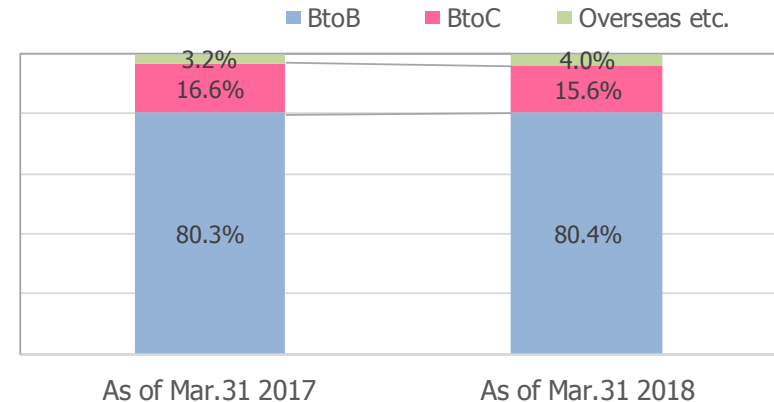
●FY16 (result)

- Employee fringe benefit business saw steady growth in the numbers of participating companies.
- Incentive business also performed strongly.
- Health care business considerably improved its earnings.

●FY17 (plan)

- Bring in new customers from small and medium-sized enterprises for employee fringe benefit outsourcing business.
- Develop new cooperation model that contributes to future growth for Personal (individual-based) business.

Sales Composition



*BtoB: Employee fringe benefit, Incentive, Health care, BTM, Cost reduction
BtoC: Personal, CRM, Inbound

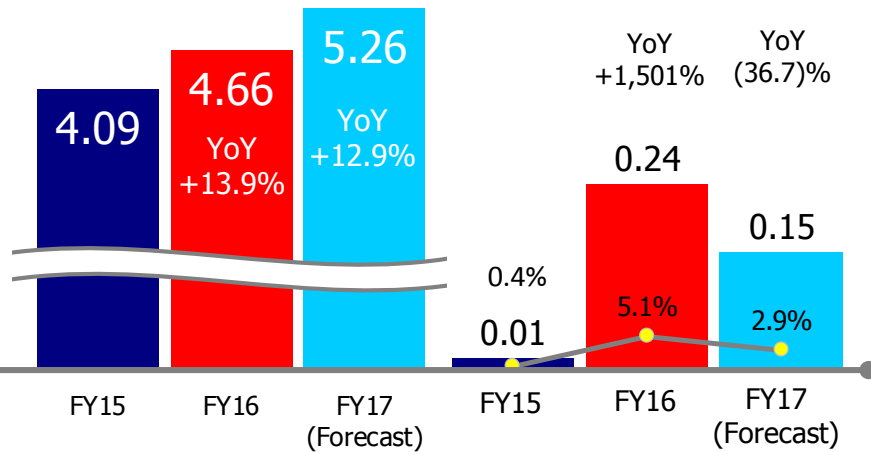
Life Solutions · Public Solutions

Life Solutions

Net Sales

Operating Income, Operating Income Margin

(Billions of Yen)



Business Conditions

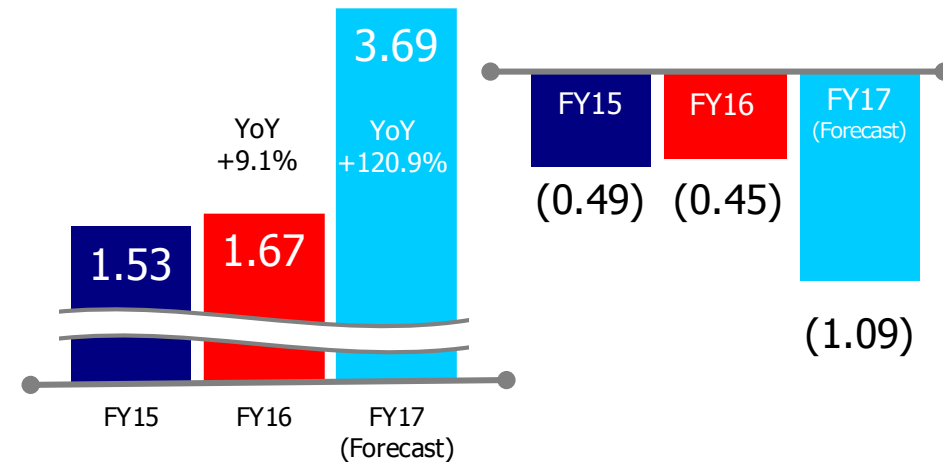
- **FY16 (result)**
 - Pasona Foster Inc. increased its contracts with companies to operate their daycare facilities.
 - Pasona Life Care Inc. expanded its nursing services and increased the dispatch of care staffs. Developed sales channels and boosted revenue and earnings for housekeeping services
- **FY17 (plan)**
 - Further strengthen contracted on-site day care services.
 - Achieve synergy with Kurashinity on housekeeping services.

