

Results for the First Half of the Fiscal Year Ending May 31, 2019

H1 FY2018 (June 1, 2018 - November 30, 2018)

Pasona Group Inc.

First Section TSE (2168)

January 17, 2019

www.pasonagroup.co.jp/english

Notice Concerning Difference between Financial Forecast and Actual Result for the First Half of the FY2018

- Earnings exceeded forecasts due to enhanced earnings capacity in the Insourcing , Outsourcing , and Career Solutions , and greater operational efficiency. First half forecasts were revised upward on January 10, 2019.
- As the environment surrounding the business is unclear in part, the full-year plan is unchanged.

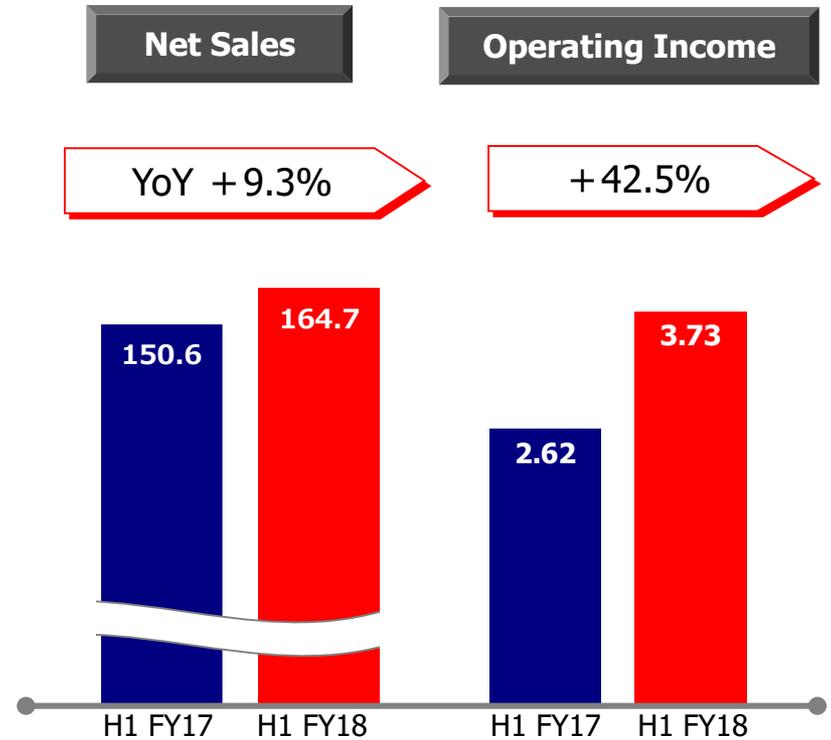
(Millions of yen)

H1 FY2018	Initial Forecast	Result	VS Initial Forecast	Difference (%)
Net Sales	170,000	164,692	(5,307)	(3.1)%
Operating Income	3,100	3,732	+632	+20.4%
Ordinary Income	3,100	3,538	+438	+14.1%
Profit Attributable to Owners of Parent	350	631	+281	+80.4%

Consolidated Results

(Billions of yen)

(Millions of yen)	H1 FY17	(%)	H1 FY18	(%)	Increase /Decrease
Net sales	150,619	100.0	164,692	100.0	+14,072 +9.3%
Cost of sales	118,687	78.8	128,533	78.0	+9,846 +8.3%
Gross profit	31,931	21.2	36,158	22.0	+4,226 +13.2%
SG&A expenses	29,313	19.5	32,425	19.7	+3,112 +10.6%
Operating income	2,618	1.7	3,732	2.3	+1,114 +42.5%



Major Items of Increase/Decrease

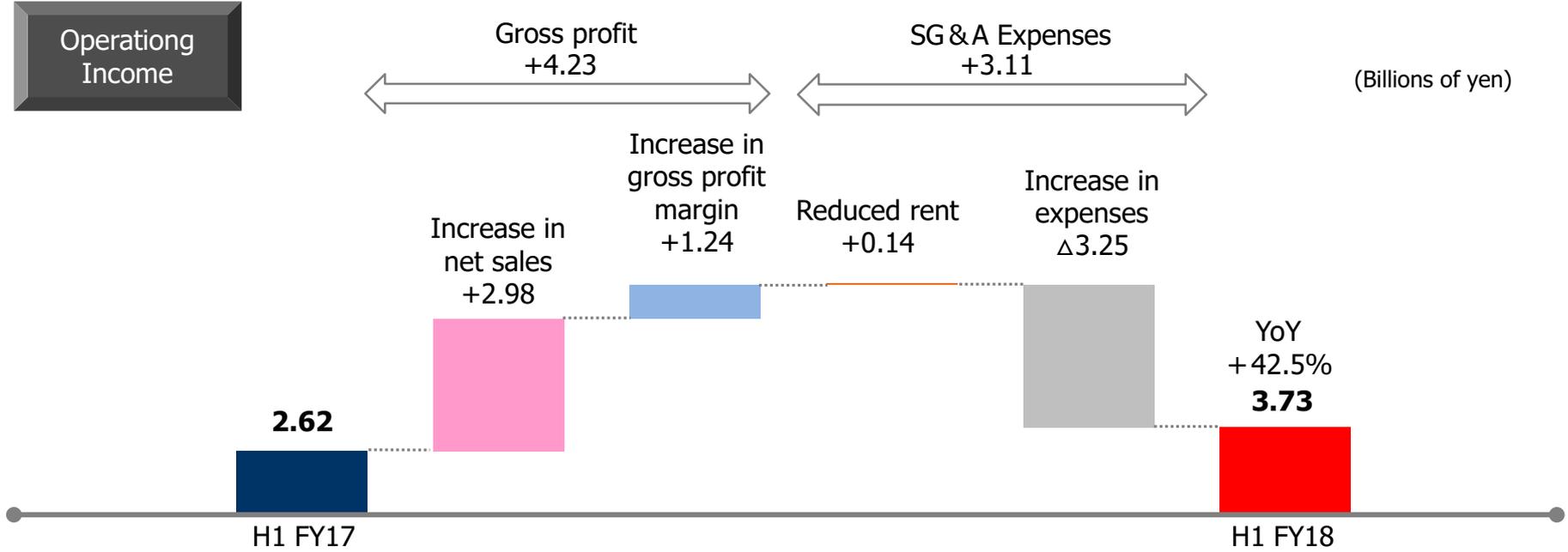
● Net sales

- Human resource demand continues to be strong. Increasing sales, in Insourcing and Career solutions. Companies that were acquired through M&A in the previous year also contributed to increase sales.

● Operating income

- Increasing due to improvement of operational efficiency.

Operating Income



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17*	H1 FY17	H1 FY18
Gross Profit margin	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%	21.2%	22.0%
SG&A ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%	19.5%	19.7%
Operation Income ratio	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%	1.7%	2.3%

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

Major Item of Increase/Decrease

- **Gross profit** improved due to increasing sales and promoting work efficiency , etc.
- **SG&A** expenses increased due to higher sales and expanding for consolidation scope , but **operating income ratio** improved.

