(Appendix)



### Results for the Third Quarter of the Fiscal Year Ending May 31, 2016

9M FY2015 (June 1, 2015 - February 29, 2016)

Pasona Group Inc.

First Section TSE (2168)

April 8, 2016 www.pasonagroup.co.jp/english/

**X**Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

### **Revisions to Business Results Forecasts for FY2015**

- Delays in realizing anticipated Group synergies from M&A and slow startups of new businesses
- The favorable performance in Career Solutions Business, such as recruiting, could not cover the decline in operating income in other businesses
- Aiming to secure increases in net sales and profit compared with the previous year

							(Millions of yen)	FY14	F Revise
				(Billior	ns of yen)		Net Sales (YoY)	226,227	
	268.0	263.0		4.7			Cost of sales	180,355	
226.2			3.5		3.7		Gross Profit	45,871	
							SG&A Expenses	42,381	
							Operating Income	3,490	
Ν	let Sale	es	Opera	ating Ir	come				
							Ordinary Income	3,343	
FY14	FY15	FY15	FY14	FY15	FY15	•			
	Initial Forecast	Revised Forecast		Initial Forecast	Revised Forecast		Profit attributable to owners of parent	214	

1

FY15

263,000

16.3%

210,600

16.8%

52,400

14.2%

48,700

14.9%

3,700

6.0%

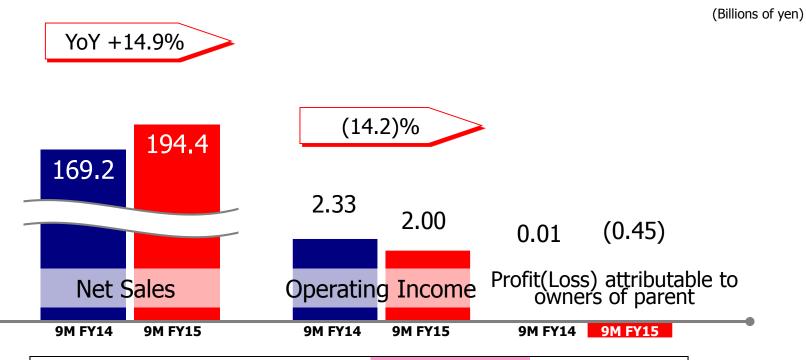
3,700

10.7%

230

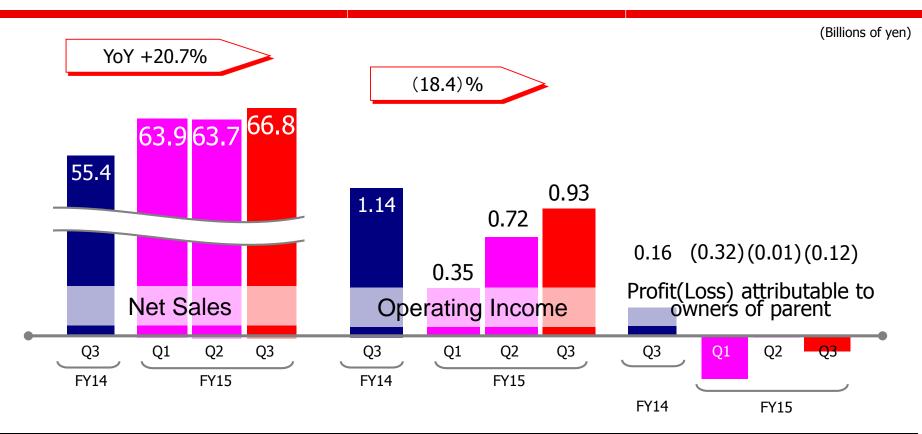
7.4%

### **Consolidated Results**



(Millions of yen)	9M FY14	to net sales %	9M FY15	to net sales %	vs FY14 Increase/Decrease	YoY
Net sales	169,185	100.0	194,430	100.0	25,245	14.9%
Cost of sales	135,404	80.0	155,953	80.2	20,549	15.2%
Gross profit	33,781	20.0	38,477	19.8	4,695	13.9%
SG&A expenses	31,446	18.6	36,474	18.8	5,028	16.0%
Operating income	2,334	1.4	2,002	1.0	(332)	(14.2)%
Ordinary income	2,251	1.3	1,933	1.0	(318)	(14.1)%
Profit(Loss) attributable to owners of parent	7	0.0	(453)	-	(461)	-