Public Solutions

Net Sales

Operating Income

(Billions of Yen)



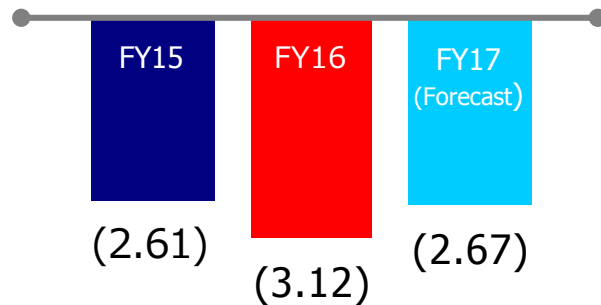
Business Conditions

- **FY16 (result)**
 - Tango Kingdom Inc.: Advanced in the new form of "regional business," on track for earnings improvement.
- **FY17 (plan)**
 - Launch Nijigen no Mori. Spend up-front investment in the next fiscal year
 - Tango Kingdom Inc.: Strengthen measures for external sales and wholesale business

Elimination/Corporate Segment Costs

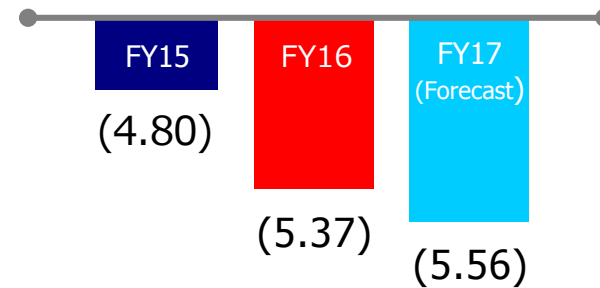
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Main Reasons for Cost Increase

●FY16 (result)

- Retirement benefit costs, head office relocation expenses, initial investment spending on new businesses increased.

●FY17 (plan)

- Rent will increase temporarily because of office relocation.
- Employee education and training (recurrent education, etc.) fees will increase.

Returns to Shareholders

Dividend Policy

Basic policy to deliver adequate returns to shareholders relative to corporate performance, while at the same time endeavor to provide continuous and stable dividends

Dividends

Plan to pay **¥12** per share for the fiscal year ending May 31, 2018

- FY2016 Dividend per share **¥12** Interim — **Period-End** **¥12**
- FY2017 Dividend forecast per share **¥12** Interim — **Period-End** **¥12**

	FY13	FY14	FY15	FY16	FY17 (Forecast)
Dividend per share	¥10	¥12	¥12	¥12	¥12
Dividend payout ratio (consolidated)	71.2%	206.3%	181.3%	-	44.2%

Reference

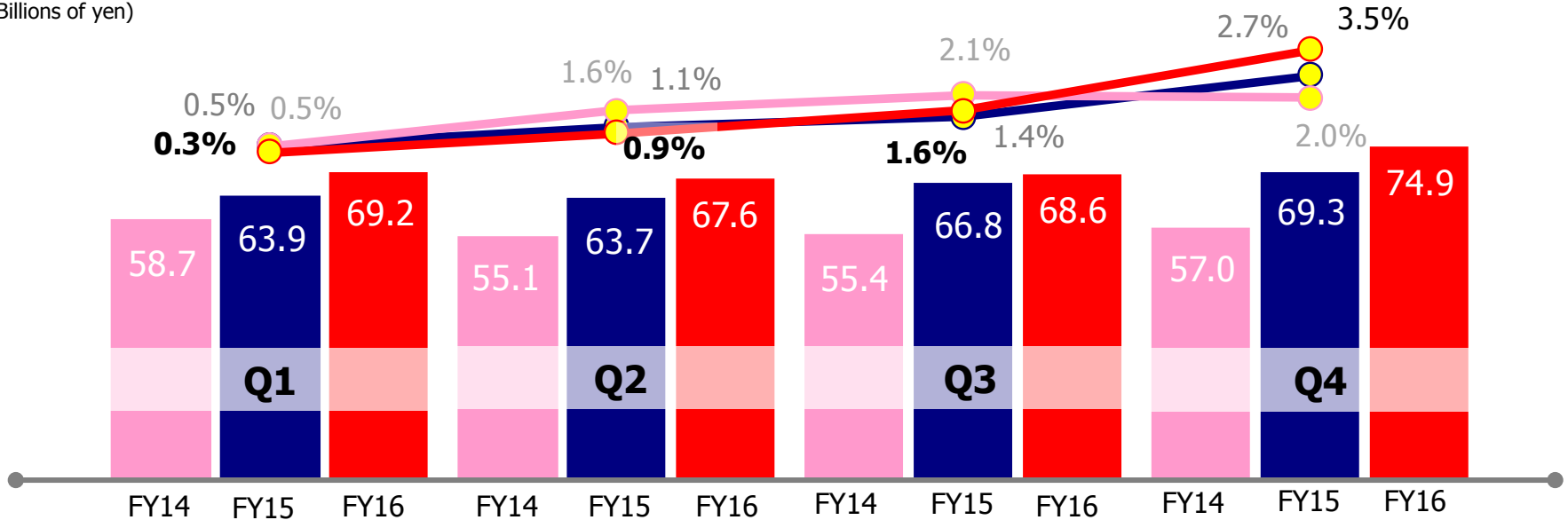
Quarterly Earnings Trends

Net Sales

(Billions of yen)

Operating Income Margin

- Operating Income Margin FY14
- Operating Income Margin FY15
- Operating Income Margin FY16



	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)					Q4 (March to May)				
	FY14	FY15	YoY	FY16	YoY	FY14	FY15	YoY	FY16	YoY	FY14	FY15	YoY	FY16	YoY	FY14	FY15	YoY	FY16	YoY
Net sales	58,727	63,891	+8.8%	69,231	+8.4%	55,078	63,710	+15.7%	67,636	+6.2%	55,379	66,827	+20.7%	68,613	+2.7%	57,042	69,297	+21.5%	74,915	+8.1%
Gross profit	11,450	13,412	+17.1%	13,372	(0.3)%	11,010	12,023	+9.2%	13,628	+13.3%	11,319	13,041	+15.2%	13,529	+3.7%	12,090	14,331	+18.5%	16,086	+12.3%
SG&A expenses	11,130	13,061	+17.4%	13,156	+0.7%	10,135	11,300	+11.5%	13,048	+15.5%	10,180	12,111	+19.0%	12,446	+2.8%	10,934	12,473	+14.1%	13,476	+8.0%
Operating income	320	350	+9.5%	215	(38.5)%	875	722	(17.5)%	579	(19.8)%	1,139	929	(18.4)%	1,083	+16.5%	1,155	1,857	+60.8%	2,610	+40.5%
Ordinary income	286	256	(10.2)%	174	(32.1)%	832	720	(13.5)%	585	(18.8)%	1,132	956	(15.6)%	1,039	+8.7%	1,092	1,921	+76.0%	2,520	+31.2%
Profit (Loss) attributable to owners of parent	(253)	(323)	-	(539)	-	97	(10)	-	(276)	-	163	(119)	-	(98)	-	206	697	+237.6%	785	+12.6%
Gross profit margin	19.5%	21.0%	+1.5pt	19.3%	(1.7)pt	20.0%	18.9%	(1.1)pt	20.1%	+1.2pt	20.4%	19.5%	(0.9)pt	19.7%	+0.2pt	21.2%	20.7%	(0.5)pt	21.5%	+0.8pt
SG&A expense ratio	19.0%	20.4%	+1.4pt	19.0%	(1.4)pt	18.4%	17.7%	(0.7)pt	19.3%	+1.6pt	18.4%	18.1%	(0.3)pt	18.1%	+0.0pt	19.2%	18.0%	(1.2)pt	18.0%	+0.0pt
Operating income margin	0.5%	0.5%	+0.0pt	0.3%	(0.2)pt	1.6%	1.1%	(0.5)pt	0.9%	(0.2)pt	2.1%	1.4%	(0.7)pt	1.6%	+0.2pt	2.0%	2.7%	+0.7pt	3.5%	+0.8pt
Ordinary income margin	0.5%	0.4%	(0.1)pt	0.3%	(0.1)pt	1.5%	1.1%	(0.4)pt	0.9%	(0.2)pt	2.0%	1.4%	(0.6)pt	1.5%	+0.1pt	1.9%	2.8%	+0.9pt	3.4%	+0.6pt
Profit attributable to owners of parent margin	-	-	-	-	-	0.2%	-	-	-	-	0.3%	-	-	-	-	0.4%	1.0%	+0.6pt	1.0%	+0.0pt

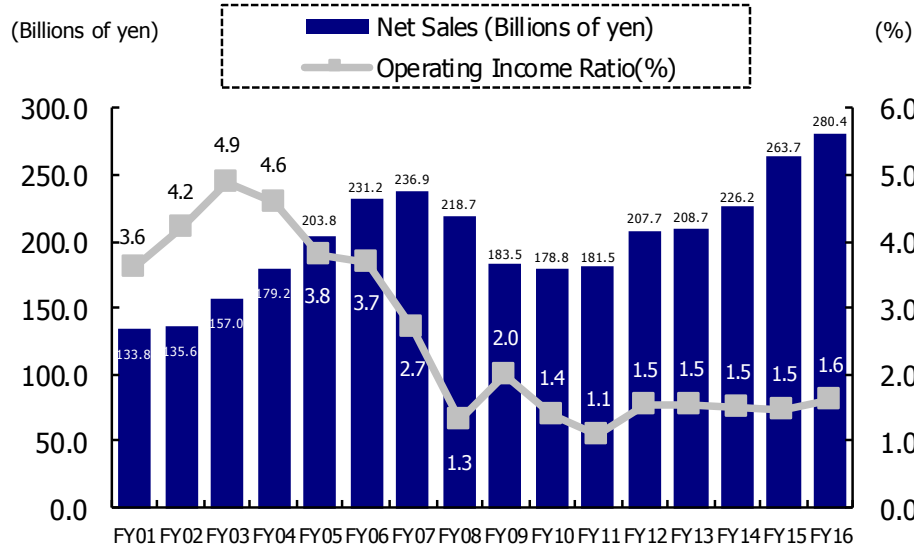
Quarterly Earnings Trends by Segment

(Millic)