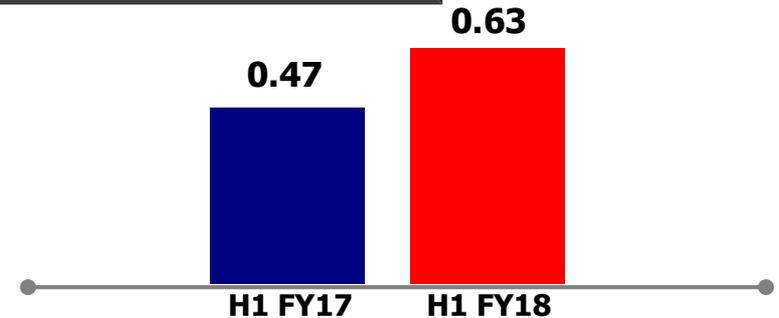
Consolidated Results

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

(Millions of yen)	H1 FY17	H1 FY18	Increase/ Decrease	YoY
Operating income	2,618	3,732	+1,114	+42.5%
Non-operating income	433	577	+143	+33.2%
Non-operating expenses	417	771	+354	+84.8%
Ordinary income	2,634	3,538	+903	+34.3%
Extraordinary income	601	8	(593)	(98.6)%
Extraordinary loss	182	38	(144)	(78.9)%
Income before income taxes	3,053	3,508	+454	+14.9%
Income taxes - current	1,863	1,294	(568)	(30.5)%
Income taxes - deferred	29	404	+374	+1255.3%
Income taxes	1,893	1,698	(194)	(10.3)%
Profit attributable to non-controlling interests	690	1,178	+487	+70.7%
Profit attributable to owners of parent	470	631	+161	+34.2%

Profit (loss) attributable to owners of parent

(Billions of yen)



Major Item of Increase/Decrease

- | Major Item of Increase/Decrease | (YoY) |
|--|-------|
| <ul style="list-style-type: none"> ● Non-operating income <ul style="list-style-type: none"> • Real estate rents ¥372million (+¥109million) ● Non-operating expenses <ul style="list-style-type: none"> • Real estate leasing costs ¥298million (+¥57million) • Commission fee on share sales for Benefit One ¥236million (+¥236million) ● Extraordinary income <ul style="list-style-type: none"> • Previous year (the First Quarter) gain on bargain purchase (¥(601)million) ● Extraordinary loss <ul style="list-style-type: none"> • Previous year retirement of fixed assets from head office relocation (¥(61)million) ● Profit attributable to non-controlling interests <ul style="list-style-type: none"> • Increasing profit in Benefit One (+¥487million) | |

Consolidated Results by Segment

(Millions of yen)

Segment		Net sales				Operating income (loss)				Operating income margin		
		H1 FY17	H1 FY18	Increase/ Decrease	YoY	H1 FY17	H1 FY18	Increase/ Decrease	YoY	H1 FY17	H1 FY18	Increase/ Decrease
①	Expert Services (Temporary Staffing)	78,491	83,827	+5,336	+6.8%	2,330	2,801	+471	+20.2%	1.9%	2.1%	+0.2pt
②	Insourcing (Contracting)	39,197	45,119	+5,922	+15.1%							
③	HR Consulting, Education, Training, etc.	3,236	3,817	+581	+17.9%							
④	Global Sourcing (Overseas)	3,506	3,923	+417	+11.9%							
Subtotal		124,431	136,689	+12,257	+9.9%							
⑤	Career Solutions (Placement/ Recruiting, Outplacement)	8,151	9,209	+1,057	+13.0%	1,489	1,942	+453	+30.5%	18.3%	21.1%	+2.8pt
⑥	Outsourcing	16,249	16,763	+514	+3.2%	2,514	3,374	+859	+34.2%	15.5%	20.1%	+4.7pt
⑦	Life Solutions	2,511	2,743	+232	+9.2%	110	65	(45)	(41.2)%	4.4%	2.4%	(2.0)pt
⑧	Public Solutions	1,198	1,612	+413	+34.5%	(732)	(685)	+46	-	-	-	-
⑨	Eliminations and Corporate	(1,923)	(2,325)	(402)	-	(3,094)	(3,765)	(670)	-	-	-	-
Total		150,619	164,692	+14,072	+9.3%	2,618	3,732	+1,114	+42.5%	1.7%	2.3%	+0.5pt

Balance sheet

(Billions of yen)

Major Item of Increase/Decrease	May 31,2018	NOV 30,2018	Increase/ Decrease
Assets	112.5	114.9	+2.4
Current assets	74.0	76.1	+2.1
Cash and deposits	25.4	27.1	+1.7
Notes and accounts receivable – trade	40.1	39.5	(0.6)
Other	8.5	9.5	+0.9
Non-current assets	38.5	38.9	+0.4
Property, plant and equipment	15.4	16.3	+0.9
Intangible assets	9.6	9.0	(0.6)
Investments and other assets	13.5	13.6	+0.0
Liabilities	78.6	77.4	(1.2)
Current liabilities	57.6	54.5	(3.1)
Accounts payable	6.5	4.3	(2.3)
Short-term loans payable	6.2	6.8	+0.6
Accrued expenses	16.6	16.2	(0.4)
Other	28.3	27.3	(1.0)
Non-current liabilities	21.0	22.9	+1.9
Long-term loans payable	14.1	15.9	+1.8
Net assets	33.9	37.5	+3.6
Shareholders' equity	23.2	26.6	+3.4
Valuation and translation adjustments	0.4	0.3	(0.1)
Non-controlling interests	10.3	10.6	+0.3
Capital adequacy ratio	21.0%	23.5%	+2.5pt

Major Item of Increase/Decrease

【 Current Assets 】

Selling the shares of Benefit One +¥4.9billion
Purchase of fixed assets ¥(3.0)billion

【 Fixed Assets 】

New businesses related +¥0.9billion

【 Current liabilities 】

Decreasing in accounts payable ¥(2.3)billion

【 Capital surplus 】

Selling Benefit One shares ¥(3.3)billion

【 Non-controlling interests 】

Benefit One earnings distribution +¥1.1billion
Cash dividends paid by Benefit One ¥(1.0)billion
Selling the shares of Benefit One +¥0.3billion

※The figures for the previous fiscal year were processed by the method of revised the Accounting Standard for Tax Effect Accounting.

Cash Flows

(Billions of yen)

Major Item of Increase/Decrease	H1 FY17	H1 FY18	Increase/ Decrease
Cash flows from operating activities	0.5	△0.0	(0.5)
Income before income taxes	3.1	3.5	+0.5
Depreciation and amortization	1.7	2.1	+0.4
Amortization of goodwill	0.5	0.5	+0.0
Gain on bargain purchase	(0.6)	-	+0.6
Retirement benefits	(0.1)	(0.0)	+0.0
Decrease (increase) in notes and accounts receivable—trade	(2.4)	0.7	+3.1
Increase (decrease) in operating debt	(1.7)	(2.7)	(1.0)
Income tax paid	(1.5)	(2.0)	(0.5)
Other	1.5	(2.1)	(3.5)
Cash flows from investing activities	(7.9)	(3.7)	+4.3
Purchase of property, plant and equipment	(5.5)	(2.2)	+3.3
Purchase of intangible fixed assets	(1.1)	(0.8)	+0.2
Expenditures for M&A	(1.4)	(0.0)	+1.4
Other	0.1	(0.6)	(0.7)
Cash flows from financing activities	4.2	5.2	+1.1
Proceeds from long-term loans payable	7.2	5.3	(1.8)
Repayment of long-term loans payable	(2.7)	(3.1)	(0.3)
Cash dividends paid	(1.4)	(1.6)	(0.3)
Proceeds from sales of investments in subsidiaries	-	4.9	+4.9
Other	1.1	(0.3)	(1.4)
Net increase (decrease) in cash and cash equivalents	(3.3)	1.5	+4.8
Cash and cash equivalents at beginning of the period	21.1	25.1	+4.0
Cash and cash equivalents at the end of the period	17.8	26.6	+8.8
Free cash flows	(7.5)	(3.7)	+3.8

Major Item of Increase/Decrease

【 Profit before amortization 】

¥6.1 billion (YoY +¥1.5 billion)

【 Decrease in notes and accounts receivable - trade 】

Previous year

Increasing in sales due to M&A +¥3.1 billion

【 Other 】

Increasing in advances paid

¥(1.5) billion

Decreasing in deposits

¥(0.9) billion

【 Purchase of property, plant and equipment 】

Previous year

Head office relocation and New businesses related
+¥3.3 billion

【 Proceeds from long-term loans payable 】

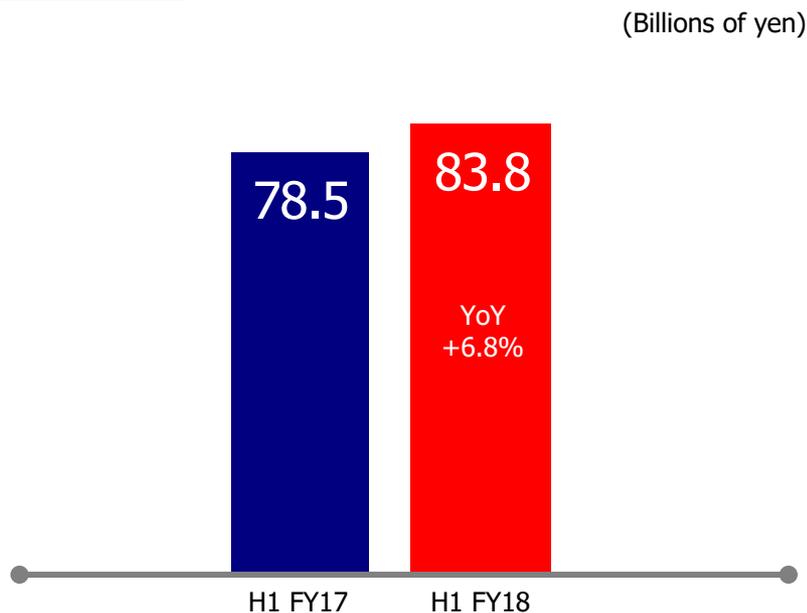
Selling shares of Benefit One

+¥4.9 billion

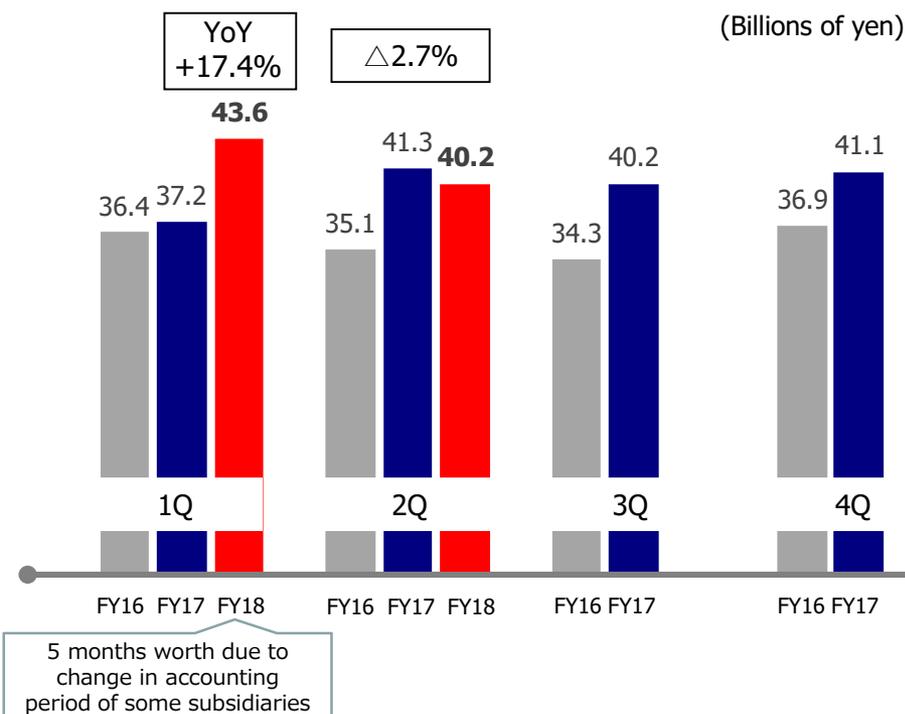
Segment information

Expert Services (Temporary staffing)

Net Sales



Sales Trends



Business Conditions

● H1 FY18 result

- Direct employment advanced in dispatched companies due to the influence of the law revisions.
- The results of the NTT Group two companies and the Nagasaki Diamond Staff who were acquired in the previous year contributed. Two NTT Group companies recorded operating results for 8 months due to change in accounting period.
- Developing the business for professional jobs such as IT, foreign languages, accounting, etc. with high needs.

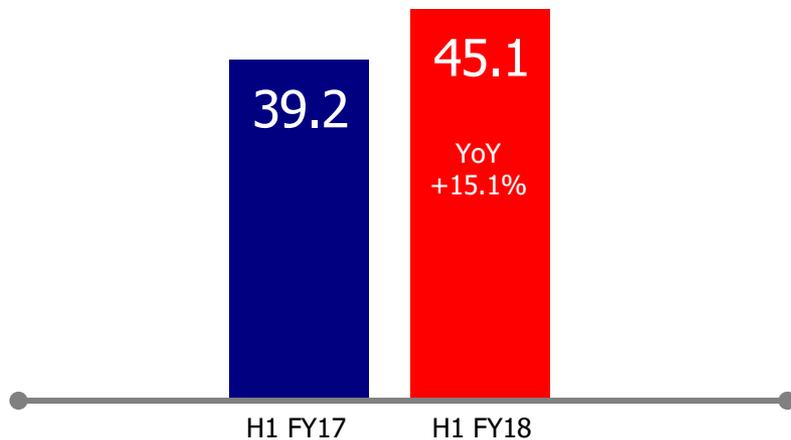
● H2 FY18 plan

- Promoting business efficiency and speed up matching.
- Focus on price revisions.

Insourcing (Contracting)

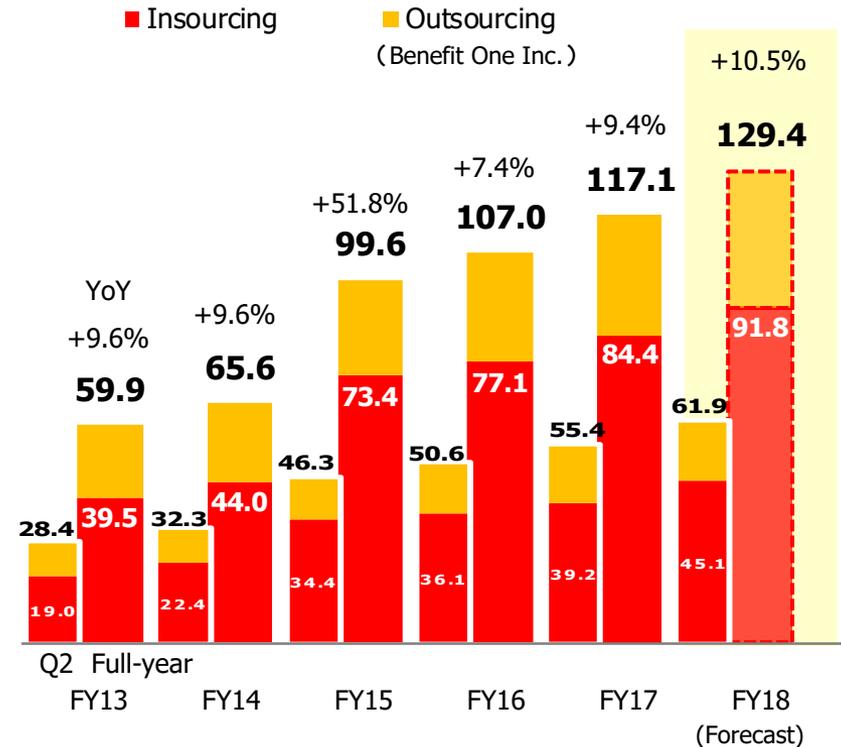
Net Sales

(Billions of yen)



BPO Sales

(Billions of yen)



Business Conditions

● H1 FY18 result

- Contribution by Bewith, Inc. strengthening its structure following the previous year.
- Pasona Panasonic Business Services continued to perform well.
- Pasona knowledge partner in patent / intellectual property field full-scale operation.
- Know-how of projects accumulated, and profitability improved.

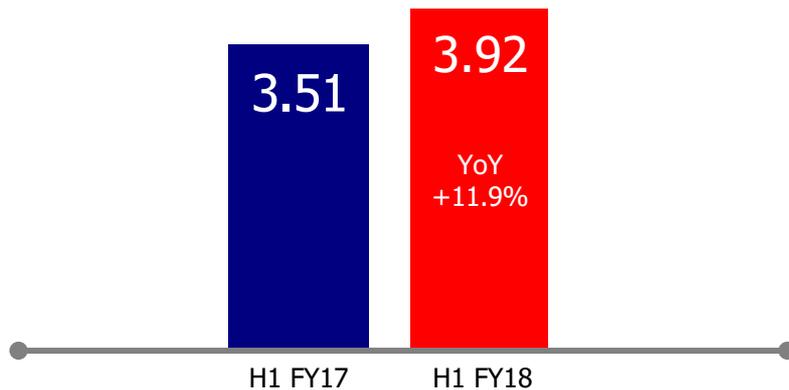
● H2 FY18 plan

- Expansion of BPO service.
- Promotion of digital BPO.

Global Sourcing (Overseas)

Net Sales

(Billions of yen)



Business Conditions

● H1 FY18 result

- Temporary staffing expanded significantly especially in Indonesia and North America.
- Expansion of engineering training and dispatch business in collaboration with Vietnamese local universities.

● H2 FY18 plan

- Starting services that allow foreign employees, which are increasing in Japan, to settle in the company.
- Pasona Tech Vietnam Danang branch opened.

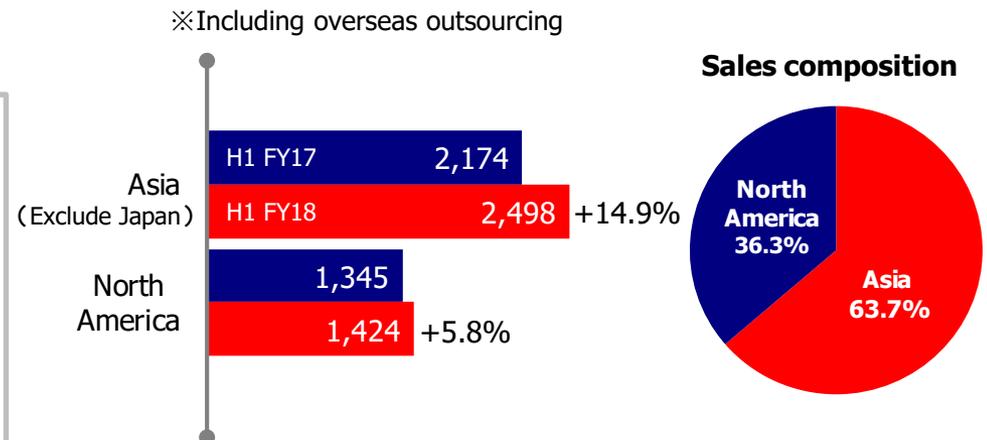
Sales by Business Segment

(Millions of yen)

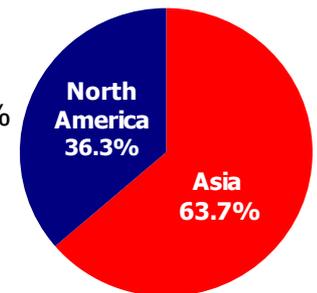
	H1 'FY17	H1 'FY18	YoY
Temporary Staffing	1,555	1,938	+24.6%
Placement / Recruiting	988	1,030	+4.2%
Contracting (Payroll, others)	600	636	+6.1%
Others	361	318	(12.0)%
Total	3,506	3,923	+11.9%

Sales by Region

(Millions of yen)



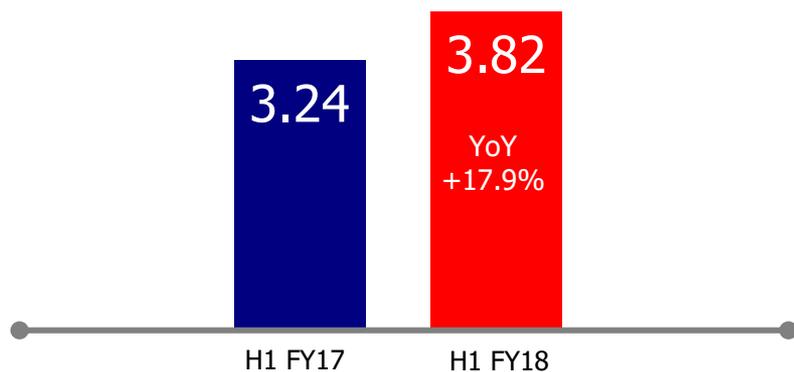
Sales composition



HR Consulting, etc. / Operating Income by Segments

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

(Billions of yen)



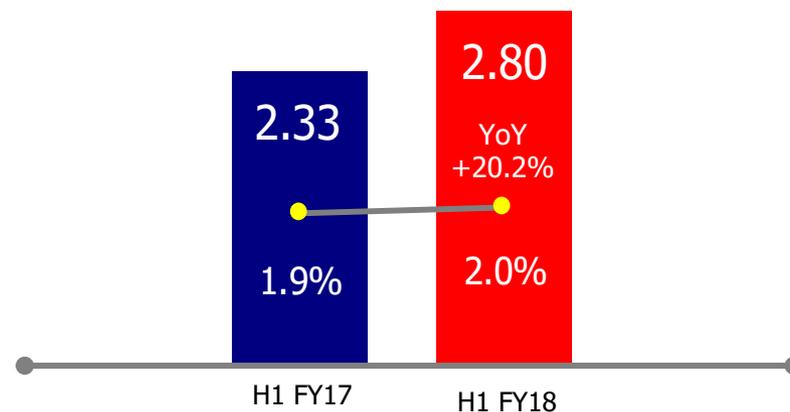
Business Conditions

- **H1 FY18 result**
 - Orders received for training projects due to increasing recruitment of business partners and large public projects.
 - Increasing in placement fees due to direct hiring by client companies.
- **H2 FY18 plan**
 - Expansion of services in the field of recurrent education.

ES~GS Operating Income

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

(Billions of yen)



Business Conditions

- **H1 FY18 result**
 - Improving profit ratio in Insourcing.
 - Increasing in placement fees due to direct hiring by client companies.
- **H2 FY18 plan**
 - Promoting price revision of temporary staffing.

Career Solutions (Placement/Recruiting, Outplacement)

Net Sales

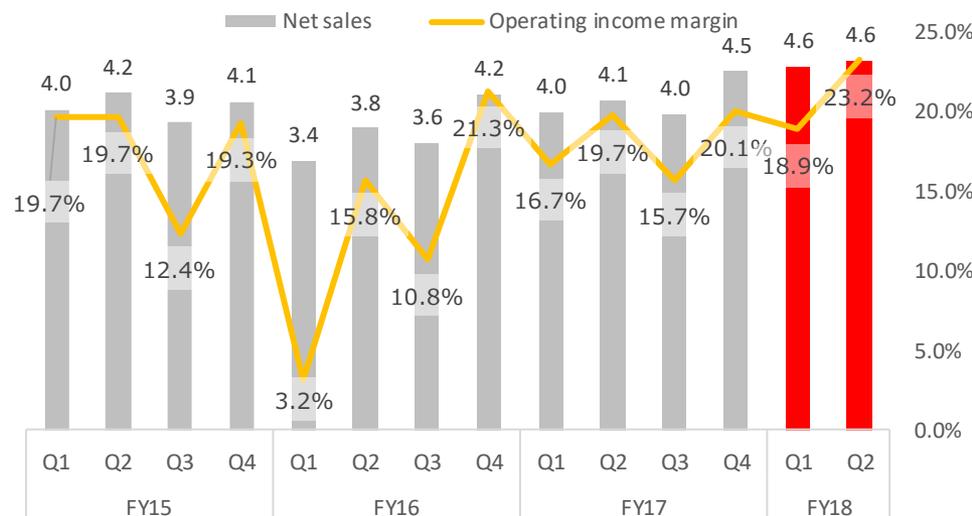
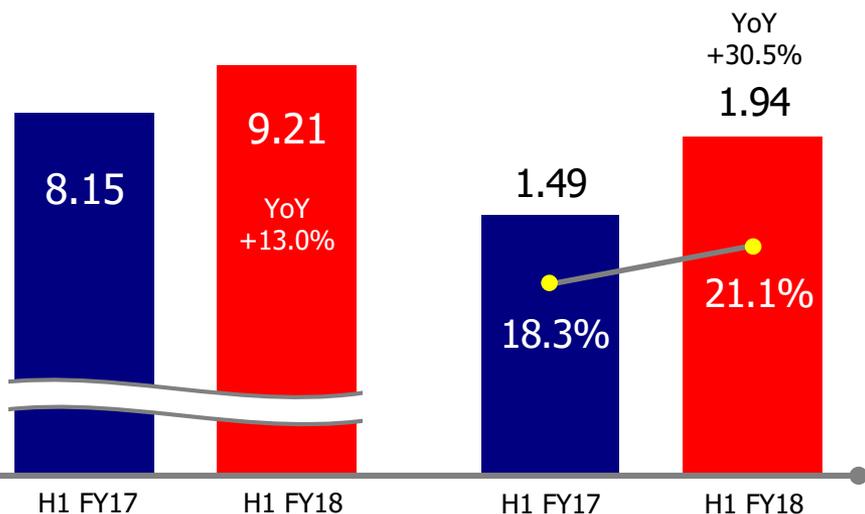
Operating Income, Operating Income Margin

(Billions of yen)

Active opening ratio by occupation

(Full-time employees including part-time workers)

(Billions of yen)



Business Conditions

●H1 FY18 result

- Recruitment, "KOMON NETWORK" steadily expanded.
- Outplacement, it grew due to contribution of large-scale projects from the previous year. Promoting comprehensive sales with recruitment continued from previous year.

●H2 FY18 plan

- Strengthen recruitment of registrants by opening "career-door" for career change.

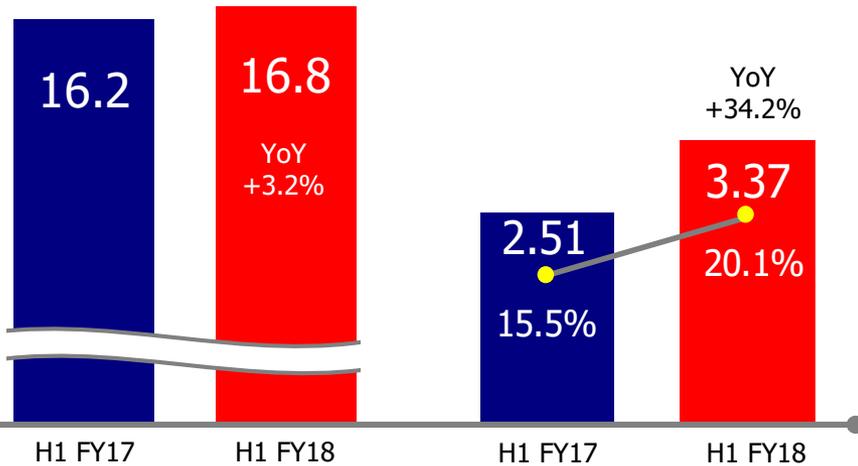


Outsourcing (Benefit One Inc.)

Net Sales

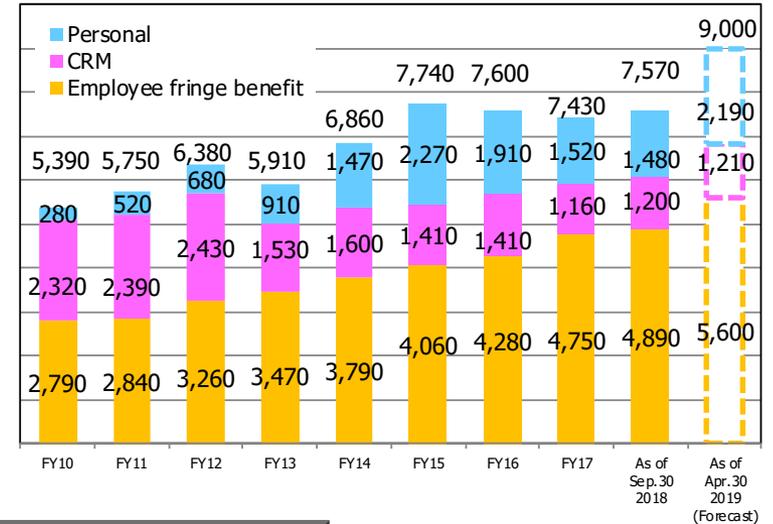
Operating Income, Operating Income Margin

(Billions of yen)



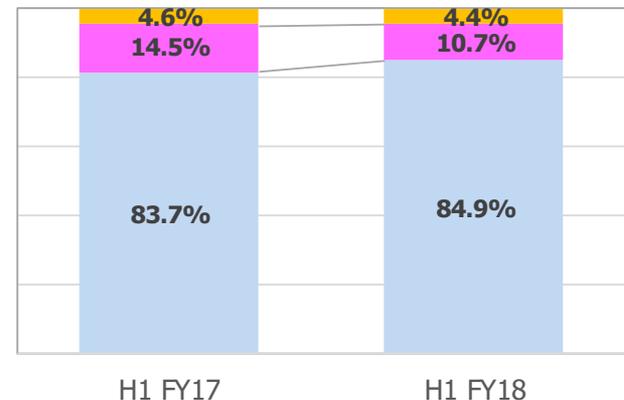
Benefit One Membership

(Thousands people)



Sales Composition

■ BtoB ■ BtoC ■ Overseas etc.



Business Conditions

- **H1 FY18 result**
 - Expansion in employee fringe benefit services and the healthcare, driven by working-style reforms.
 - Promoting digitization of operations to reduce costs.
- **H2 FY18 plan**
 - Strengthen support for corporate "work style reforms" and "health management".

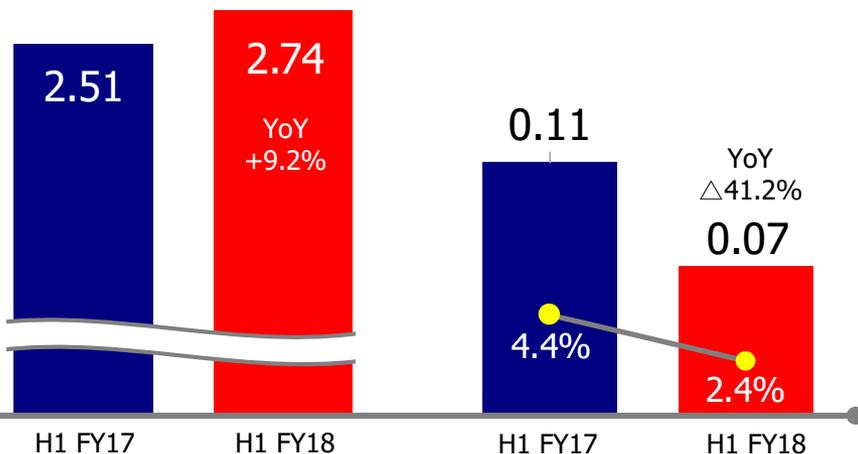
*BtoB: Employee fringe benefit, Incentive, Health care, BTM, Cost reduction
BtoC: Personal, CRM, Inbound

Life Solutions (Childcare, Nursing care)

Net Sales

Operating Income, Operating Income Margin

(Billions of yen)



Business Conditions

●H1 FY18 result

- Nursing care, Housekeeping proxy services etc. are growing.
- Childcare field, expansion of projects for child care support facilities.
- Cost increased due to improvement of treatment of Childminder and increase of support staff of schoolchildren in summer season.

●H2 FY18 plan

- Expansion of long-term care seminars in companies.
- Planning to start about 10 childcare facilities and schoolchildren facilities from spring this spring.

Pasona Foster

- Holding "Miracle Kids" school children program for elementary school 1st and 6th graders for winter vacation.



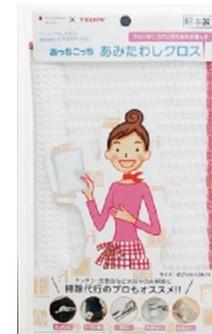
【 The number of facilities (YoY) 】

- Daycare facilities 40 (YoY +8)
- After-school children's clubs 42 (YoY +5)

※As of Nov.30, 2018

Pasona Life Care

- Promoting product development by making full use of know-how on housekeeping substitution.
- Household-use cleaner cloth brush, jointly developed with Teijin Frontier Co., Ltd., based on feedback from professional housekeeping services staff.



【 The number of facilities (YoY) 】

- Nursing care facilities 25 (YoY (2))

※As of Nov.30, 2018

Public Solutions (Regional Revitalization, etc.)

Net Sales

Operating Income

(Billions of yen)

1.20

1.61

YoY
+34.5%

H1 FY17

H1 FY18

(0.73)

(0.69)

H1 FY17

H1 FY18

Business Conditions

●H1 FY18 result

- Tango Kingdom Inc., Increasing sales by regional trading company business and improving profitability by improving operational cost efficiency.

●H2 FY18 plan

- The Awajishima project focuses on expanding inbound demand.

Tango Kingdom Inc.

- We held an event "Michi-1 Grand Prix 2018" that decides the roadside station "No.1 Gourmet Nippon", for two days. Achieve over 20,000 visitors.



Others

- Opened the accommodation facility with a popular character motif. Promoting regional revitalization project by attracting tourists by interlocking with attractions in Nijigennomori and food and drink facilities in the island.



Opened " Ora No Cocoon " on the theme of Crayon Shin-chan on October 10.



Opened " Hello Kitty Hoshi No Cocoon " on the theme of Hello Kitty and stars on November 15.

Elimination/Corporate Segment Costs

Net Sales

Operating Income

Costs Trends

(Billions of yen)

H1 FY17

H1 FY18

H1 FY17

H1 FY18

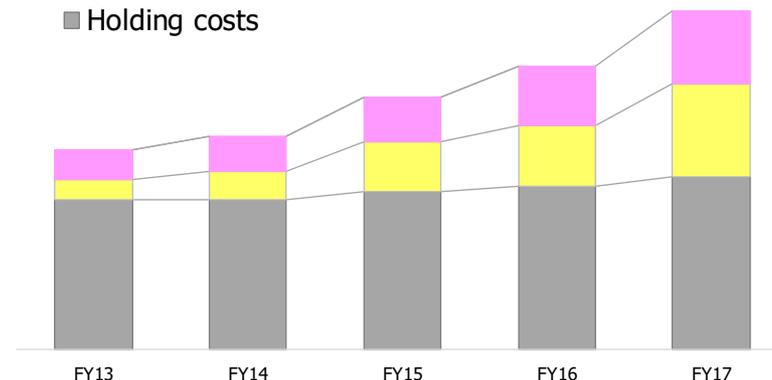
(1.92)

(2.33)

(3.09)

(3.77)

- Incubation costs
- Group costs
- Holding costs



Main Reasons for Cost Increase

●H1 FY18 result

Holding costs : Management costs as holding company

- Increasing in expenses due to strengthening of group management structure, etc. YoY +0.39billions

Group costs : Costs to maximize group synergies

- Decreasing in temporary expenses due to relocation of group base , Olympic and Paralympic sponsorship money etc. YoY (0.01)billions

Incubation costs : Costs for development and launch of new businesses

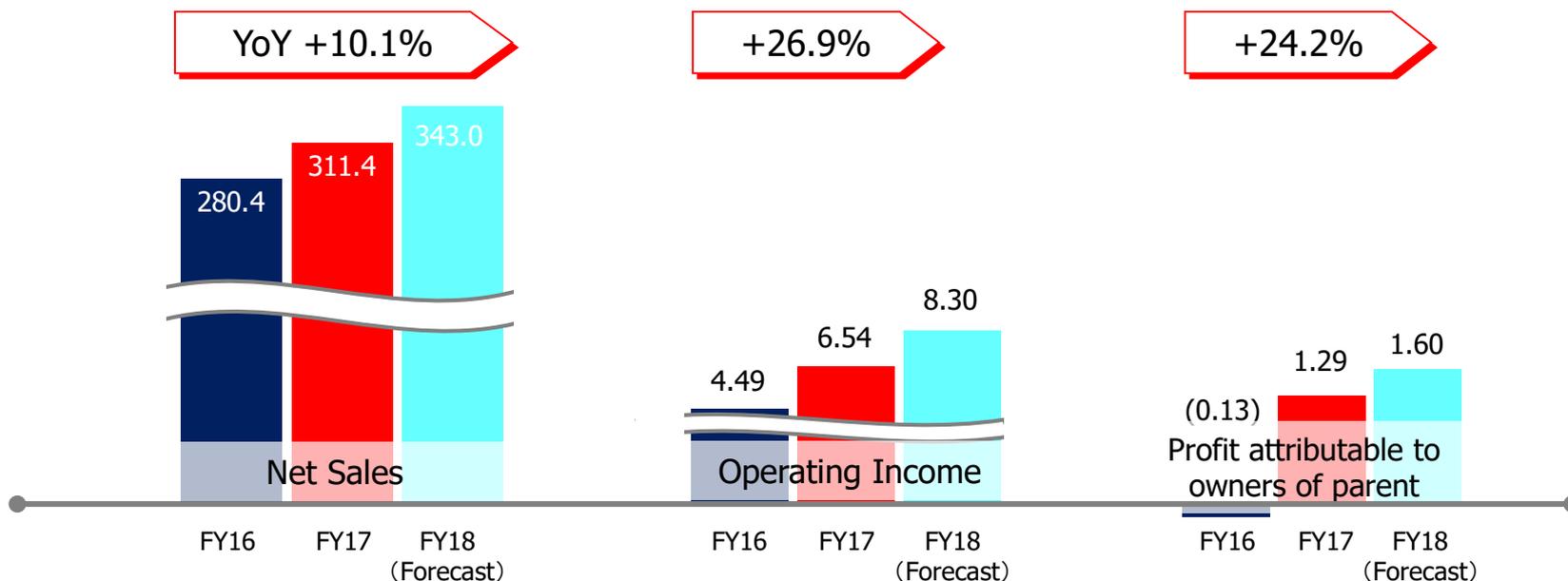
- New businesses YoY +0.27billions

●H2 FY18 plan

- Increasing in group costs due to the relocation of Osaka's base.

FY2018 Consolidated Forecasts

(Billions of yen)



(Millions of yen)	FY16	to net sales %	FY17	to net sales %	FY18 Forecast	to net sales %	vs FY17 Increase/Decrease	YoY
Net sales	280,395	100.0	311,410	100.0	343,000	100.0	+31,589	+10.1%
Cost of sales	223,778	79.8	244,382	78.5	267,000	77.8	+22,617	+9.3%
Gross profit	56,617	20.2	67,028	21.5	76,000	22.2	+8,971	+13.4%
SG&A expenses	52,128	18.6	60,489	19.4	67,700	19.7	+7,210	+11.9%
Operating income	4,488	1.6	6,539	2.1	8,300	2.4	+1,760	+26.9%
Ordinary income	4,319	1.5	6,631	2.1	8,400	2.4	+1,768	+26.7%
Profit (Loss) attributable to owners of parent	(129)	-	1,288	0.4	1,600	0.5	+311	+24.2%

FY2018 Consolidated Forecasts by Segment

(Millions of yen)

Segment	Sales				Operating income (loss)				Operating income margin		
	FY17	FY18 Forecast	VS FY17 Increase/Decrease	VS FY17 %	FY17	FY18 Forecast	VS FY17 Increase/Decrease	VS FY17 %	FY17	FY18 Forecast	VS FY17 Increase/Decrease
Expert Services (Temporary Staffing)	159,851	172,800	+12,948	+8.1%	5,075	5,900	+824	+16.3%	2.0%	2.1%	+0.1pt
Insourcing (Contracting)	84,429	91,800	+7,370	+8.7%							
HR Consulting, Education, Training, etc.	7,283	8,900	+1,616	+22.2%							
Global Sourcing (Overseas)	7,216	8,100	+883	+12.2%							
Subtotal	258,781	281,600	+22,818	+8.8%							
Career Solutions (Placement/Recruiting, Outplacement)	16,638	18,800	+2,161	+13.0%	3,020	2,880	(140)	(4.7)%	18.2%	15.3%	(2.8)pt
Outsourcing	32,656	37,600	+4,943	+15.1%	6,211	7,540	+1,328	+21.4%	19.0%	20.1%	+1.0pt
Life Solutions	5,129	5,900	+770	+15.0%	268	170	(98)	(36.7)%	5.2%	2.9%	(2.4)pt
Public Solutions	2,277	3,200	+922	+40.5%	(1,536)	(1,300)	+236	-	-	-	-
Elimination/Corporate	(4,071)	(4,100)	(28)	-	(6,500)	(6,890)	(389)	-	-	-	-
Consolidated	311,410	343,000	+31,589	+10.1%	6,539	8,300	+1,760	+26.9%	2.1%	2.4%	+0.3pt

FY2019

Group Priority strategy

FY2019 Group Priority Strategy

Strategy I

Establish business base responsive to changes in the industrial structure

Strategy II

Enhance business efficiency and strengthen earning capacity

Strategy III

Promote regional revitalization

Environment related to worker dispatch business

① **Response of the law revision**

(the Labor Contract Act , the Worker Dispatching Act)

- ✓ **Promote of direct employment to the companies to be dispatched**
- ✓ **Promote for indefinite-term employment**
- ✓ **Speed up matching in temporary work**

② **Improve treatment of dispatched workers**

- ✓ **Price revision to the companies to be dispatched and negotiation of billing unit price**

FY2019 Progress of Group Priority Strategy

Strategy I

Establish business base responsive to changes in the industrial structure

- ✓ **Expansion of the BPO service**
(Procurement purchasing field)
- ✓ **Promote digitized BPO business**
(Utilization of AI etc.)
- ✓ **Support to utilize diverse human resources**

Expansion of the BPO service (Indirect material purchasing function)

【 Pasona Group BPO service lineup 】



▶ **HIPUS Inc.** ※Scheduled to establish on 4/1/2019
 (Infosys Limited Hitachi, Ltd. Panasonic Corporation Pasona Inc.)
 → Integrate know-how of each company.
 Supports high efficiency and high added value of indirect procurement business.

Promote digitized BPO business

Next generation total call center solution using AI "Omnia Link"



▽ 「Omnia Link」 functions (example) ▽

- ✓ AI function of Google Cloud Platform™
- ✓ Alert negative word or positive word
- ✓ Navigate the operation
(Display necessary FAQ candidate on the screen)

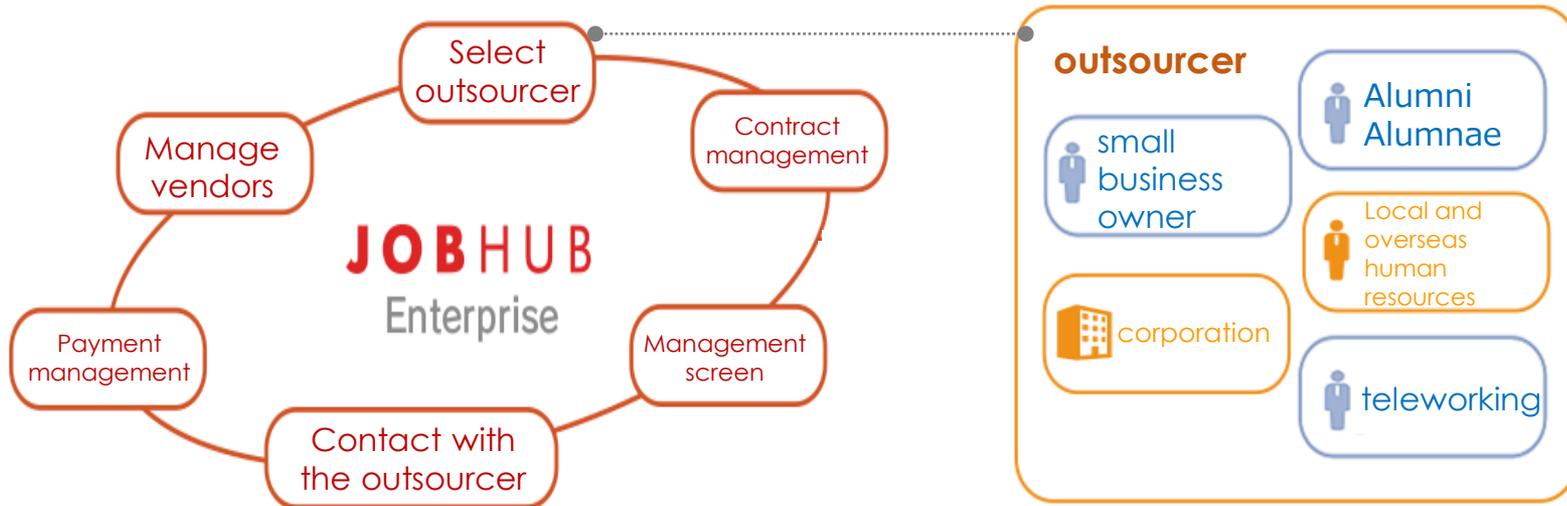


- By analyzing the contents of the conversation, necessary FAQ candidate on the screen is displayed.
- By supporting knowledge of the operator, reduction of response time etc. is realized



Support to utilize diverse human resources ①

Service platform for realizing new “work style reforms”
“Pasona JOB HUB Inc.”



- | | |
|-----------|--|
| advantage | <ul style="list-style-type: none"> ✓ Utilize alumni · alumnae for confidential work ✓ Request work only for freelance who has previously experience ✓ Reduce employee working hours · Enhance engagement |
|-----------|--|

- | | |
|--------|---|
| Result | <ul style="list-style-type: none"> ✓ Major Information and communication industry ✓ Major service industry ✓ Major manufacturer |
|--------|---|

Support to utilize diverse human resources ②

Management consulting with experienced person who have expertise and personal connections

“KOMON NETWORK”



advantage

- ✓ Assistance by **specialist experts** in the field of “Management & Business promotion” or “Sales·Marketing”, etc.
- ✓ Provide support **for each project** several times in a month or several months, etc.

Result

- ✓ Major corporations to **consider new business**
- ✓ SMEs **looking to expand overseas** or **sales channels**

Reference

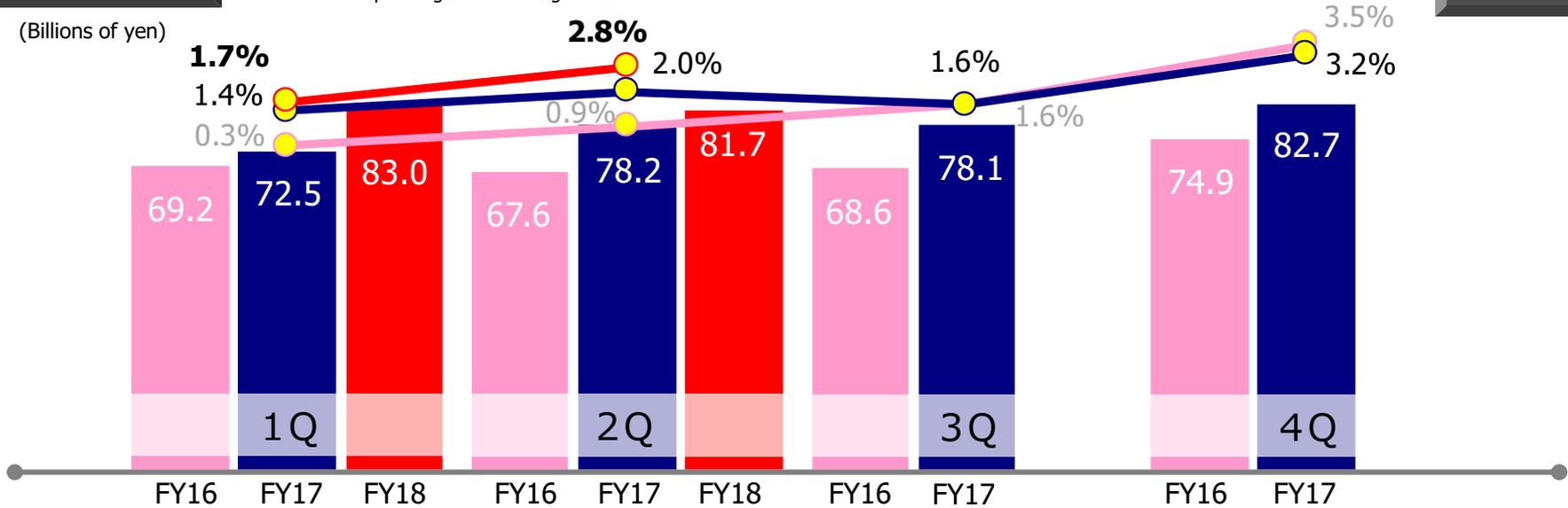
Quarterly Sales and Income Trends

Net Sales

(Billions of yen)

- Operating Income Margin FY16
- Operating Income Margin FY17
- Operating Income Margin FY18

Operating Income Margin



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)			Q4 (March to May)		
	FY16	FY17	YoY	FY18	YoY	FY16	FY17	YoY	FY18	YoY	FY16	FY17	YoY	FY16	FY17	YoY
	Net sales	69,231	72,458	+4.7%	82,997	+14.5%	67,636	78,160	+15.6%	81,694	+4.5%	68,613	78,070	+13.8%	74,915	82,720
Gross profit	13,372	15,256	+14.1%	18,051	+18.3%	13,628	16,675	+22.4%	18,107	+8.6%	13,529	16,083	+18.9%	16,086	19,013	+18.2%
SG&A expenses	13,156	14,222	+8.1%	16,599	+16.7%	13,048	15,090	+15.6%	15,826	+4.9%	12,446	14,844	+19.3%	13,476	16,331	+21.2%
Operating income	215	1,033	+378.9%	1,451	+40.5%	579	1,585	+173.8%	2,280	+43.9%	1,083	1,238	+14.4%	2,610	2,681	+2.7%
Ordinary income	174	1,006	+476.5%	1,222	+21.4%	585	1,628	+178.3%	2,316	+42.3%	1,039	1,313	+26.4%	2,520	2,683	+6.5%
Profit (Loss) attributable to owners of parent	(539)	533	-	Δ 7	-	(276)	(62)	-	638	-	(98)	(275)	-	785	1,093	+39.3%
Gross profit margin	19.3%	21.1%	+1.8pt	21.7%	+0.6pt	20.1%	21.3%	+1.2pt	22.2%	+0.8pt	19.7%	20.6%	+0.9pt	21.5%	23.0%	+1.5pt
SG&A expense ratio	19.0%	19.6%	+0.6pt	20.0%	+0.4pt	19.3%	19.3%	+0.0pt	19.4%	+0.1pt	18.1%	19.0%	+0.9pt	18.0%	19.7%	+1.7pt
Operating income margin	0.3%	1.4%	+1.1pt	1.7%	+0.3pt	0.9%	2.0%	+1.1pt	2.8%	+0.8pt	1.6%	1.6%	+0.0pt	3.5%	3.2%	(0.3)pt
Ordinary income margin	0.3%	1.4%	+1.1pt	1.5%	+0.1pt	0.9%	2.1%	+1.2pt	2.8%	+0.7pt	1.5%	1.7%	+0.2pt	3.4%	3.2%	(0.2)pt
Profit attributable to owners of parent margin	-	0.7%	-	-	-	-	-	-	0.8%	-	-	-	-	1.0%	1.3%	+0.3pt

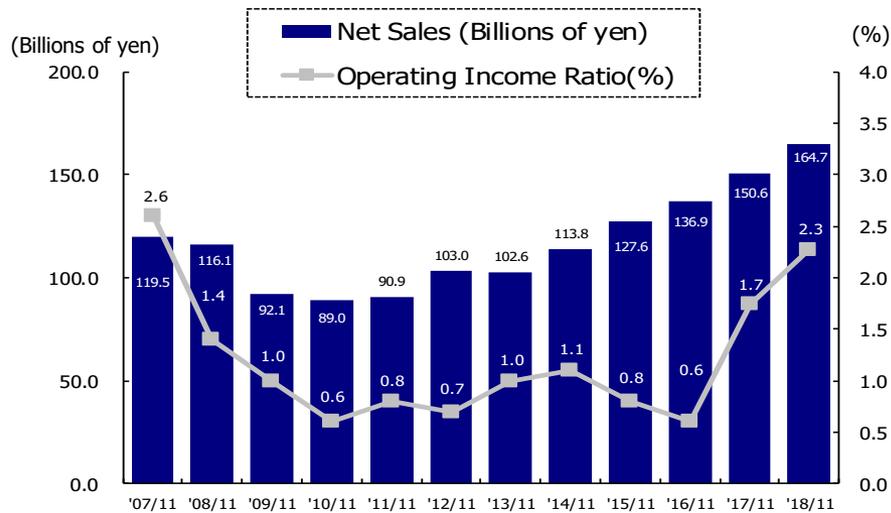
Quarterly Sales and Income Trends by Segment

(Millions of yen)

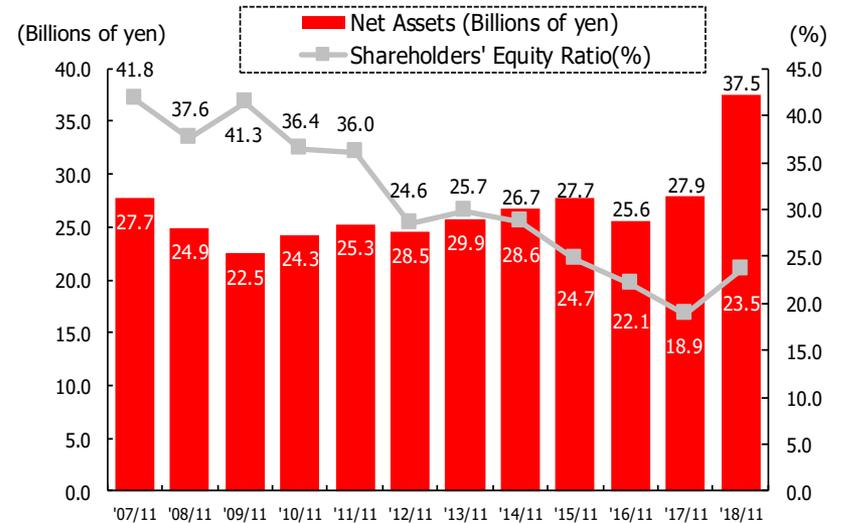
Segment	Sales							Operating income (loss)						
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	YoY	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	YoY
Expert Services (Temporary Staffing)	37,172	41,319	40,224	41,135	43,626	40,201	(2.7)%							
Insourcing (Contracting)	19,449	19,747	21,248	23,984	22,094	23,025	+16.6%							
HR Consulting, Education, Training, etc.	1,580	1,656	1,876	2,169	1,857	1,960	+18.3%	851	1,479	729	2,015	1,162	1,639	+10.8%
Global Sourcing (Overseas)	1,724	1,781	1,839	1,870	1,961	1,962	+10.1%							
Subtotal	59,926	64,505	65,188	69,160	69,540	67,148	+4.1%							
Career Solutions (Placement/Recruiting, