

Results for the Fiscal Year Ending May 31, 2021

FY2020 (June 1, 2020 - May 31, 2021)

Pasona Group Inc.

First Section TSE (2168)

July 21, 2021

www.pasonagroup.co.jp/english

FY2020 Results

Consolidated Results

(Billions of yen)

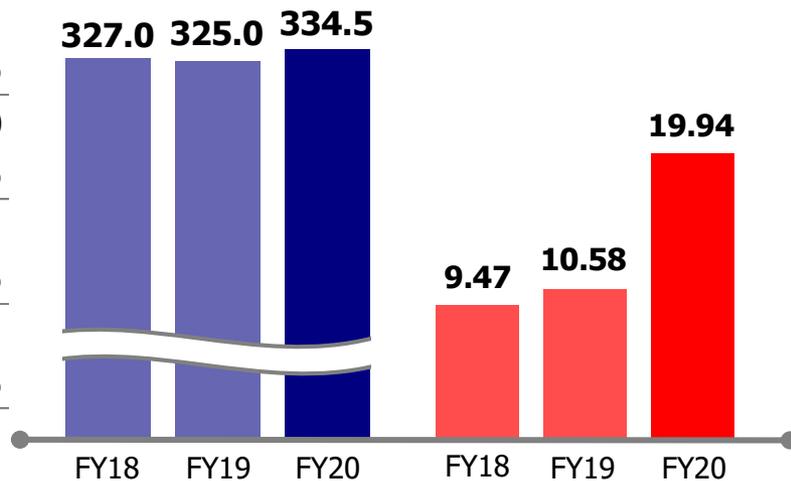
(Millions of yen)	FY18	(%)	FY19	(%)	FY20	(%)	Increase /Decrease
Net sales	326,984	100.0	324,984	100.0	334,540	100.0	+9,555 +2.9%
Cost of sales	252,274	77.2	248,295	76.4	251,570	75.2	+3,275 +1.3%
Gross profit	74,710	22.8	76,689	23.6	82,969	24.8	+6,280 +8.2%
SG&A expenses	65,245	20.0	66,111	20.3	63,028	18.8	(3,082) (4.7)%
Operating income	9,465	2.9	10,577	3.3	19,940	6.0	+9,363 +88.5%
Ordinary income	9,237	2.8	10,236	3.1	20,379	6.1	+10,143 +99.1%
Profit attributable to owners of parent	1,975	0.6	594	0.2	6,784	2.0	+6,189 +1,040.4%
Gross profit ratio	22.8%		23.6%		24.8%		+1.2pt
Operating income ratio	2.9%		3.3%		6.0%		+2.7pt
ROE	7.6%		2.0%		19.4%		+17.4pt

Net Sales

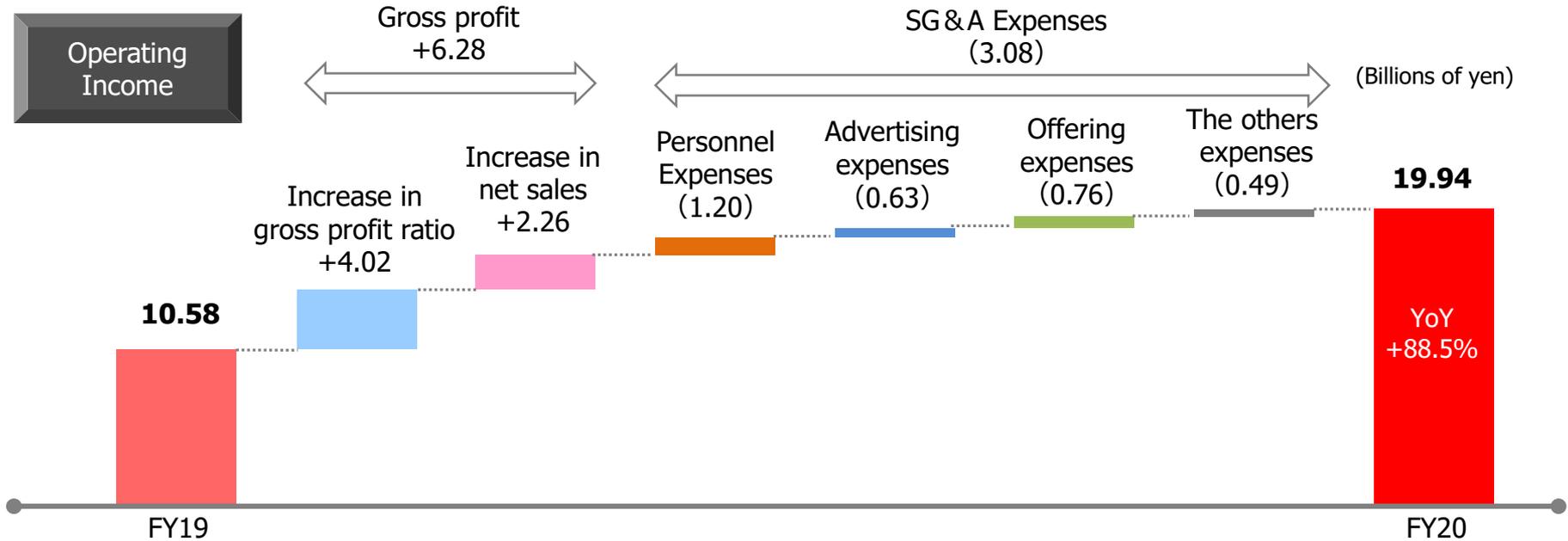
YoY
+2.9%

Operating Income

+88.5%



Operating Income



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Gross Profit ratio	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%	22.8%	23.6%	24.8%
SG&A ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	20.0%	20.3%	18.8%
Operating Income ratio	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	2.9%	3.3%	6.0%

Major Item of Increase/Decrease

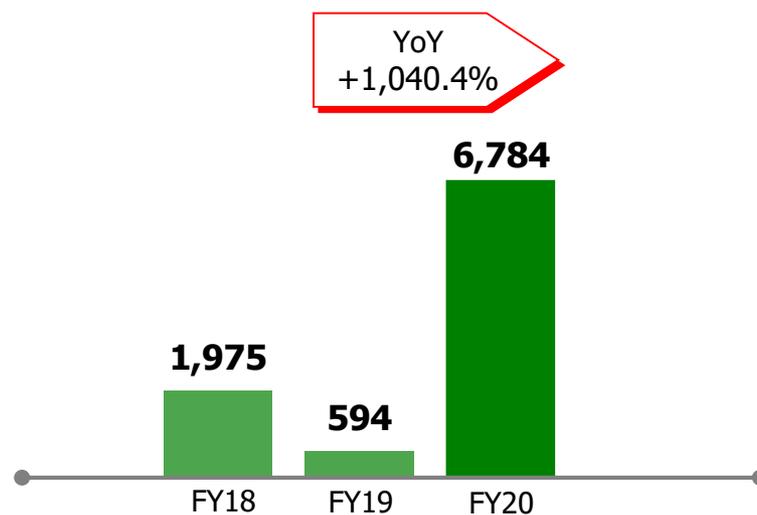
- **Gross profit** increased due to higher revenue from BPO Services and improved gross profit margin in each business.
- **SG&A expenses** decreased due to optimal staffing for expanding segments, cost containment by curbing sales activities and improving operational efficiency in COVID-19 infection.

Non-operating/Extraordinary income (loss), Others

(Millions of yen)	FY18	FY19	FY20	Increase/ Decrease	YoY
Operating income	9,465	10,577	19,940	+9,363	+88.5%
Non-operating income	1,089	1,187	1,704	+516	+43.5%
Non-operating expenses	1,318	1,529	1,265	(263)	(17.2)%
Ordinary income	9,237	10,236	20,379	+10,143	+99.1%
Extraordinary income	17	52	5	(47)	(90.1)%
Extraordinary loss	360	2,705	3,678	+973	+36.0%
Income before income taxes	8,894	7,583	16,706	+9,122	+120.3%
Income taxes - current	3,652	3,647	7,939	+4,291	+117.6%
Income taxes - deferred	470	612	(915)	(1,527)	-
Income taxes	4,122	4,260	7,024	+2,763	+64.9%
Profit attributable to non-controlling interests	2,795	2,728	2,898	+169	+6.2%
Profit attributable to owners of parent	1,975	594	6,784	+6,189	+1,040.4%

Profit attributable to owners of parent

(Millions of yen)



Major Item of Increase/Decrease

(YoY)

- **Extraordinary loss**
- Impairment loss ¥ 3,238 million (¥ +1,035 million)
- Loss on sales and retirement of non-current assets ¥ 367 million (¥ +194 million)

Consolidated Results by Segment

(Millions of yen)

Segment		Net sales					Operating income (loss)					Operating income ratio			
		FY18	FY19	FY20	Increase/ Decrease	YoY	FY18	FY19	FY20	Increase/ Decrease	YoY	FY18	FY19	FY20	Increase/ Decrease
①	Expert Services (Temporary Staffing)	158,597	151,448	149,133	(2,314)	(1.5)%									
②	BPO Services (Contracting)	97,152	99,756	114,055	+14,298	+14.3%	6,690	9,346	17,427	+8,081	+86.5%	2.5%	3.6%	6.4%	+2.8pt
③	HR Consulting, Education & Training, Others.	9,086	9,984	7,613	(2,371)	(23.7)%									
④	Global Sourcing (Overseas)	7,965	7,796	7,061	(734)	(9.4)%	662	197	116	(81)	(41.3)%	8.3%	2.5%	1.6%	(0.9)pt
Subtotal		272,801	268,986	277,864	+8,877	+3.3%	7,353	9,543	17,543	+7,999	+83.8%	2.7%	3.5%	6.3%	+2.8pt
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	15,142	13,401	13,863	+461	+3.4%	3,562	3,147	3,919	+771	+24.5%	23.5%	23.5%	28.3%	+4.8pt
⑥	Outsourcing	34,461	37,271	37,844	+572	+1.5%	7,641	8,375	9,794	+1,418	+16.9%	22.2%	22.5%	25.9%	+3.4pt
⑦	Life Solutions	5,660	6,250	6,570	+319	+5.1%	168	224	203	(21)	(9.6)%	3.0%	3.6%	3.1%	(0.5)pt
⑧	Regional Revitalization Solutions	2,561	2,990	3,244	+254	+8.5%	(1,254)	(1,876)	(2,327)	(450)	-	-	-	-	-
⑨	Eliminations and Corporate	(3,642)	(3,916)	(4,846)	(930)	-	(8,006)	(8,837)	(9,191)	(354)	-	-	-	-	-
Total		326,984	324,984	334,540	+9,555	+2.9%	9,465	10,577	19,940	+9,363	+88.5%	2.9%	3.3%	6.0%	+2.7pt

Cash Flows

(Billions of yen)

Major Item of Increase/Decrease	FY19	FY20	Increase/ Decrease
Cash flows from operating activities	11.4	18.9	+7.4
Income before income taxes	7.6	16.7	+9.1
Depreciation and amortization	4.0	3.8	(0.2)
Impairment loss	2.2	3.2	+1.0
Amortization of goodwill	0.8	0.7	(0.2)
Decrease (increase) in notes and accounts receivable—trade	(3.5)	(1.4)	+2.1
Increase (decrease) in operating debt	1.2	(0.8)	(2.1)
Increase (decrease) in accrued consumption taxes	2.8	0.5	(2.3)
Deposits received	1.4	(0.9)	(2.3)
Increase (decrease) in other liabilities	(0.4)	3.1	+3.6
Income tax paid	(5.4)	(7.8)	(2.4)
Cash flows from investing activities	(7.0)	(9.7)	(2.7)
Purchase of property, plant and equipment	(4.8)	(7.0)	(2.2)
Purchase of intangible fixed assets	(1.9)	(1.7)	+0.2
Purchase of investment securities	(0.2)	(0.0)	+0.2
Payments of leasehold and guarantee deposits	(0.8)	(1.6)	(0.8)
Cash flows from financing activities	12.1	(5.1)	(17.2)
Increase (decrease) in short-term loans payable	(3.0)	0.0	+3.0
Proceeds from long-term loans payable	19.0	7.5	(11.5)
Repayment of long-term loans payable	(6.4)	(8.9)	(2.5)
Purchase of treasury shares of subsidiaries	(5.2)	(0.0)	+5.2
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	8.7	0.0	(8.7)
Net increase (decrease) in cash and cash equivalents	16.5	4.2	(12.3)
Cash and cash equivalents at beginning of the period	31.8	48.1	+16.4
Cash and cash equivalents at the end of the period	48.1	52.3	+4.2
Free cash flows	4.5	9.2	+4.7

Major Item of Increase/Decrease

【 Profit before amortization 】

¥ 24.4 billion (YoY ¥ +9.8billion)

【 Increase (decrease) in accrued consumption taxes 】

Temporary increase in accrued consumption tax due to change in consumption tax rate in the previous fiscal year
¥ (2.3) billion

【 Deposits received 】

Temporary increase due to end of month holiday in the previous fiscal year
¥ (2.3) billion

【 Increase (decrease) in other liabilities 】

Increase in accounts payable and advance received
¥ +3.6 billion

【 Proceeds from long-term loans payable 】

Increase in long-term loans in order to secure liquidity deposits in the previous fiscal year
¥ (11.5) billion

【 Purchase of treasury shares of subsidiaries 】

Purchase of treasury shares of Benefit One in the previous fiscal year
¥ +5.2 billion

【 Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation 】

Selling a portion of shares of Benefit One in the previous fiscal year
¥ (8.7) billion

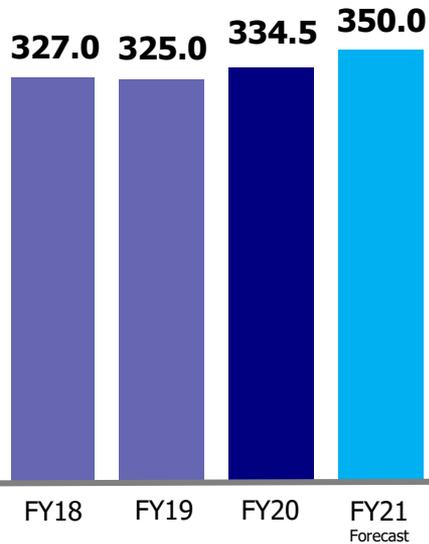
FY2021 Forecasts

- ※ Since FY2021, Accounting Standards for Revenue Recognition, or Corporate Accounting Standards No.29, has been applied. Above percentage figures of the increase / (decrease) for the corresponding period of the previous fiscal year are calculated, based on business performance of the corresponding period before reclassification.
- ※ Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

FY2021 Consolidated Forecasts

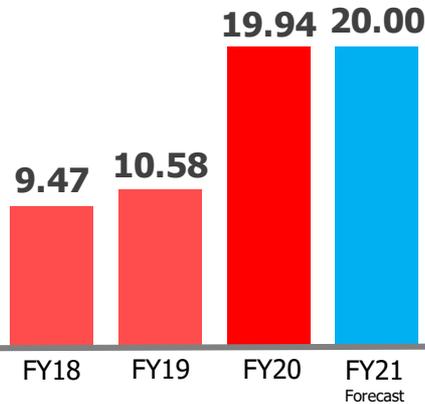
Net Sales

YoY
+4.6%



Operating Income

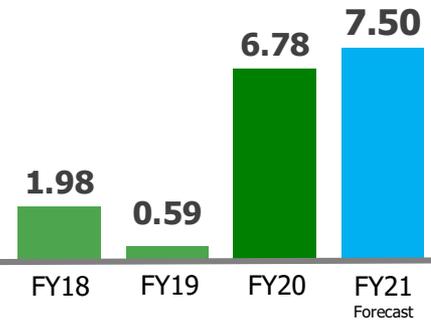
+0.3 %



Profit attributable to owners of parent

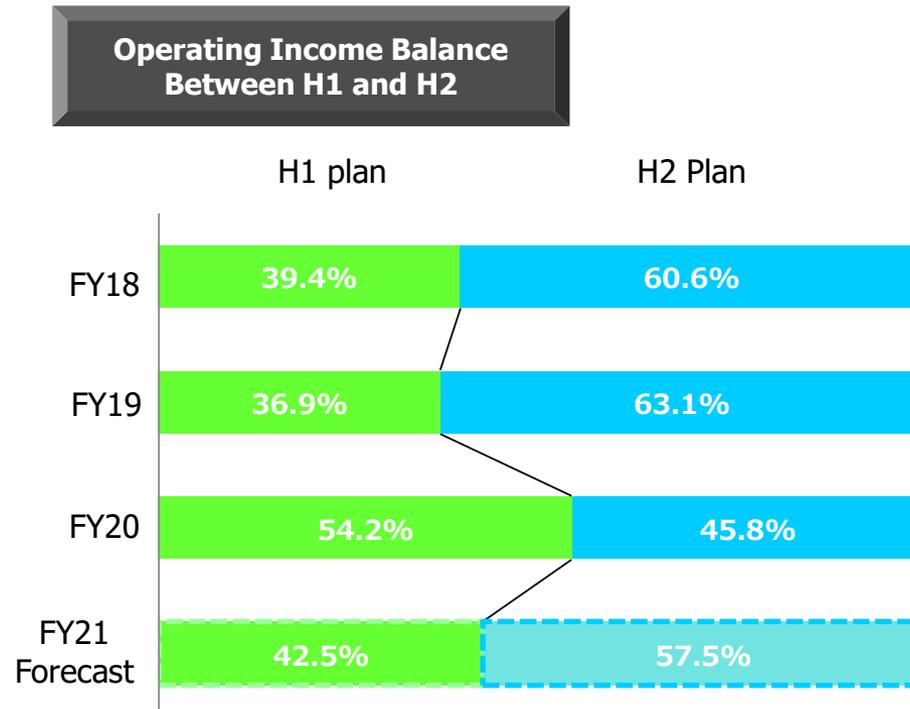
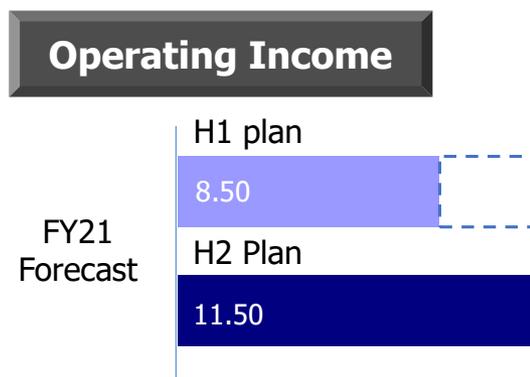
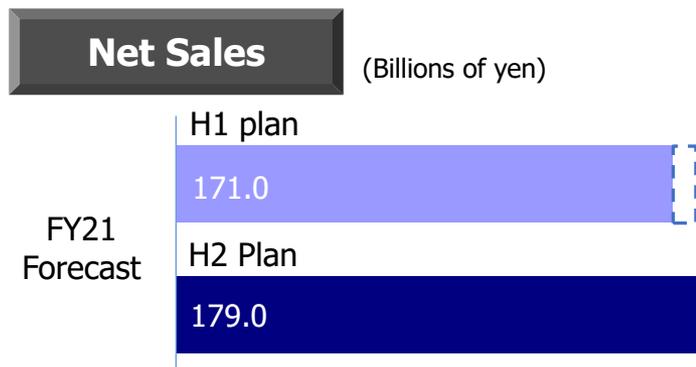
(Billions of yen)

+10.6 %



(Millions of yen)	FY18	to net sales %	FY19	to net sales %	FY20	to net sales %	FY21 Forecast	to net sales %	vs FY20 Increase/Decrease	YoY
Net sales	326,984	100.0	324,984	100.0	334,540	100.0	350,000	100.0	+15,459	+4.6%
Operating income	9,465	2.9	10,577	3.3	19,940	6.0	20,000	5.7	+59	+0.3%
Ordinary income	9,237	2.8	10,236	3.1	20,379	6.1	20,000	5.7	(379)	(1.9)%
Profit attributable to owners of parent	1,975	0.6	594	0.2	6,784	2.0	7,500	2.1	+715	+10.6%

FY2021 Difference Between the First and Second Half



(Millions of yen)	FY20 H1	FY21 H1	to net sales	vsFY20 %	FY20 H2	FY21 H2	to net sales	vsFY20 %	FY20	FY21	to net sales	vsFY20 %
Net Sales	164,906	171,000	100.0	3.7%	169,633	179,000	100.0	5.5%	334,540	350,000	100.0	4.6%
Operating income	10,802	8,500	5.0	(21.3)%	9,138	11,500	6.4	25.8%	19,940	20,000	5.7	0.3%
Ordinary income	10,854	8,500	5.0	(21.7)%	9,525	11,500	6.4	20.7%	20,379	20,000	5.7	(1.9)%
Profit(Loss) attributable to owners of parent	4,278	3,500	2.0	(18.2)%	2,505	4,000	2.2	59.6%	6,784	7,500	2.1	10.6%

FY2021 Consolidated Forecasts by Segment

(Millions of yen)

Segment	Sales				Operating income (loss)				Operating income margin		
	FY20	FY21 Forecast	VS FY20 Increase/Decrease	VS FY20 %	FY20	FY21 Forecast	VS FY20 Increase/Decrease	VS FY20 %	FY20	FY21 Forecast	VS FY20 Increase/Decrease
Expert Services (Temporary Staffing)	149,133	153,000	+3,866	+2.6%							
BPO Services (Contracting)	114,055	122,000	+7,944	+7.0%	17,427	14,500	(2,927)	(16.8)%	6.4%	5.1%	(1.3)pt
HR Consulting, Education, Training, etc.	7,613	8,500	+886	+11.6%							
Global Sourcing (Overseas)	7,061	8,000	+938	+13.3%	116	300	+183	+158.4%	1.6%	3.8%	+2.2pt
Subtotal	277,864	291,500	+13,635	+4.9%	17,543	14,800	(2,743)	(15.6)%	6.3%	5.1%	(1.2)pt
Career Solutions (Placement/Recruiting, Outplacement)	13,863	15,000	+1,136	+8.2%	3,919	5,000	+1,080	+27.6%	28.3%	33.3%	+5.0pt
Outsourcing	37,844	37,310	(534)	(1.4)%	9,794	11,750	+1,955	+20.0%	25.9%	31.5%	+5.6pt
Life Solutions	6,570	7,000	+429	+6.5%	203	200	(3)	(1.6)%	3.1%	2.9%	(0.2)pt
Regional Revitalization Solutions	3,244	4,500	+1,255	+38.7%	(2,327)	(1,800)	+527	-	-	-	-
Elimination/Corporate	(4,846)	(5,310)	(463)	-	(9,191)	(9,950)	(758)	-	-	-	-
Consolidated	334,540	350,000	+15,459	+4.6%	19,940	20,000	+59	+0.3%	6.0%	5.7%	(0.3)pt