### **Consolidated Results for Three months ended February 29, 2016**



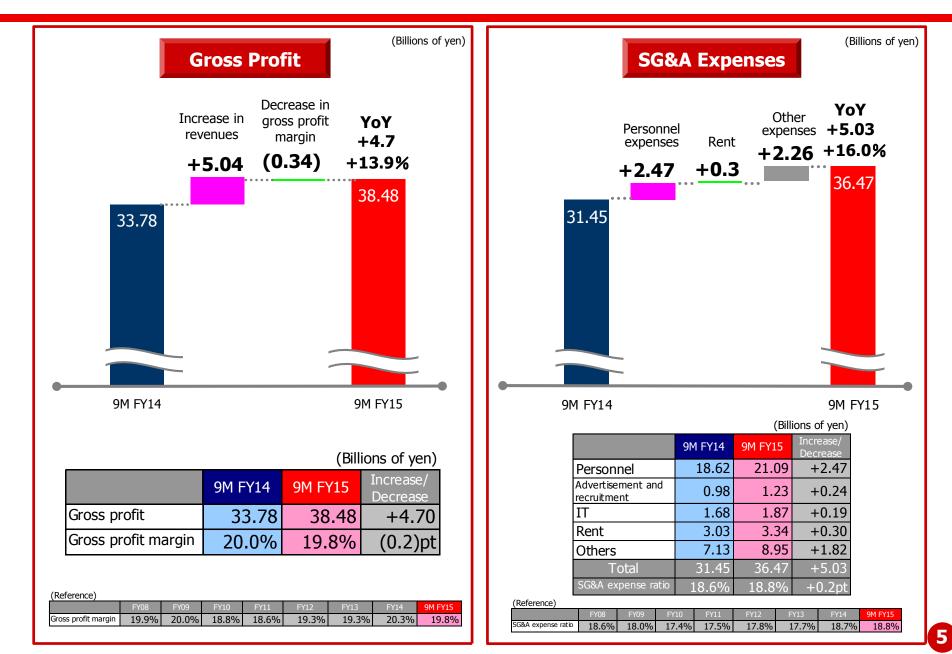
(Millions of yen)	Q1 FY14	to net sales %	Q2 FY14	to net sales %	Q3 FY14	to net sales %	Q1 FY15	to net sales %	Q2 FY15	to net sales %	Q3 FY15	to net sales %	vs FY14 Increase/Decrease	YoY
Net sales	58,727	100.0	55,078	100.0	55,379	100.0	63,891	100.0	63,710	100.0	66,827	100.0	11,448	20.7%
Cost of sales	47,277	80.5	44,067	80.0	44,059	79.6	50,479	79.0	51,687	81.1	53,786	80.5	9,726	22.1%
Gross profit	11,450	19.5	11,010	20.0	11,319	20.4	13,412	21.0	12,023	18.9	13,041	19.5	1,721	15.2%
SG&A expenses	11,130	19.0	10,135	18.4	10,180	18.4	13,061	20.4	11,300	17.7	12,111	18.1	1,931	19.0%
Operating income	320	0.5	875	1.6	1,139	2.1	350	0.5	722	1.1	929	1.4	(209)	(18.4)%
Ordinary income	286	0.5	832	1.5	1,132	2.0	256	0.4	720	1.1	956	1.4	(176)	(15.6)%
Profit (Loss) attributable to owners of parent	(253)	-	97	0.2	163	0.3	(323)	-	(10)	-	(119)	-	(282)	-

### **Consolidated Results by Segment**

		Net	sales		Ор	erating ir	ncome (lo	ss)	Operating income margin				
Segment	9M FY14	9M FY15	Increase/ Decrease	YoY	9M FY14	9M FY15	Increase/ Decrease	YoY	9M FY14	9M FY15	Increase/ Decrease		
Expert Services (Temporary Staffing)	99,719	98,270	(1,448)	(1.5)%									
Insourcing (Contracting)	33,490	53,995	20,505	61.2%									
HR Consulting, others	4,118	4,623	504	12.3%	2,066	1,086	(979)	(47.4)%	1.5%	0.7%	(0.8)pt		
Global Sourcing (Overseas)	3,483	4,455	972	27.9%									
Subtotal	140,811	161,345	20,534	14.6%									
Career Solutions (Placement/ Recruiting, Outplacement)	10,179	12,132	1,953	19.2%	1,071	2,108	1,036	96.8%	10.5%	17.4%	6.9pt		
Outsourcing	15,500	18,672	3,172	20.5%	2,235	2,863	628	28.1%	14.4%	15.3%	0.9pt		
Life Solutions Public Solutions	4,147	4,112	(34)	(0.8)%	(46)	(472)	(426)	-	-	-	-		
Eliminations and Corporate	(1,453)	(1,833)	(379)	-	(2,992)	(3,583)	(591)	_	-	_	-		
Total	169,185	194,430	25,245	14.9%	2,334	2,002	(332)	(14.2)%	1.4%	1.0%	(0.4)pt		

\*From FY2015, "Place & Search" and "Outplacement" are integrated into "Career Solutions" segment. FY2014 results of "Career Solutions" has been reallocated and presented in the new segment. (Millions of ven)

### **Gross Profit, SG&A Expenses**



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

			()	1illions of yen)	
	9M FY14	9M FY15	Increase/ Decrease	YoY	
Operating income	2,334	2,002	(332)	(14.2)%	
Non-operating income	210	238	28	13.5%	
Non-operating expenses	293	307	13	4.8%	accounted for using equity method ¥62 million (YoY +2 million)
Ordinary income	2,251	1,933	(318)	(14.1)%	<ul> <li>Extraordinary income</li> </ul>
Extraordinary income	91	86	(4)	(5.4)%	Gain on sales of investment securities ¥63 million
Extraordinary loss	116	92	(23)	(20.1)%	Extraordinary loss
Income before income taxes	2,226	1,926	(299)	(13.5)%	Impairment loss of systems
Income taxes – current	1,311	1,477	165	12.6%	
Income taxes — deferred	194	143	(51)	(26.3)%	
Income taxes	1,505	1,620	114	7.6%	
Profit attributable to non-controlling interests	713	759	46	6.5%	
Profit (Loss) attributable to owners of parent	7	(453)	(461)	-	

## **Balance sheet**

				(Billions of yen)
	Major Item of Increase/Decrease	May 31,2015	Feb.29,2016	Increase/ Decrease
As	sets	88.6	79.7	(9.0)
	Current assets	58.1	50.0	(8.1)
	Cash and deposits	21.1	11.7	(9.4)
	Notes and accounts receivable — trade	29.5	30.7	1.2
	Other	6.5	6.6	0.1
	Non-current assets	30.5	29.7	(0.8)
	Property, plant and equipment	9.8	8.8	(0.9)
	Intangible assets	9.8	9.5	(0.3)
	Investments and other assets	10.9	11.3	0.4
Lia	bilities	59.0	53.4	(5.6)
	Current liabilities	46.3	39.7	(6.5)
	Accounts payable	5.2	2.6	(2.6)
	Income taxes payable	1.4	0.7	(0.7)
	Provision for bonuses	2.8	2.1	(0.7)
	Other	20.2	16.1	(4.1)
	Non-current liabilities	12.8	13.7	0.9
	Long-term loans payable	7.4	8.4	1.0
Ne	t assets	29.6	26.3	(3.3)
	Shareholders' equity	20.5	18.5	(2.1)
	Accumulated other comprehensive income	0.8	0.4	(0.4)
	Non-controlling Interest	8.3	7.4	(0.9)
Eq	uity stock ratio	24.1%	23.7%	(0.4)pt

#### Major Item of Increase/Decrease

#### [Cash and deposits]

Decline due to payments of the consumption tax and accounts payable

#### [Other]

Decline due to payments of the consumption tax  $$\ensuremath{\mathtt{Y}}(3.2)$$  billion

#### [Capital surplus]

Effects of introduction of a Board Benefit Trust and J-ESOP ¥0.1 billion = Effects of purchase of Benefit One treasury shares ¥(0.7)billion Impact of additional acquisitions of Bewith shares ¥(0.4)billion (Retained earnings) Loss attributable to owners of parent ¥(0.5) billion Cash dividends paid ¥(0.4) billion

#### [Treasury stock]

Effects of introduction of a Board Benefit Trust and J-ESOP ¥(0.1) billion

#### [Non-controlling interests]

Effects of change in equity in Benefit One

¥(0.4) billion

Effects of change in equity in Bewith

¥(0.6) billion

# **Segment information**



X Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

### Expert Services (Temporary staffing)

**Net Sales** 

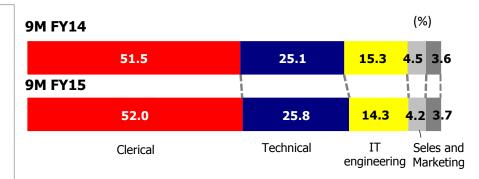
% Segment figures include intersegment sales

#### Sales by Staffing Type

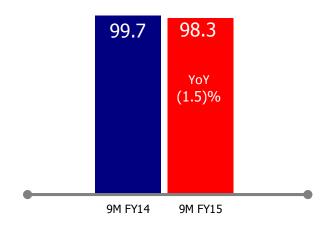
% Figures exclude intersegment sales

		(1	Millions of yen)
	9M FY14	9M FY15	YoY
Clerical	51,255	50,943	(0.6)%
Technical	24,979	25,306	1.3%
IT engineering	15,176	14,025	(7.6)%
Sales and Marketing	4,496	4,072	(9.4)%
Other Expert Services	3,595	3,658	1.7%
Total	99,503	98,006	(1.5)%

#### Sales Composition



#### (Billions of yen)

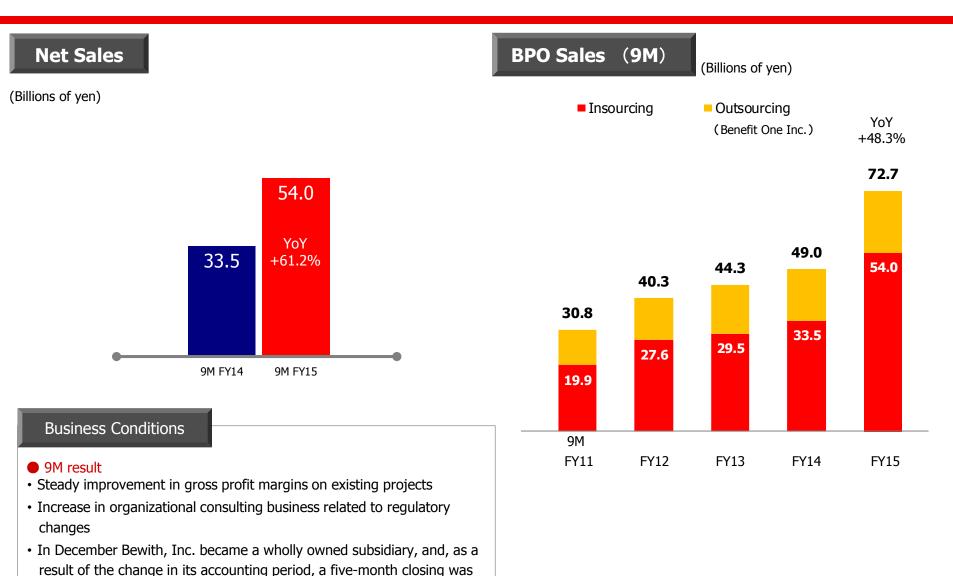


#### **Business Conditions**

#### 9M result

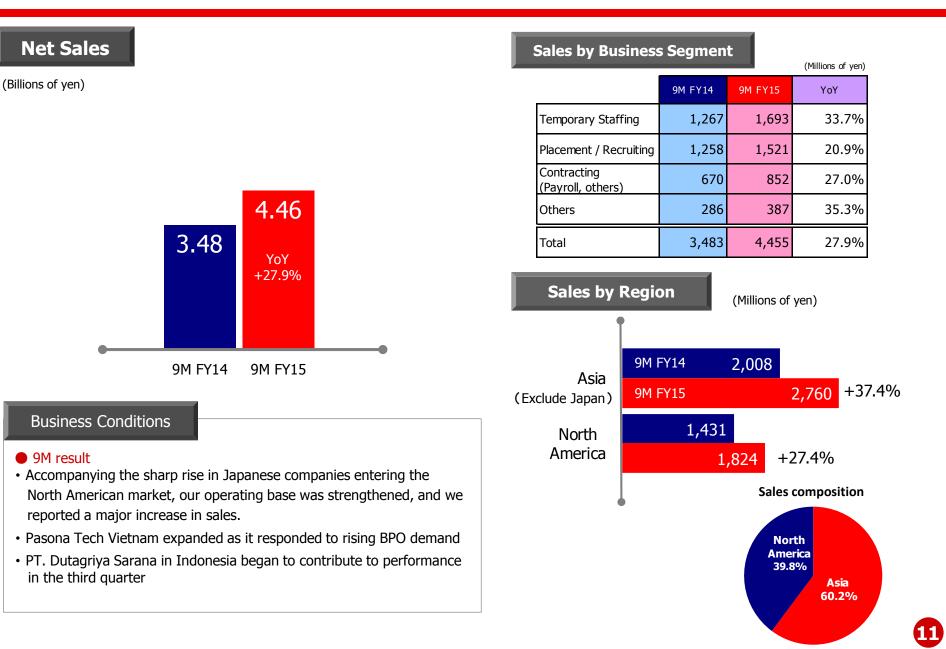
- Progress was made by Group companies in strengthening specialized fields to meet needs arising from increase in the international trade administration business and the focus on training cloud computing engineers.
- We took over the business of Murata Active Partner Co., Ltd. in April and made Osaka Gas Excellent Agency Co., Ltd. a subsidiary

### Insourcing (Contracting)

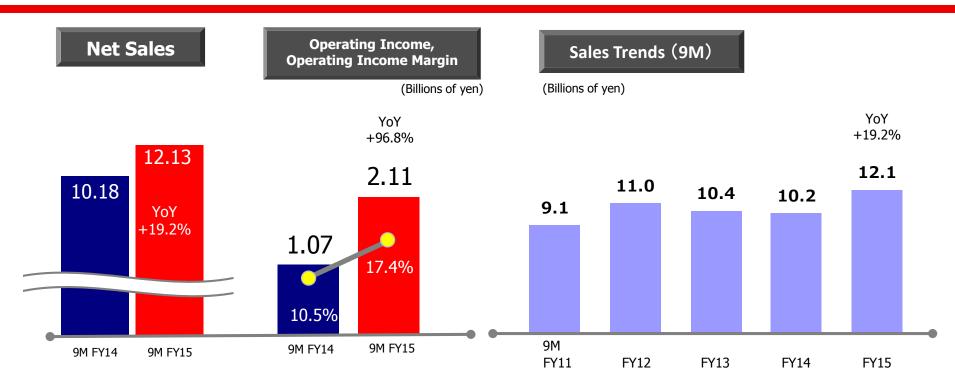


reported in the parent's third quarter results.

## **Global Sourcing** (Overseas)



### **Career Solutions** (Placement/Recruiting, Outplacement )



\*From FY2015, "Place & Search" and "Outplacement" are integrated into this segment. FY2014 results has been reallocated and presented in this segment.

#### **Business Conditions**

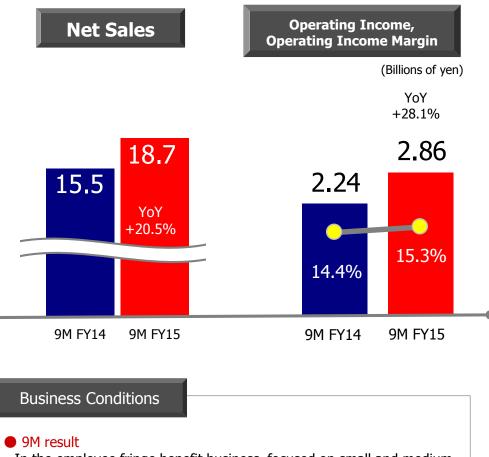
#### 9M result (Placement / Recruiting)

- Increase in contracts for staff in administrative positions, including accounting and personnel
- Contracts concluded for female managerial personnel showed favorable results

#### 9M result (Outplacement)

- Moved forward with the introduction of employee welfare programs, drawing on our strong support service menu covering a range of second-life support services
- · Focused on increasing productivity per consultant

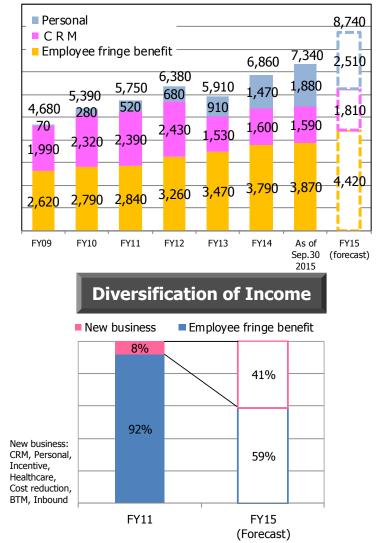
## **Outsourcing** (Benefit One Inc.)



- In the employee fringe benefit business, focused on small and medium sized companies and promising mid-level companies as the number of companies introducing cafeteria plans increased
- Major increase in members in Personal Business, which offers services for individuals

#### **Benefit One Membership**

\*Retroactive to April 2010, adjusted "paying" member base (Thousands people)

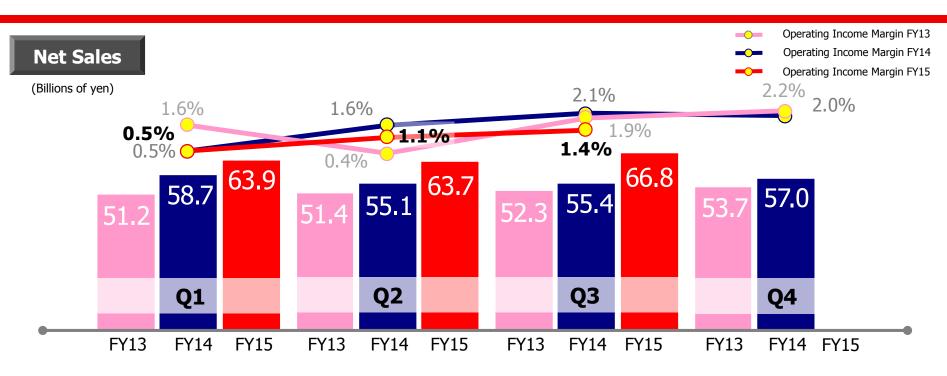


# Reference



X Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

## **Quarterly Earnings Trends**



																		(Milli	ions of yen)
			<b>Q</b> 1	June to Au	gust)			<b>Q2</b> (S	September to I	lovember)			<b>Q3</b> (	December to F	ebruary)		Q	4 (March to M	ay)
		FY13	FY14	YoY	FY15	YoY	FY13	FY14	YoY	FY15	YoY	FY13	FY14	YoY	FY15	YoY	FY13	FY14	YoY
	Net sales	51,212	58,727	+14.7%	63,891	+8.8%	51,406	55,078	+7.1%	63,710	+15.7%	52,319	55,379	+5.8%	66,827	+20.7%	53,721	57,042	+6.2%
	Gross profit	10,032	11,450	+14.1%	13,412	+17.1%	9,377	11,010	+17.4%	12,023	+9.2%	10,133	11,319	+11.7%	13,041	+15.2%	10,695	12,090	+13.0%
	SG&A expenses	9,197	11,130	+21.0%	13,061	+17.4%	9,174	10,135	+10.5%	11,300	+11.5%	9,125	10,180	+11.6%	12,111	+19.0%	9,531	10,934	+14.7%
0	Operating income	834	320	(61.6)%	350	+9.5%	203	875	+330.5%	722	(17.5)%	1,008	1,139	+12.9%	929	(18.4)%	1,163	1,155	(0.7)%
ong	Ordinary income	798	286	(64.2)%	256	(10.2)%	163	832	+410.3%	720	(13.5)%	995	1,132	+13.8%	956	(15.6)%	1,178	1,092	(7.3)%
Consolidated	Profit (Loss) attributable to owners of parent	103	(253)	-	(323)	-	(128)	97	-	(10)	-	37	163	+335.8%	(119)	-	513	206	(59.8)%
late	Gross profit margin	19.6%	19.5%	(0.1)pt	21.0%	+1.5pt	18.2%	20.0%	+1.8pt	18.9%	(1.1)pt	19.4%	20.4%	+1.0pt	19.5%	(0.9)pt	19.9%	21.2%	+1.3pt
ă,	SG&A expense ratio	18.0%	19.0%	+1.0pt	20.4%	+1.4pt	17.8%	18.4%	+0.6pt	17.7%	(0.7)pt	17.4%	18.4%	+1.0pt	18.1%	(0.3)pt	17.7%	19.2%	+1.5pt
	Operating income margin	1.6%	0.5%	(1.1)pt	0.5%	+0.0pt	0.4%	1.6%	+1.2pt	1.1%	(0.5)pt	1.9%	2.1%	+0.2pt	1.4%	(0.7)pt	2.2%	2.0%	(0.2)pt
	Ordinary income margin	1.6%	0.5%	(1.1)pt	0.4%	(0.1)pt	0.3%	1.5%	+1.2pt	1.1%	(0.4)pt	1.9%	2.0%	+0.1pt	1.4%	(0.6)pt	2.2%	1.9%	(0.3)pt
	Profit attributable to owners of parent margin	0.2%	-	-	-	-	-	0.2%	-	-	-	0.1%	0.3%	+0.2pt	-	-	1.0%	0.4%	(0.6)pt

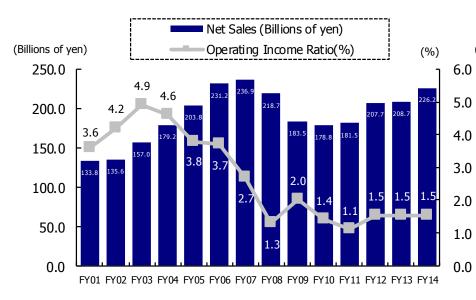
## **Quarterly Earnings Trends by Segment**

															(Milli	ons of yen)	
				Sa	les				Operating income (loss)								
Segment	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	YoY	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	YoY	
Expert Services (Temporary Staffing)	35,211	32,486	32,022	32,901	33,221	32,487	32,562	1.7%									
Insourcing (Contracting)	11,372	10,990	11,127	10,495	16,925	17,450	19,620	76.3%									
HR Consulting, others	1,356	1,335	1,426	1,418	1,504	1,420	1,698	19.1%	472	882	710	418	325	430	330	(53.4)%	
Global Sourcing (Overseas)	1,088	1,149	1,245	1,357	1,420	1,389	1,645	32.2%									
Subtotal	49,028	45,961	45,821	46,172	53,070	52,747	55,527	21.2%									
Career Solutions (Placement/Recruiting, Outplacement)	3,386	3,412	3,380	4,017	4,032	4,235	3,865	14.3%	335	379	356	784	794	834	479	34.5%	
Outsourcing	4,852	5,083	5,565	6,142	5,971	5,981	6,719	20.7%	572	615	1,047	957	641	840	1,382	32.0%	
Life Solutions Public Solutions	1,926	1,119	1,101	1,286	1,342	1,392	1,377	25.1%	(58)	24	(11)	(14)	(192)	(164)	(116)	-	
Eliminations and Corporate	(465)	(499)	(489)	(576)	(524)	(646)	(662)	-	(1,001)	(1,027)	(963)	(991)	(1,218)	(1,218)	(1,146)	-	
Total	58,727	55,078	55,379	57,042	63,891	63,710	66,827	20.7%	320	875	1,139	1,155	350	722	929	(18.4)%	

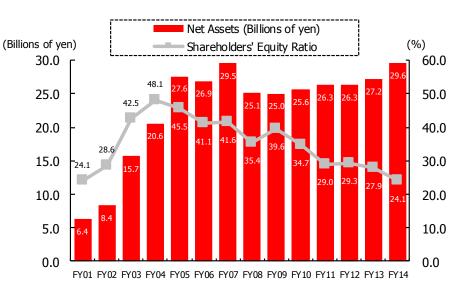
\*From FY2015, "Place & Search" and "Outplacement" are integrated into "Career Solutions" segment. FY2014 results of "Career Solutions" has been reallocated and presented in the new segment.

## **Full-Year Key Indicators**

#### **Net Sales and Operating Income Ratio**



#### **Net Assets and Shareholders' Equity Ratio**



17

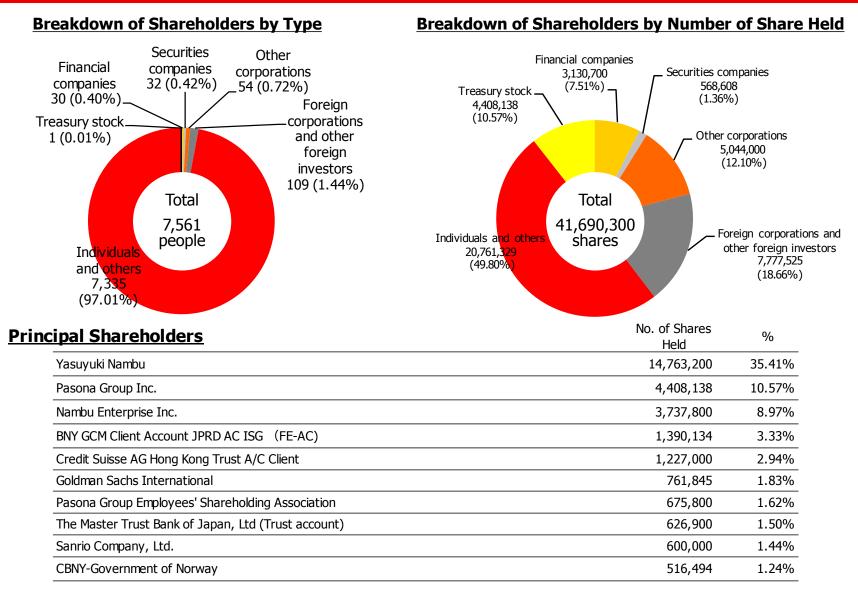
<u>Results</u>													(Mill	ons of yen)
Key Indicators	'02/05	'03/05	'04/05	'05/05	'06/05	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05
Net Sales	133,822	135,625	156,979	179,156	203,815	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227
Gross Profit Margin	18.2%	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%
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
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%
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
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%
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
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%
Net Income	1,974	2,027	3,647	4,363	3,588	4,198	2,962	312	204	412	29	610	526	214
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%
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
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
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%
Current Ratio	121.6%	122.3%	160.2%	182.8%	170.8%	152.1%	154.2%	129.6%	163.3%	175.2%	154.7%	141.8%	131.3%	125.6%
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

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, 2006.

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, 2006 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.

### Stock Information (As of Nov. 30, 2015)



The Company's treasury stock (4,408,138 shares, 10.57% 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.

### 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 Medical Inc.
ECOLOVE Inc.	Pasona Panasonic Business Service Co.,Ltd
Nihon Employment Creation	Organization Inc.
Pasona Tech Systems Inc.	e-Staffing Co., Ltd.*
Shin nihon kogyo Co.,Ltd.	
Pasona Tquila Inc.	Other

Other

#### **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 (Shangh	ai) Co., Ltd.
Pasona HR Consulting Recruitment	(Thailand) Co., Ltd.
Pasona Tech Vietnam Co., Ltd.	
Pasona HR Malaysia Sdn. Bhd.	Other

Career Solutions		
Pasona Inc.	Pasona Fortune Inc.	Other
Outsourcing		
Benefit One Inc.		
Benefit one Health care Inc.		
Benefit One Solutions Inc.		
Benefit One Payroll Inc.		
Benefit One Asia Pte. Ltd.		
Benefit One Shanghai Inc.		
Benefit One USA, Inc.		
Benefit One (Thailand) Co., Ltd.		
PT. BENEFIT ONE INDONESIA		
Benefit One Deutschland GmbH		
Chunghwa Benefit One Co., Ltd.*		
National Examination Center Inc.*		
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.		Others

Consolidated subsidiaries 56
 Equity-method affiliates 3\*



### **Corporate Data**

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 2-6-4 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		
<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		
Number of Employees	7,908 (Consolidated, including contract workers) (As of May 31, 2015)		
Group Companies	Subsidiaries 56, Affiliates 3		
URL	www.pasonagroup.co.jp/english/		