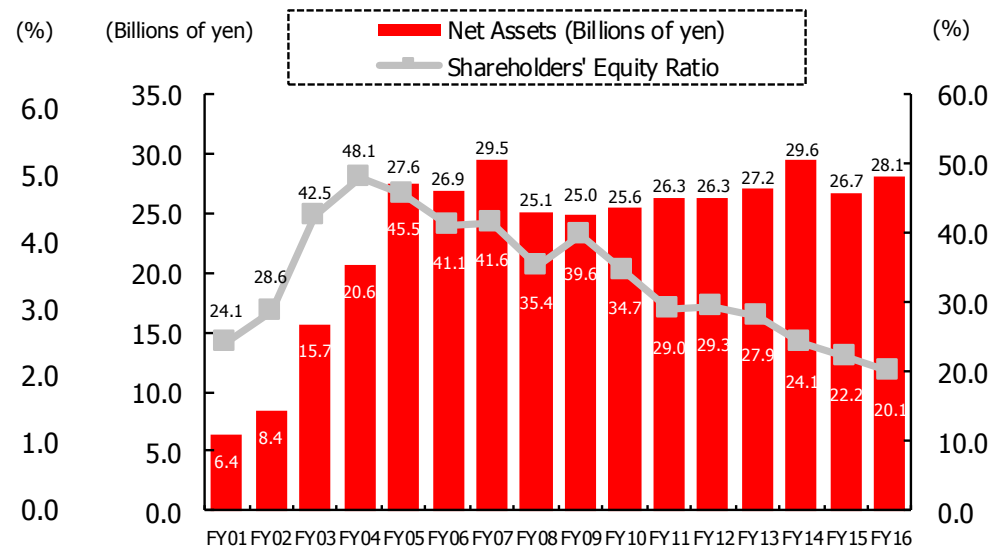
Segment	Sales									Operating income (loss)							
	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	YoY	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Expert Services (Temporary Staffing)	33,221	32,487	32,562	34,317	36,378	35,090	34,298	36,894	7.5%								
Insourcing (Contracting)	16,925	17,450	19,620	19,421	18,174	17,908	19,338	21,679	11.6%								
HR Consulting, others	1,504	1,420	1,698	1,421	1,541	1,376	1,666	1,548	9.0%	325	430	330	872	380	56	397	1,463
Global Sourcing (Overseas)	1,420	1,389	1,645	1,725	1,536	1,530	1,509	1,811	5.0%								
Subtotal	53,070	52,747	55,527	56,885	57,631	55,905	56,813	61,934	8.9%								
Career Solutions (Placement/Recruiting, Outplacement)	4,032	4,235	3,865	4,132	3,386	3,791	3,607	4,223	2.2%	794	834	479	796	107	597	388	899
Outsourcing	5,971	5,981	6,719	7,557	7,478	7,066	7,408	7,939	5.1%	641	840	1,382	1,412	1,134	1,348	1,659	1,640
Life Solutions Public Solutions	1,342	1,392	1,377	1,505	1,508	1,598	1,555	1,664	10.5%	(192)	(164)	(116)	(5)	(100)	(61)	(50)	(2)
Elimination/Corporate	(524)	(646)	(662)	(783)	(773)	(726)	(772)	(846)	-	(1,218)	(1,218)	(1,146)	(1,218)	(1,305)	(1,361)	(1,311)	(1,391)
Consolidated	63,891	63,710	66,827	69,297	69,231	67,636	68,613	74,915	8.1%	350	722	929	1,857	215	579	1,083	2,610

Full-Year Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



Results

Key Indicators	'02/05	'03/05	'04/05	'05/05	'06/05	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05	'16/05	'17/05
Net Sales	133,822	135,625	156,979	179,156	203,815	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	18.2%	19.7%	20.9%	20.8%	20.2%	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	19,557	21,058	25,104	28,992	33,491	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	14.6%	15.5%	16.0%	16.2%	16.4%	16.6%	18.1%	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%
Operating Income	4,786	5,687	7,648	8,238	7,745	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	3.6%	4.2%	4.9%	4.6%	3.8%	3.7%	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%
Ordinary Income	4,222	5,373	7,329	8,289	7,844	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	3.2%	4.0%	4.7%	4.6%	3.8%	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	1,974	2,027	3,647	4,363	3,588	4,198	2,962	312	204	412	29	610	526	214	243	(129)
Net Income Ratio	1.5%	1.5%	2.3%	2.4%	1.8%	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	-
Total Assets	26,526	29,425	37,004	42,884	51,931	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	6,388	8,418	15,732	20,644	27,634	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	24.1%	28.6%	42.5%	48.1%	45.5%	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	42.0%	27.4%	30.2%	24.0%	16.2%	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)	1,537	1,687	1,979	2,204	2,608	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.

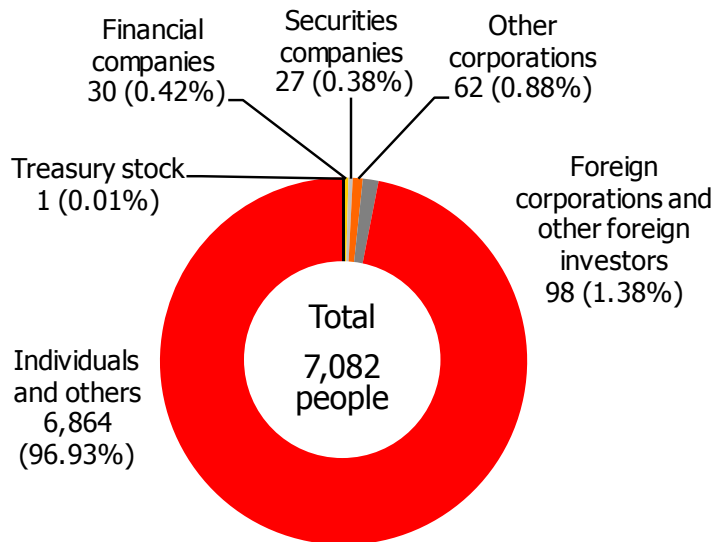
2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

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

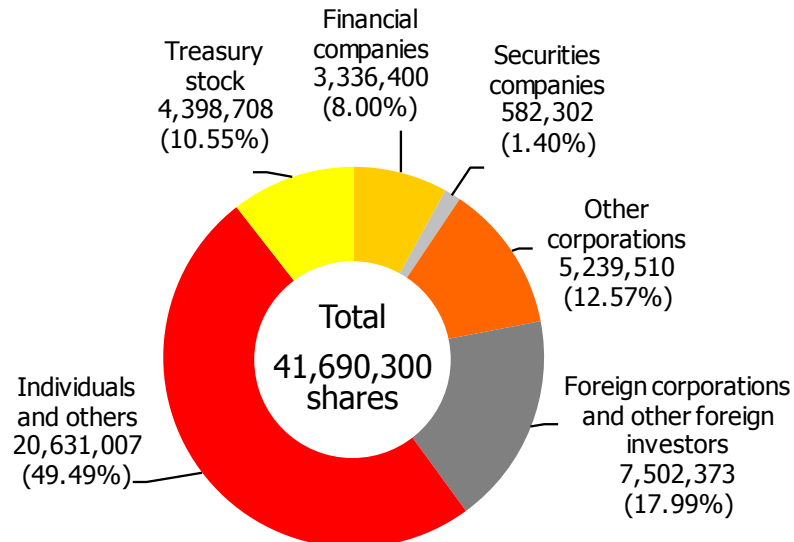
4. Since the fiscal year ended on May 31, 2016, net income has been referred to profit attributable to owners of parent.

Stock Information (As of May. 31, 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.	4,398,708	10.55%
Nambu Enterprise Inc.	3,737,800	8.97%
BNYM TREATY DTT 10	1,851,600	4.44%
Credit Suisse AG Hong Kong Trust A/C Client	1,227,000	2.94%
State Street Bank and Trust Company 505004	930,900	2.23%
Pasona Group Employees' Shareholding Association	707,100	1.70%
Gratitude Inc.	596,600	1.43%
The Master Trust Bank of Japan, Ltd (Trust Account)	576,300	1.38%
Japan Trustee Services Bank, Ltd. (Trust Account)	530,200	1.27%

- The Company's treasury stock (4,398,708 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.
- 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 31 May, 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.	e-Staffing Co., Ltd.*
Shin nihon kogyo Co.,Ltd.	Pasona Knowledge Partner 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 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.	Other
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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	
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 60
Equity-method affiliates 5*

(As of May. 31, 2017)

Corporate Information

Tokyo Stock Exchange, 1st Section 2168

Corporate Name	Pasona Group Inc.	
Headquarters	Shin Marunouchi Bldg. 1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-6514	<u>Comprehensive Group office</u> Otemachi 2-6-2 Chiyoda-ku, Tokyo 100-8228 Phone 03-6734-0200
Established	December 3, 2007 (Founding February 1976)	
Paid-in Capital	5,000 million yen	
Representative	Yasuyuki Nambu	
Business Activities	Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting, education and training, others Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outplacement) Outsourcing Life Solutions, Public Solutions	
Number of Employees	8,682 (Consolidated, including contract workers)	
Consolidated Group Companies	Subsidiaries 60 , Affiliates 5	
URL	www.pasonagroup.co.jp/english/	

(As of May. 31, 2017)