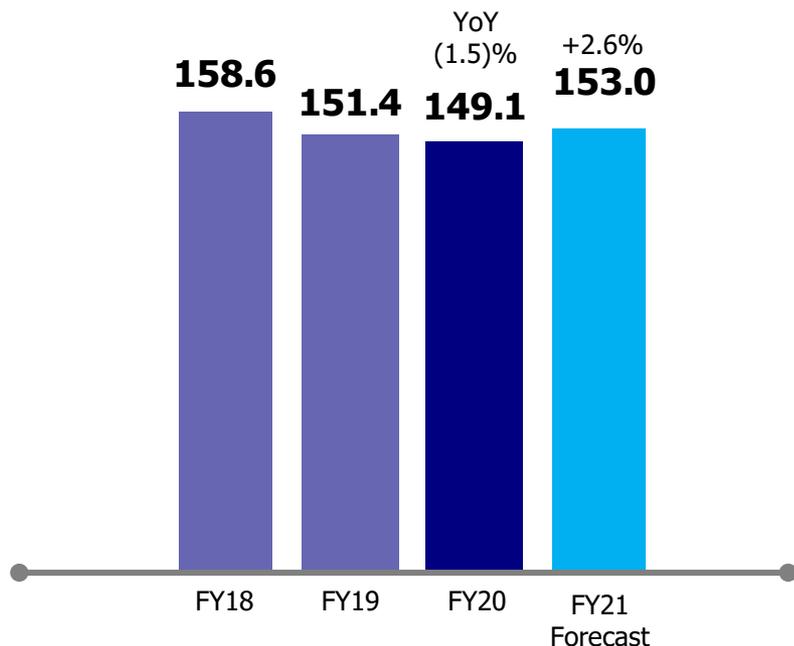
Segment information

- ※ Since FY2021, Accounting Standards for Revenue Recognition, or Corporate Accounting Standards No.29, has been applied.
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Expert Services (Temporary staffing)

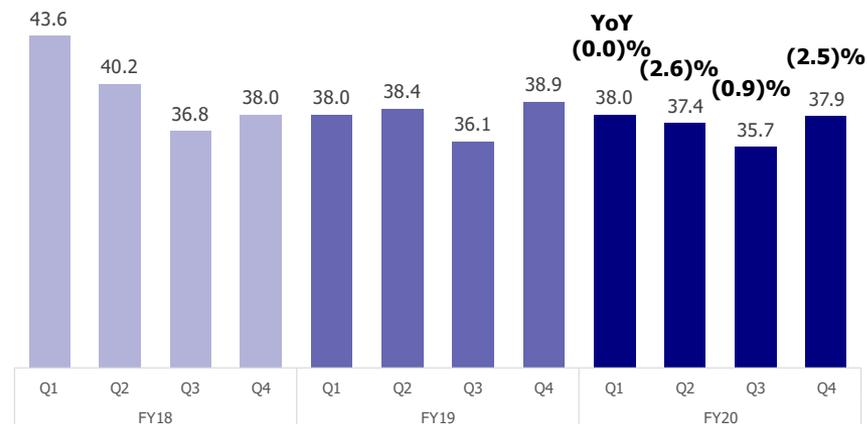
Net Sales

(Billions of yen)



Sales Trends

(Billions of yen)



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

Business Conditions

●FY20 (result)

- The fiscal year started with decrease in demand for temporary staffing due to COVID-19 infection.
- Demand for human resources, including limited-time jobs, is on a gradual recovery trend.
- Unit price per bill rose due to fee revision associated with improved treatment of temporary staff.

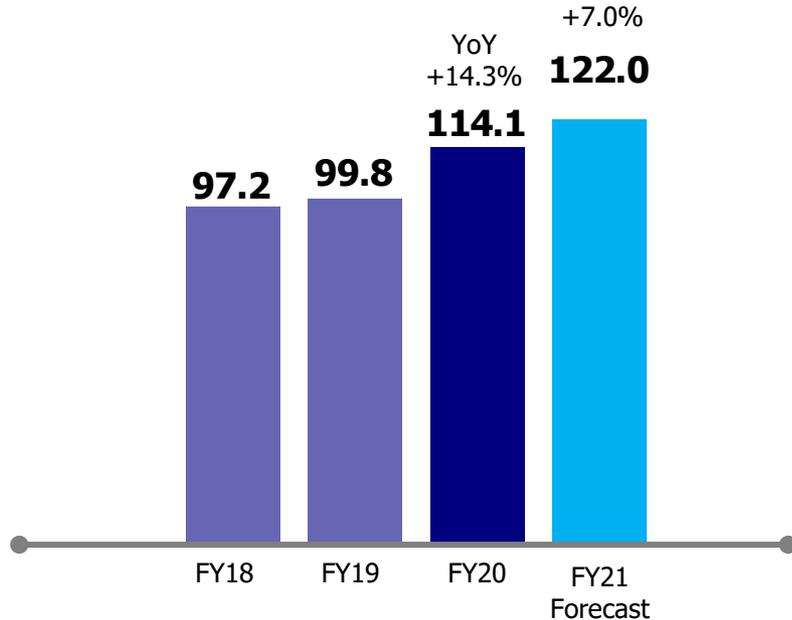
●FY21 (plan)

- Although the outlook is uncertain, demand for human resources is expected to recover gradually.

BPO Services (Contracting)

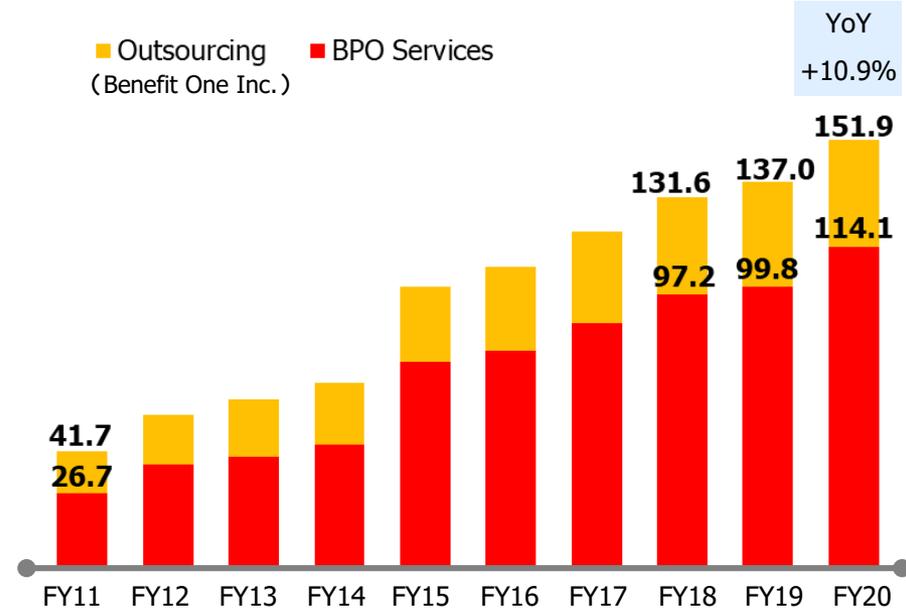
Net Sales

(Billions of yen)



BPO Services , Outsourcing Sales Trends

(Billions of yen)



Business Conditions

●FY20 (result)

- Growing demand from corporate and public sector to improve operational efficiency and productivity.
- Strive to provide higher value-added services by utilizing digital tools such as RPA and AI.

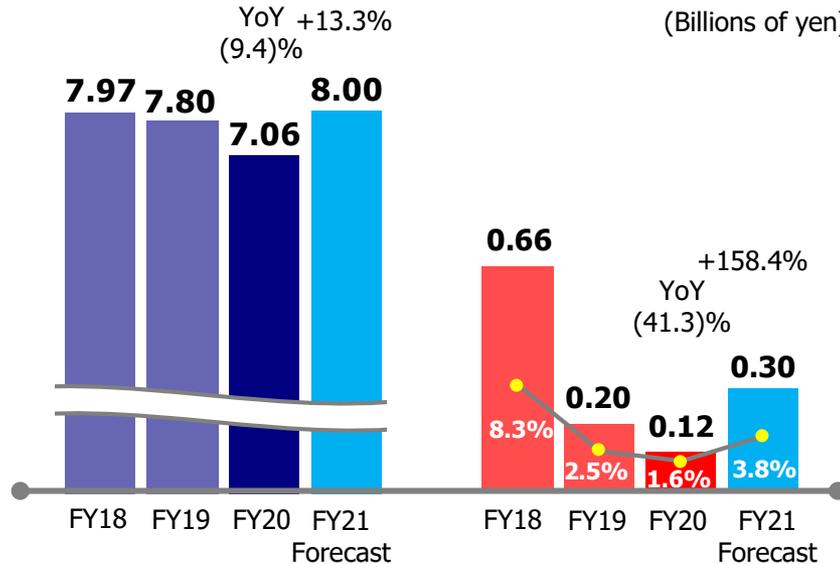
●FY21 (plan)

- Demand for BPO Services continues to be strong.
- Strengthening support for medical institutions and companies promoting occupational health activities.

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

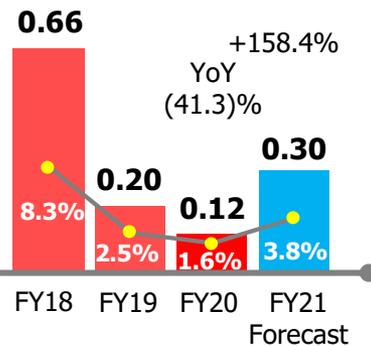
Global Sourcing (Overseas)

Net Sales



Operating Income , Operating Income Ratio

(Billions of yen)



Sales by Business Segment

(Millions of yen)

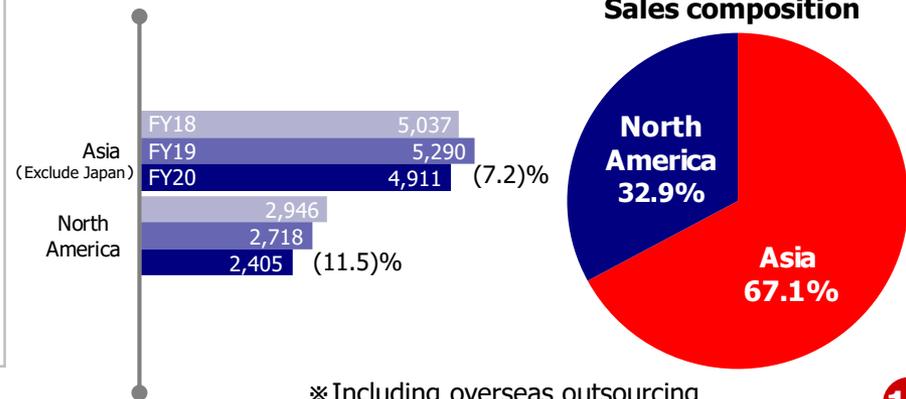
	FY18	FY19	FY20	YoY
Temporary Staffing	3,962	3,671	3,691	+0.5%
Placement / Recruiting	2,035	1,755	1,256	(28.4)%
Contracting (Payroll, others)	1,318	1,746	1,340	(23.3)%
Others	650	622	774	+24.4%
Total	7,965	7,796	7,061	(9.4)%

Business Conditions

- **FY20 (result)**
 - Demand for both temporary staffing and Placement/Recruiting business declined due to prolonged lockdown.
 - PT. Dutagriya Sarana in Indonesia expands temporary staffing for logistics and finance, where demand is brisk.
- **FY21 (plan)**
 - Expected to recover from in the COVID-19 infection.

Sales by Region

(Millions of yen)

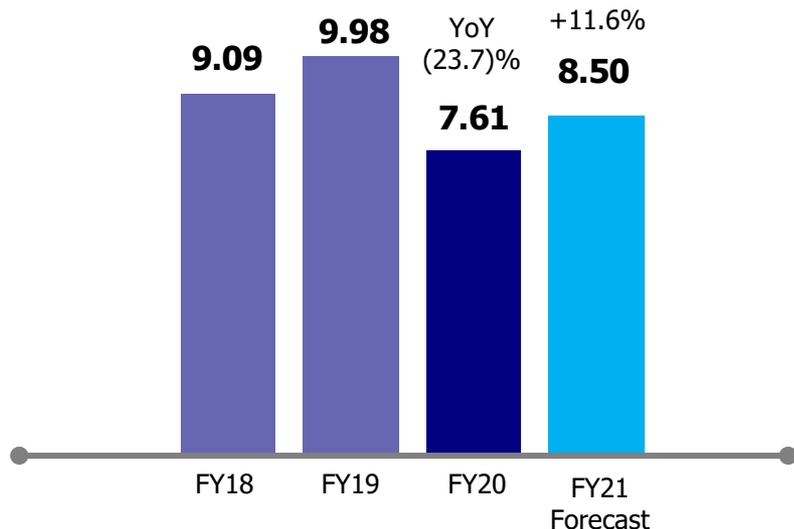


※ Including overseas outsourcing

HR Consulting , etc. / Operating Income by Segments

Net Sales (HR Consulting , Education & Training , Others.)

(Billions of yen)

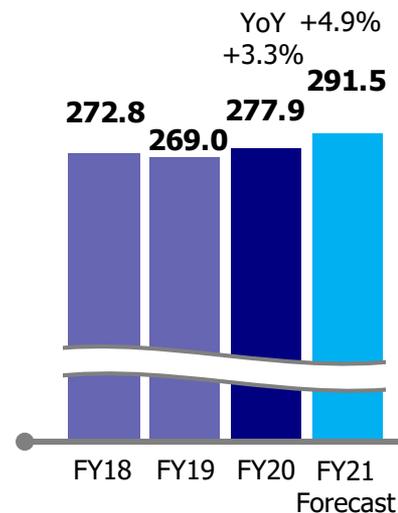


Business Conditions

- **FY20 (result)**
 - Education and training business is in recovering, but the Scale of group training for corporation is shrinking.
 - Pasona JOB HUB Inc.'s "Professional / Advisor Human Resources Service" continued to perform steadily and expanded its business.
- **FY21 (plan)**
 - Expected to recover from in the COVID-19 infection.

Net Sales(ES~GS)

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

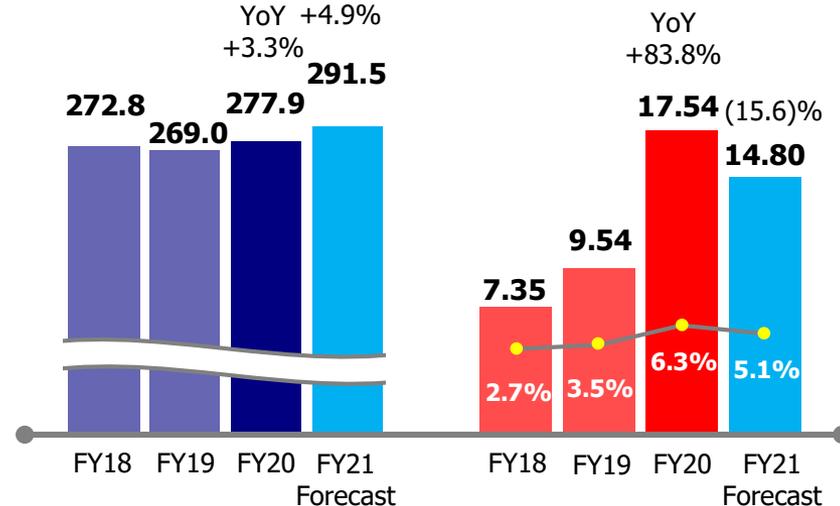


Business Conditions

- **FY20 (result)**
 - Increase due to improvement in gross profit margin and control of SG&A expenses.
- **FY21 (plan)**
 - Plan to reduce profits on the assumption that the costs we have held down will return.

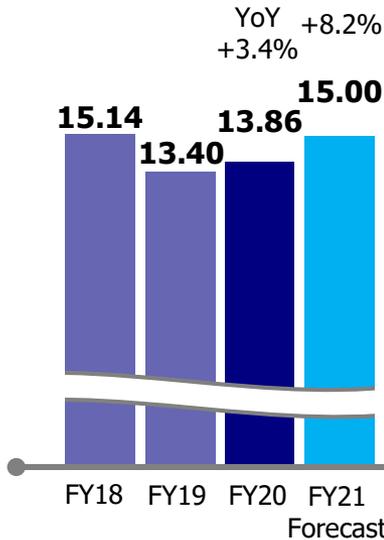
Operating Income , Operating Income Ratio

(Billions of yen)



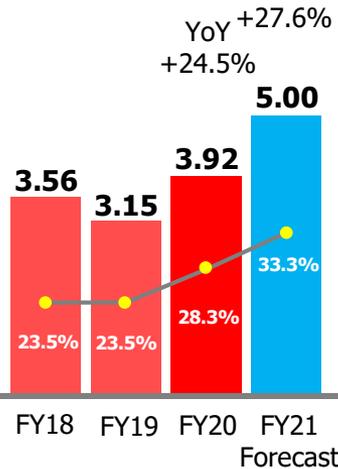
Career Solutions (Placement/Recruiting , Outplacement)

Net Sales



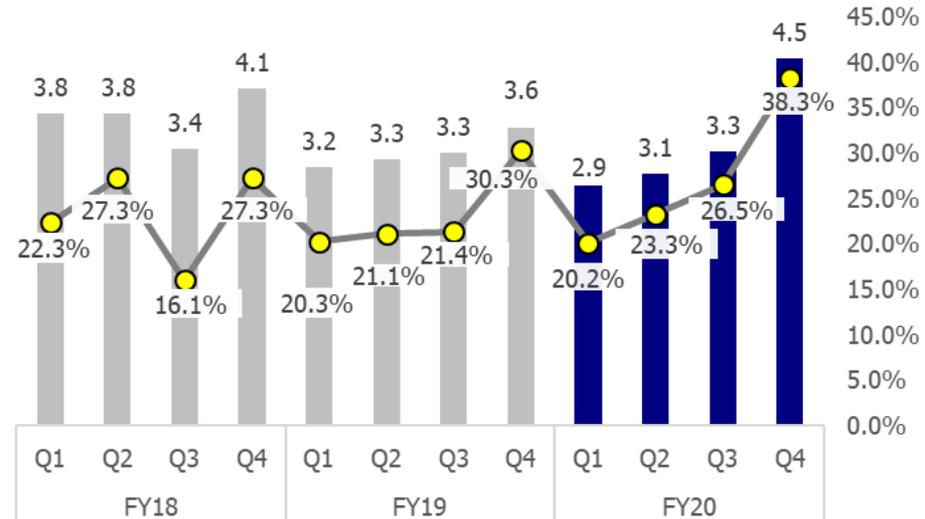
Operating Income , Operating Income Ratio

(Billions of yen)



Net Sales, Operating Income Ratio Trends

Net sales (Billions of yen) Operating income ratio (Billions of yen)



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

Business Conditions

●FY20 (result)

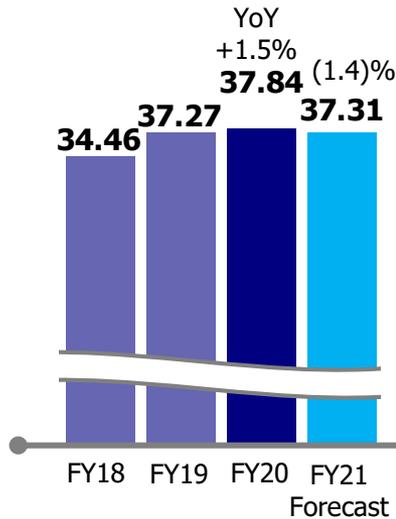
- In the Placement / Recruiting business, the number of companies reviewing their hiring practice increased and the number of new hires shrunk significantly.
- Demand for human resources is expected to recover toward the end of the fiscal year.
- Demand for outplacement business grows as more companies call for early and voluntary retirement.

●FY21 (plan)

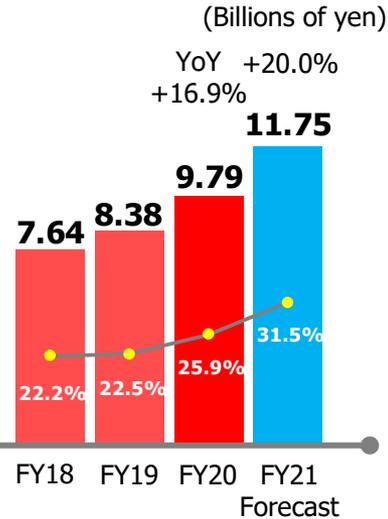
- Expected to recover Placement / Recruiting business and continue demand for outplacement business.

Outsourcing (Benefit One Inc.)

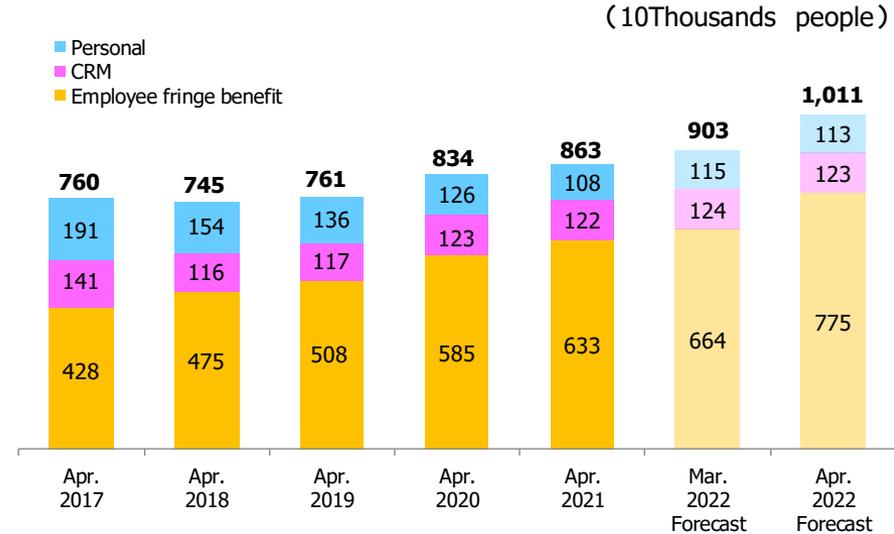
Net Sales



Operating Income , Operating Income Ratio



Benefit One Membership Trends



Business Conditions

●FY20 (result)

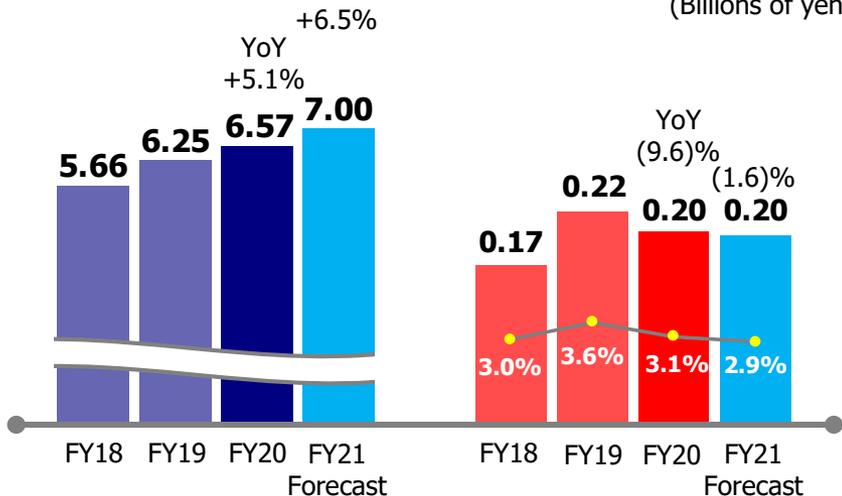
- In the Employee Benefit Services, although there is a sense of slowdown in the acquisition of new members among small and medium-sized companies, the number of large and medium-sized companies remained steady.
- Expanded home-based and e-commerce menus, but use of accommodation and leisure menus declined, resulting in lower subsidy expenditure.
- In the incentive business, there is a growing need for alternative to travel and anniversary events in the COVID-19 infection and new customers are being developed.
- In the healthcare business, a portion of revenue was carried forward to the next period due to delay in the implementation of health checking and health guidance.

●FY21 (plan)

- Supporting the promotion of DX in HR departments with the Benefit One platform as the core, aiming to become industry standard for HR DX.
- Developing a new settlement service through payroll deduction in the payment business.

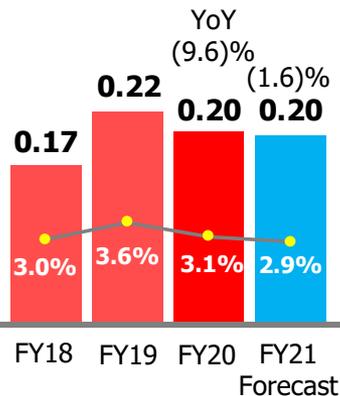
Life Solutions (Childcare, Nursing care)

Net Sales



Operating Income, Operating Income Ratio

(Billions of yen)



Facilities of Pasona Foster · Pasona Life Care

※As of May.31, 2021

Facilities	May 2018	May 2019	① May 2020	② May 2021	②-①
	Pasona Foster				
Daycare facilities	39	47	49	49	0
After-school children's clubs	38	40	39	40	+1
Pasona Life Care					
Nursing care facilities	27	26	22	22	0

Business Conditions

●FY20 (result)

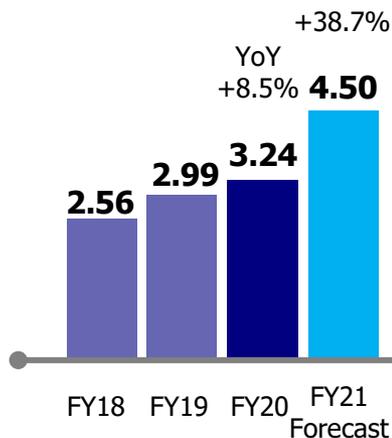
- In Nursing care, COVID-19 infection caused a decline in facility users and demand for temporary staffing for outside facilities.
- Demand for sanitizing and disinfecting service for housekeeping and other life support business is growing due to COVID-19 infection.
- In Childcare, there will be an increase in the number of licensed daycare facilities commissioned, a revision of fee for child support services, and growth in demand for English language education for young children.

●FY21 (plan)

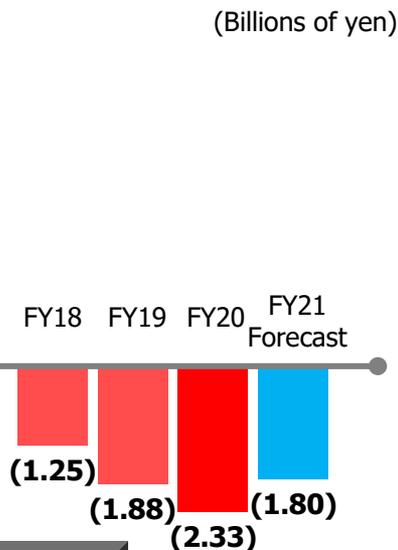
- Expected to grow in the field of childcare and housekeeping.

Regional Revitalization Solutions

Net Sales



Operating Income



Business Conditions

●FY20 (result)

- Opened new attraction at the Awajishima Anime Park "NIJIGEN NO MORI" and other new business to help restore tourism demand after COVID-19 infection in under control.
- Reviewed future business plan in light of the impact of COVID-19 infection and other function, and expanded impairment losses on some fixed assets.

●FY21 (plan)

- Get the new facility on track early.
- Expected to recover from business restrictions in COVID-19 infection.

Awajishima

- Opened the entertainment attraction "Godzilla Intercept Operation ~National Godzilla Awajishima Research Center~" in "NIJIGEN NO MORI". (Oct.10th, 2020)
- Opened the new restaurant, "Auberge -La Forêt française- 『La Rose』", where guest can stay. (May.1st, 2021)
- Opened the entertainment attraction "DRAGONQUEST DAIMAO ZOMA and HAJIMARINOSHIMA" in "NIJIGEN NO MORI". (May.15th, 2021)
- Three of Takumi Sousei's Sake Brand, win Gold Medal in the Sake aging category of the "feminalise World Wine Competition" chosen by Wine Experts from around the world.

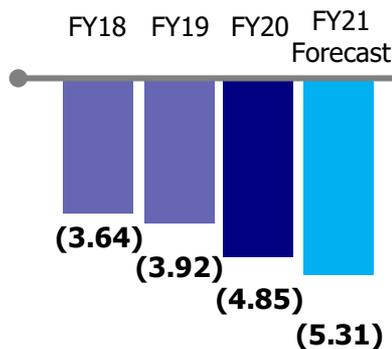


TM & © TOHO CO., LTD.



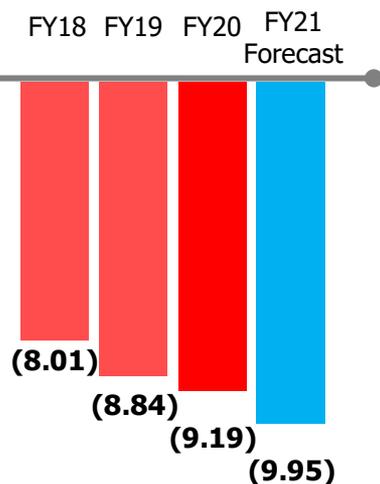
Elimination/Corporate Segment Costs

Net Sales

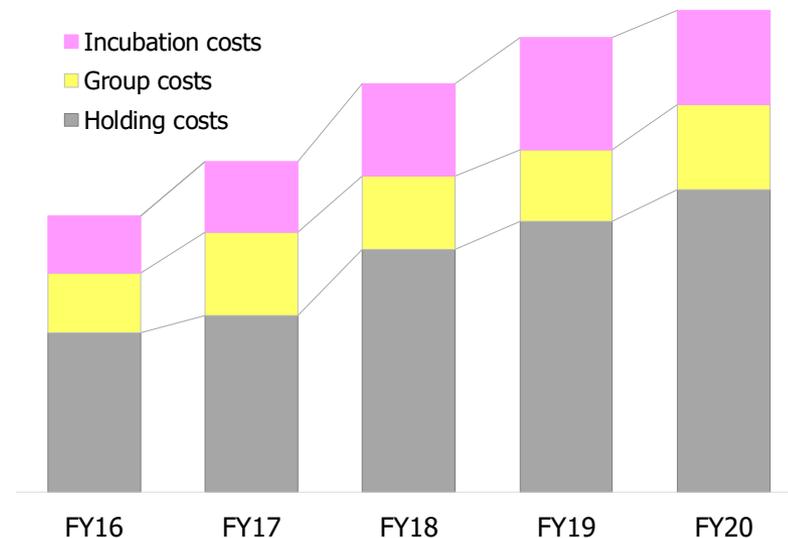


Operating Income

(Billions of yen)



Costs Trends



Main Reasons for Cost Decrease Conditions

●FY20 (result)

- Optimal staffing to group companies and reduction in advertising expenses.
- Preparation of office and company housing due to partial relocation of headquarters function.
- Incubation costs have been incurred, including the 『Awaji Chef's Garden』 which recruit chef and cook from all over the country who have been affected by the COVID-19 infection and supporting them in taking on new challenges.

●FY21 (plan)

- Increase in costs due to partial relocation of head office functions.

Returns to Shareholders

Returns to Shareholders

- FY20 dividend will be **30 yen per share** as announced forecast on April 13, 2021.
- FY21 dividend forecast will be **30 yen per share**, the same as in FY20.

Dividend Policy

- **In order to play a sufficient role on a company that can grow sustainably, Pasona Group will secure funds for growth, such as new business investment and capital investment, while striving to strengthen its management base and earning power, aiming to increase shareholder returns by improving corporate value.**
- **Pasona Group, as per its basic policy to provide shareholder returns commensurate with earnings, aims for a consolidated payout ratio of 30%, and to maintain a continued and stable dividend.**

Dividend

Plan to pay ¥30 per share for the fiscal year ending May 31, 2022

- **FY2020 Dividend per share ¥30**
- **FY2021 Dividend forecast per share ¥30**

	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (Forecast)
Dividend per share	¥12	¥12	¥13	¥18	¥19	¥30	¥30
Dividend payout ratio (consolidated)	181.3%	-	37.2%	35.6%	124.9%	17.3%	15.7%

FY2021

Progress of Group Priority strategy

【Group Priority strategy】 Issues to be addressed

**1 Further expansion of BPO services,
DX promotion**

**2 Strengthening support for career
development to the era of 100 years
of life**

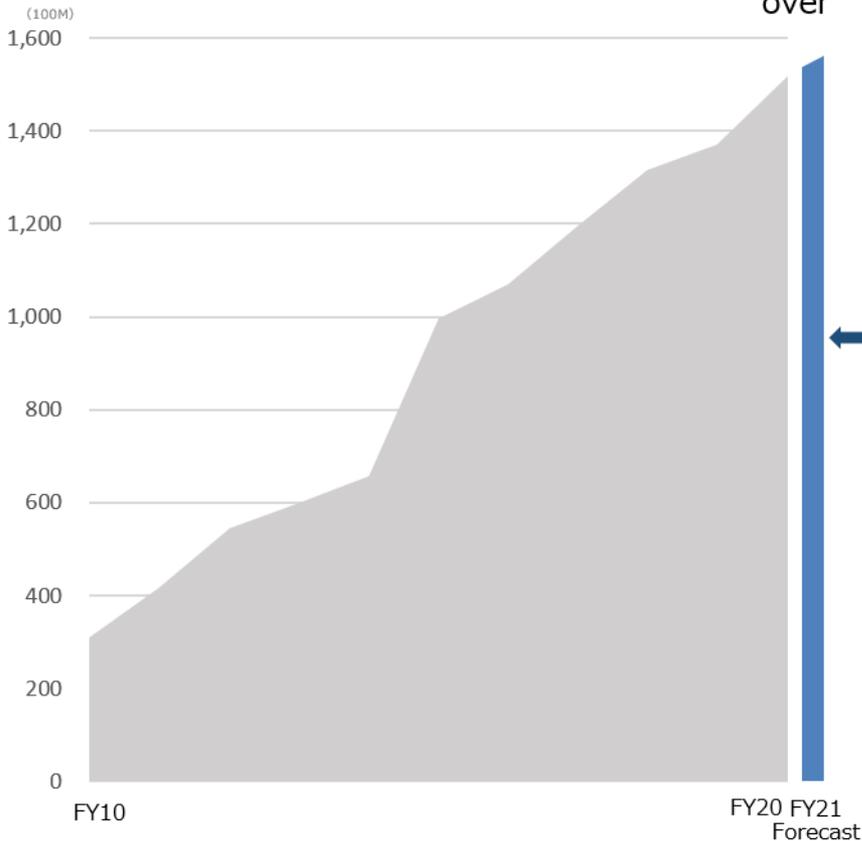
**3 Promotion of regional revitalization
projects for a sustainable society**

1. Further expansion of BPO services, DX promotion

- ✓ Build a system that can propose various service menus in multiple manner to respond to diversifying management issues.
- ✓ Promote the development of DX human resources within the company and utilize digital tools such as RPA and AI for BPO services developed in various fields.

BPO+ Outsourcing trend in sales

1,500 over



DX promotion



AI



Platform



RPA



Human resources development



Professional BPO solution



Administration



Recruitment agency
Dispatch management



intellectual property



Sales administration



Healthcare



Training



Procurement
Purchasing



Customer support



Payroll



Finance



Welfare



Public

1 . Further expansion of BPO services, DX promotion TOPICS

- In addition to on-site “inside the client office” and off-site “outside the client office”, we have realized a hybrid BPO that combines remote BPO utilizing workers from all over the country.
- Strengthening support for medical institutions with chronic shortage of human resources and companies promoting occupational health activities.

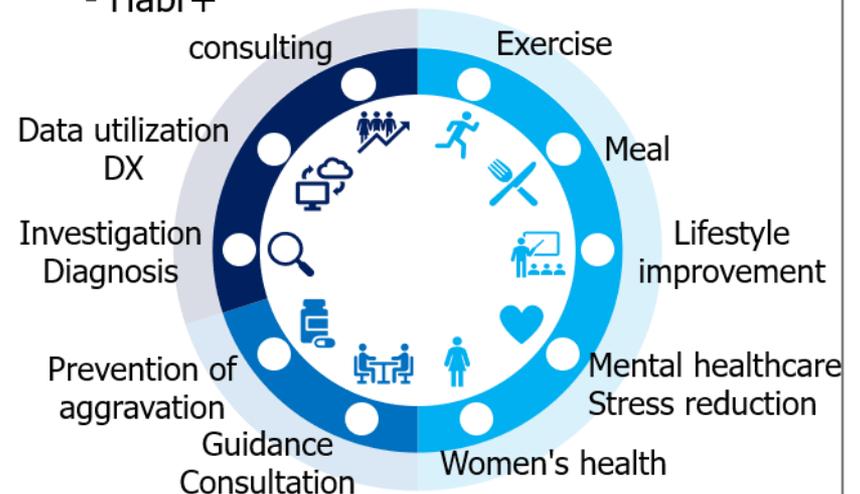
remote BPO

- ☑ **Strengthening remote BPO**
 - JOBHUB Outsourcing
 - Bewith Digital Work Place “Home call center service”
- ☑ **Information security management system Authentication registration as remote work management** ※Bewith, Inc.



Strengthening support for occupational health activities and medical institutions

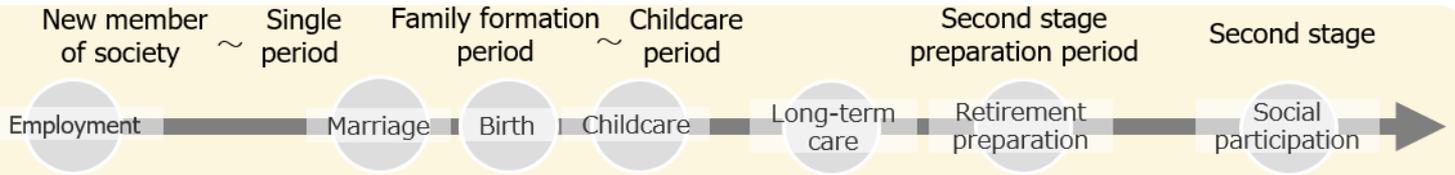
- ☑ **Medical institution support project**
 - Supporting human resources, environment and daily life with comprehensive group strength
- ☑ **Expansion of occupational health services and nationwide expansion**
 - New Occupational health survey
 - Habi+



2. Strengthening support for career development to the era of 100 years of life

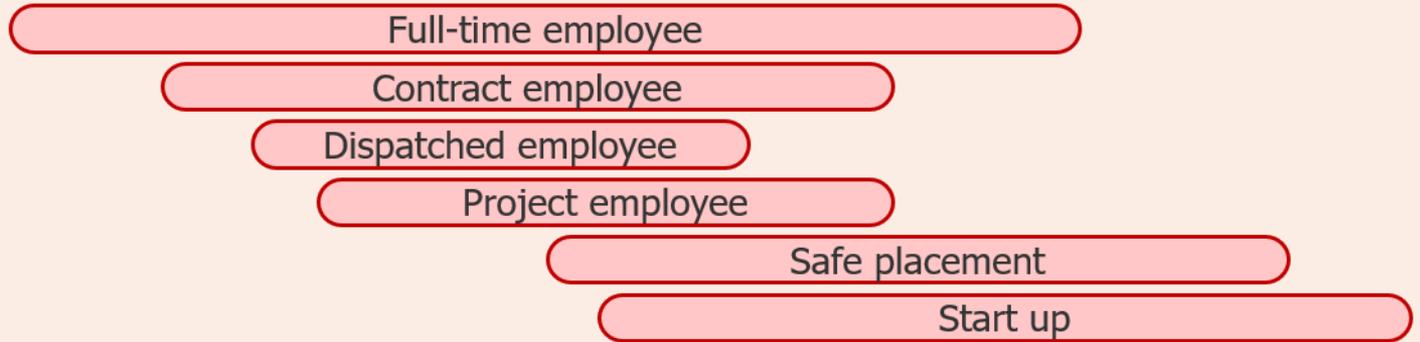
- ✓ We build a service infrastructure that allows you to select according to diversifying individual values, desired work styles and life stages, and propose and support work styles that match life plans from young people to seniors.

Life Stage

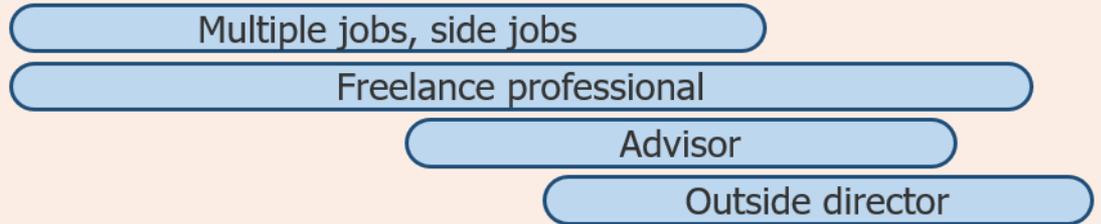


Work Style

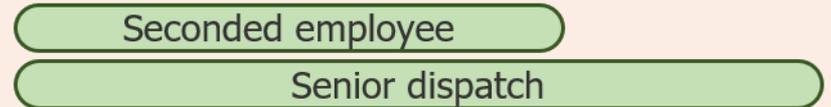
 P A S O N A



 P A S O N A
JOBHUB



 P A S O N A
MASTERS



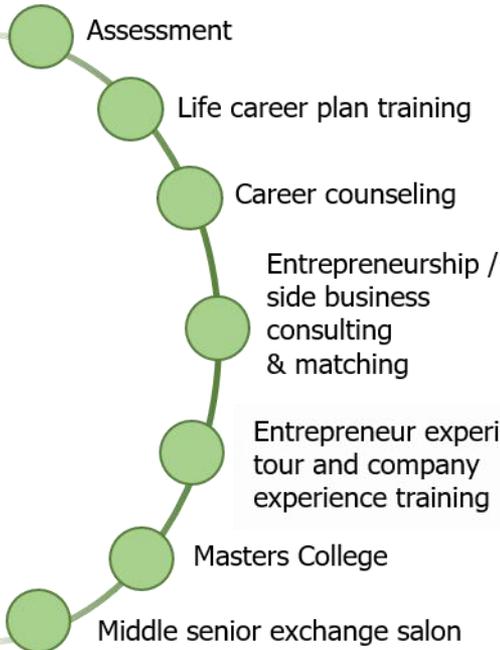
2. Strengthening support for career development to the era of 100 years of life TOPICS

- Promotion of independent and proactive career development for individuals with diverse value and life plans in anticipation of the 100 years life era.
- Providing work styles that utilize the abundant knowledge, experience, and know-how gained in all situations.

Autonomous and independent career formation

☑ Safe placement total service

Supporting both career and life during employment so that working people can continue to play an active role for a long time



Utilize abundant knowledge and know-how

☑ New business support service

Business creation support by experts familiar with various fields according to the new business development phase

☑ Sustainable management support service

Supporting the realization of sustainable management, such as formulating strategies related to SDGs and ESG

☑ PASONA Professional

KOMON network, ProShare, Executive search



3. Promotion of regional revitalization projects for a sustainable society

✓ Started an employment program that allows a wide range of people to play an active role, including young people affected by COVID-19, single-parent families who have difficulty finding a job, and musicians who cannot perform sufficient activities due to the cancellation of concerts.

Seconded

Fresh career up program

A program that supports employment maintenance and career advancement of young employees through secondment to enrollment.



Youth

Gap year program

Career development program that allows you to challenge your dreams and aspirations.



Woman

Support for working single parents project

A program to support single mothers who work hard while balancing work and child-rearing.



Foreign nationality

Employment support for international students Project

Supporting international students who are struggling to find employment due to the effects of COVID-19 and universities that support them.



musician

“Ongakujima” -Music Island-

Supporting the double career of musicians who are unable to perform sufficient musical activities due to the closure of event venues or the cancellation of concerts and stage performances.



chef

Awaji Chef Garden

A collective restaurant facility where chefs affected by COVID-19 and chefs operating in Awaji Island gather and open stores.



3 . Promotion of regional revitalization projects for a sustainable society

- ✓ Collaboration with many stakeholders such as local governments and companies

Awajishima Pilot Head Quarter Council

Hyogo Prefecture,
Awaji City, Sumoto City,
Minamiawaji City

Build a platform to realize new lifestyles and work styles for companies considering relocating their head office functions to rural areas due to the concentration in Tokyo.

Plant Based Lifestyle Lab

Participating group

15group (As of July 2021)

Holding research, research and development, and enlightenment seminars on plant foods with the aim of sustainable development of the earth and human health and society.

Hybrid work-life association

Participating group

66group (As of July 2021)

By promoting hybrid work, we will support the creation of diverse work styles that match people's lifestyles and build a platform that will realize new work styles.

Comprehensive cooperation agreement on promotion of regional revitalization telework

CABINET SECRETARIAT
Town / People / Work
Creation Headquarters
Secretariat

Promote regional revitalization telework-related initiatives that correspond to the situations of local governments, companies, and workers.

**YUNGA
JAPAN**



- Challenge Badge Program
- YUNGA Ambassador Program

Conducted by educational institutions and university students nationwide

Achieving SDGs at the official Japan base of YUNGA, a platform for young people under the umbrella of the United Nations agency FAO, and carrying out activities to expand the circle of young people who act to create the future they want to live in.

Reference

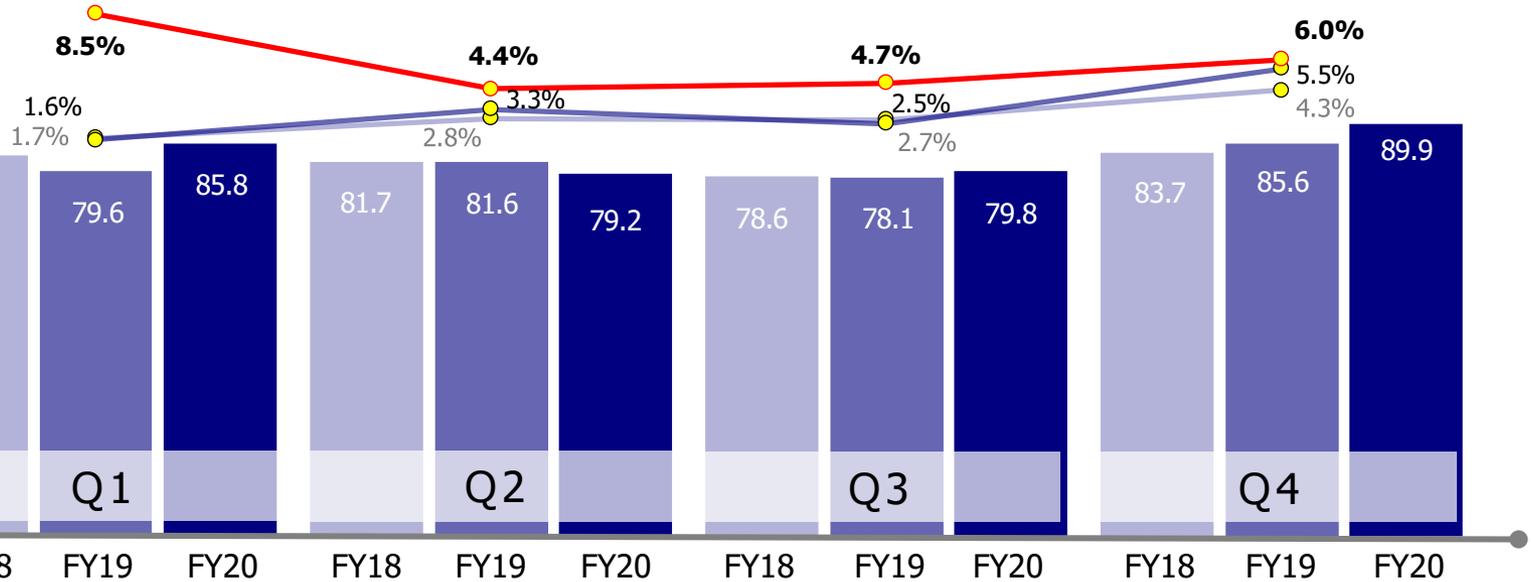
Quarterly Sales and Income Trends

Net Sales

(Billions of yen)

- Operating Income Ratio FY18
- Operating Income Ratio FY19
- Operating Income Ratio FY20

Operating Income Ratio



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)					Q4 (March to May)				
	FY18	FY19	YoY	FY20	YoY	FY18	FY19	YoY	FY20	YoY	FY18	FY19	YoY	FY20	YoY	FY18	FY19	YoY	FY20	YoY
Net sales	82,997	79,626	(4.1)%	85,751	+7.7%	81,694	81,602	(0.1)%	79,154	(3.0)%	78,603	78,119	(0.6)%	79,763	+2.1%	83,689	85,636	+2.3%	89,869	+4.9%
Gross profit	18,051	18,270	+1.2%	22,332	+22.2%	18,107	19,127	+5.6%	19,659	+2.8%	18,078	18,233	+0.9%	19,038	+4.4%	20,474	21,058	+2.9%	21,939	+4.2%
SG&A expenses	16,599	17,026	+2.6%	15,044	(11.6)%	15,826	16,469	+4.1%	16,144	(2.0)%	15,983	16,278	+1.8%	15,327	(5.8)%	16,836	16,336	(3.0)%	16,511	+1.1%
Operating income	1,451	1,243	(14.4)%	7,287	+486.1%	2,280	2,658	+16.5%	3,515	+32.2%	2,094	1,954	(6.7)%	3,710	+89.8%	3,637	4,721	+29.8%	5,428	+15.0%
Profit (Loss) attributable to owners of parent	(7)	46	-	4,064	+8,650.2%	638	346	(45.8)%	213	(38.2)%	286	175	(38.8)%	1,304	+644.6%	1,058	26	(97.5)%	1,201	+4,374.8%
Gross profit ratio	21.7%	22.9%	+1.2pt	26.0%	+3.1pt	22.2%	23.4%	+1.2pt	24.8%	+1.4pt	23.0%	23.3%	+0.3pt	23.9%	+0.6pt	24.5%	24.6%	+0.1pt	24.4%	(0.2)pt
SG&A expense ratio	20.0%	21.4%	+1.4pt	17.5%	(3.9)pt	19.4%	20.2%	+0.8pt	20.4%	+0.2pt	20.3%	20.8%	+0.5pt	19.2%	(1.6)pt	20.1%	19.1%	(1.0)pt	18.4%	(0.7)pt
Operating income ratio	1.7%	1.6%	(0.1)pt	8.5%	+6.9pt	2.8%	3.3%	+0.5pt	4.4%	+1.1pt	2.7%	2.5%	(0.2)pt	4.7%	+2.2pt	4.3%	5.5%	+1.2pt	6.0%	+0.5pt

Quarterly Sales and Income Trends by Segment

(Millions of yen)

Segment		Sales											
		Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	YoY	YoY	YoY	YoY
①	Expert Services (Temporary Staffing)	38,011	38,446	36,072	38,917	38,008	37,429	35,747	37,948	(0.0)%	(2.6)%	(0.9)%	(2.5)%
②	BPO Services (Contracting)	23,765	24,682	23,764	27,544	32,139	24,776	25,485	31,652	+35.2%	+0.4%	+7.2%	+14.9%
③	HR Consulting , Education & Training , Others.	2,492	2,487	2,758	2,245	1,628	1,842	2,260	1,882	(34.7)%	(26.0)%	(18.1)%	(16.2)%
④	Global Sourcing (Overseas)	2,060	1,977	1,878	1,879	1,658	1,682	1,721	1,999	(19.5)%	(14.9)%	(8.4)%	+6.4%
Subtotal		66,330	67,595	64,473	70,587	73,435	65,731	65,215	73,482	+10.7%	(2.8)%	+1.2%	+4.1%
⑤	Career Solutions (Placement/Recruiting, Outplacement)	3,158	3,253	3,340	3,649	2,938	3,087	3,347	4,490	(7.0)%	(5.1)%	+0.2%	+23.0%
⑥	Outsourcing	8,679	9,278	9,104	10,209	8,248	8,941	9,886	10,767	(5.0)%	(3.6)%	+8.6%	+5.5%
⑦	Life Solutions	1,527	1,577	1,587	1,558	1,563	1,674	1,644	1,687	+2.4%	+6.2%	+3.6%	+8.3%
⑧	Regional Revitalization Solutions	815	822	615	736	479	880	813	1,070	(41.2)%	+7.1%	+32.2%	+45.4%
⑨	Eliminations and Corporate	(885)	(923)	(1,002)	(1,105)	(913)	(1,160)	(1,143)	(1,628)	-	-	-	-
Total		79,626	81,602	78,119	85,636	85,751	79,154	79,763	89,869	+7.7%	(3.0)%	+2.1%	+4.9%

※ The segment of some subsidiaries has been changed with the reorganization of subsidiaries.

Quarterly Sales and Income Trends by Segment

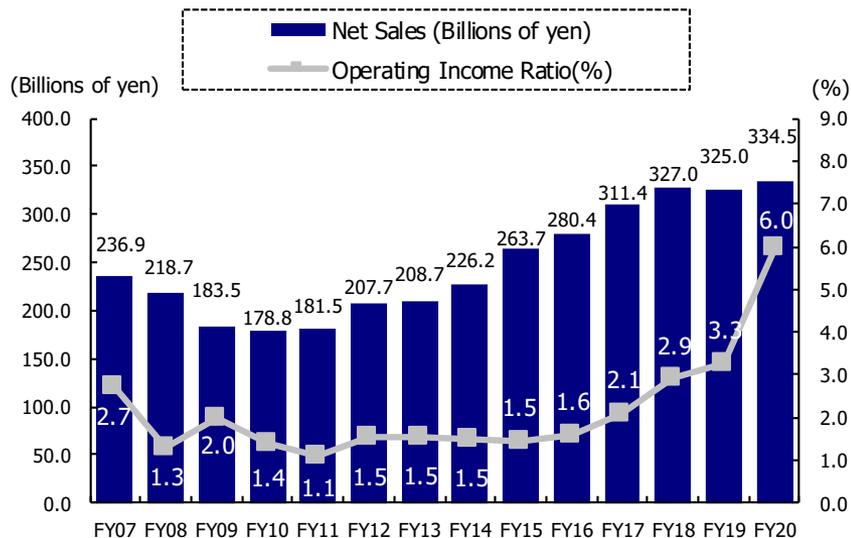
(Millions of yen)

Segment		Operating income (loss)											
		Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	YoY	YoY	YoY	YoY
①	Expert Services (Temporary Staffing)	1,561	2,449	1,488	3,846	7,230	3,277	2,830	4,089	+363.0%	+33.8%	+90.2%	+6.3%
②	BPO Services (Contracting)												
③	HR Consulting , Education & Training , Others.												
④	Global Sourcing (Overseas)	125	125	9	(62)	(83)	64	51	83	-	(48.9)%	+470.2%	-
Subtotal		1,687	2,575	1,497	3,783	7,147	3,341	2,882	4,172	+323.5%	+29.7%	+92.5%	+10.3%
⑤	Career Solutions (Placement/Recruiting, Outplacement)	639	687	714	1,105	592	720	888	1,718	(7.4)%	+4.8%	+24.3%	+55.4%
⑥	Outsourcing	1,916	1,845	2,192	2,420	2,181	2,287	2,450	2,875	+13.8%	+24.0%	+11.7%	+18.8%
⑦	Life Solutions	(12)	65	95	75	41	117	65	(21)	-	+78.7%	(31.3)%	-
⑧	Regional Revitalization Solutions	(517)	(343)	(440)	(574)	(575)	(511)	(468)	(771)	-	-	-	-
⑨	Eliminations and Corporate	(2,470)	(2,171)	(2,105)	(2,089)	(2,099)	(2,439)	(2,108)	(2,544)	-	-	-	-
Total		1,243	2,658	1,954	4,721	7,287	3,515	3,710	5,428	+486.1%	+32.2%	+89.8%	+15.0%

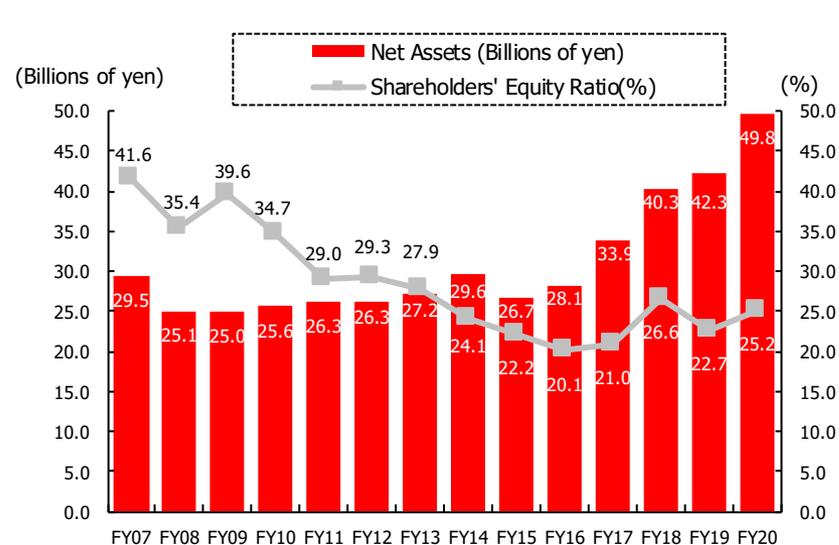
※ The segment of some subsidiaries has been changed with the reorganization of subsidiaries.

Full-Year Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



Results

Key Indicators	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05	'16/05	'17/05	'18/05	'19/05	'20/05	'21/05
Net Sales	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227	263,728	280,395	311,410	326,984	324,986	334,540
Gross Profit Margin	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	20.3%	20.0%	20.0%	20.2%	21.5%	22.8%	23.6%	24.8%
SG&A Expenses	42,925	40,735	33,070	31,125	31,840	36,898	37,029	42,381	48,948	52,128	60,489	65,245	66,112	63,028
SG&A Expense Ratio	18.1%	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	20.0%	20.3%	18.8%
Operating Income	6,444	2,850	3,660	2,432	1,964	3,176	3,210	3,490	3,860	4,488	6,539	9,465	10,577	19,940
Operating Income Ratio	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	2.9%	3.3%	6.0%
Ordinary Income	6,637	3,361	4,044	2,571	2,091	3,187	3,135	3,343	3,855	4,319	6,631	9,237	10,236	20,379
Ordinary Income Ratio	2.8%	1.5%	2.2%	1.4%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%	2.1%	2.8%	3.1%	6.1%
Net Income *4	2,962	312	204	412	29	610	526	214	243	(129)	1,288	1,975	594	6,784
Net Income Ratio	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	-	0.4%	0.6%	0.2%	2.0%
Total Assets *5	58,513	55,468	52,269	60,564	70,889	71,276	75,615	88,641	85,356	94,584	112,477	119,459	140,441	151,641
Net Assets *1	29,468	25,148	24,979	25,642	26,295	26,253	27,181	29,620	26,735	28,062	33,889	40,253	42,316	49,779
Shareholders' Equity Ratio *2 *5	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%	24.1%	22.2%	20.1%	21.0%	26.6%	22.7%	25.2%
Return on Equity *3	12.7%	1.4%	1.0%	2.0%	0.1%	2.9%	2.5%	1.0%	1.2%	(0.7)%	6.0%	7.6%	2.0%	19.4%
Number of Employees (exclude contract workers)	3,647	3,671	3,643	3,956	4,452	4,778	5,022	6,584	7,144	7,238	7,716	7,855	9,607	9,498

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.

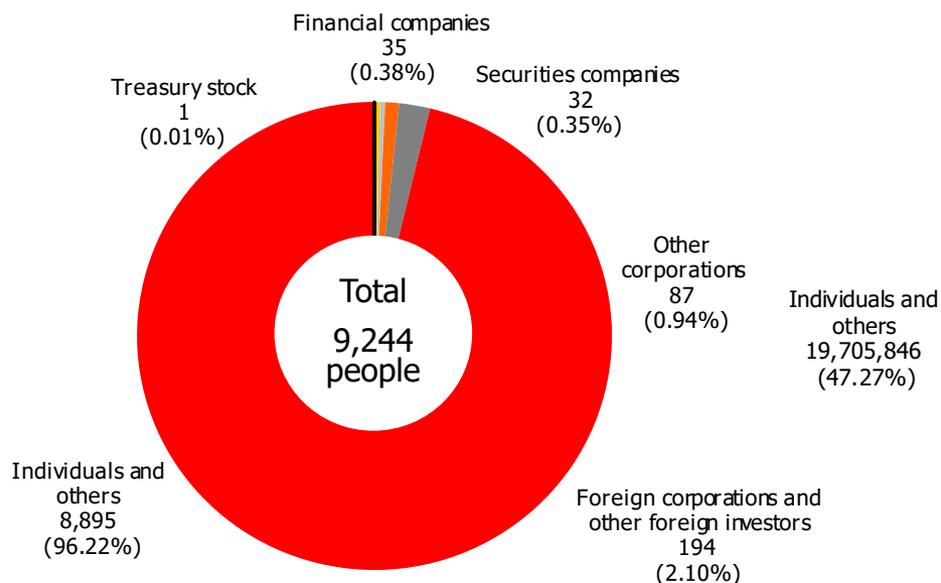
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

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

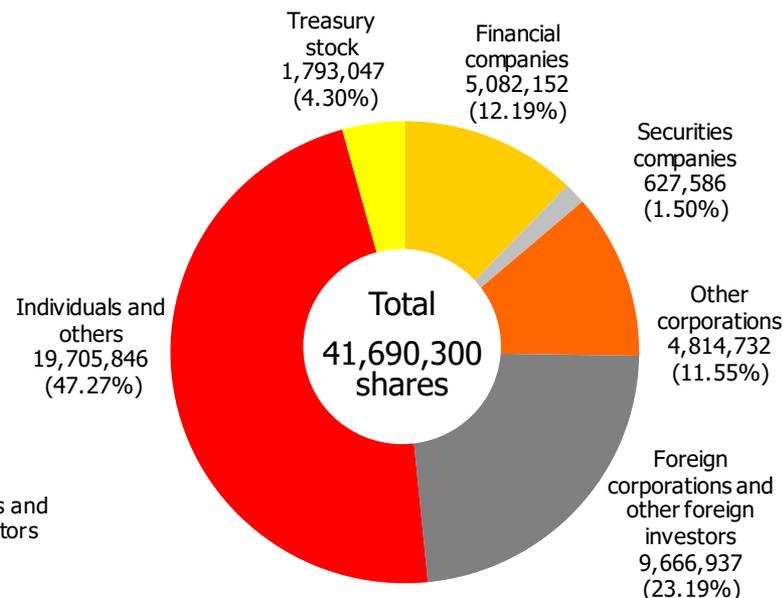
5. As the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of FY2018. As for the financial position, the figures for the previous consolidated fiscal year were processed by the method.

Stock Information (As of May. 31, 2021)

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.	3,738,500	8.97%
BNYM NON-TREATY DTT	1,861,600	4.47%
Pasona Group Inc.	1,793,047	4.30%
The Master Trust Bank of Japan, Ltd (Trust Account)	1,521,000	3.65%
AVI GLOBAL TRUST PLC	1,042,900	2.50%
CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT	782,800	1.88%
Custody Bank of Japan, Ltd.(Trust Account E)	757,852	1.82%
BNYM TREATY DTT 15	607,400	1.46%
Gratitude Inc.	596,600	1.43%

- The Company's treasury stock (1,793,047 shares, 4.30% of total issued shares) ranked Fourth. 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 31 May, 2021, Tempered Investment Management LTD. has been omitted from the list of major shareholders identified.

Group Companies (by segment)

Expert Services, BPO Services (Contracting) HR Consulting, Education and Training, Others

Pasona Inc.	Bewith, Inc.
Pasona Tech, Inc.	Asahi Beer Communications Co, Ltd.
PASONA LOGICOM Inc.	Pasona art now Inc.
Pasona Masters Inc.	Pasona Panasonic Business Service Co.,Ltd
Gotop Co., Ltd.	Pasona Knowledge Partner Inc.
Pasona HS Inc.	Nagasaki diamond staff
Pasona Heartful Inc.	Pasona HR Solution Inc.
Pasona JOB HUB Inc.	Pasona Intellectual Property Trust Inc.
CAPLAN Corporation	circlace Inc.*
Pasona Yaskawa Business Staff 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 Recruitment (Thailand) Co., Ltd	
Pasona Education Co. Limited	
Pasona HR Malaysia Sdn. Bhd.	
PT. Dutagriya Sarana	Others

Career Solutions

Pasona 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

Pasona Furusato Incubation Inc.
Pasona Agri-Partners Inc.
Tango Kingdom Brewery Inc.
Pasona Tohoku Sousei Inc.
Nijigennomori Inc.
Pasona Smile Inc.
Others *

● Consolidated subsidiaries 62

* Equity-method affiliates 10

(As of May. 31, 2021)

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) , BPO Services (Contracting) HR Consulting, Education & Training, Others Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outplacement) Outsourcing , Life Solutions Regional Revitalization Solutions	
Number of Employees	21,789 (Consolidated, including contract workers)	(As of May. 31, 2021)
Consolidated Group Companies	Subsidiaries 62 , Affiliates 10	(As of May. 31, 2021)
URL	www.pasonagroup.co.jp/english/	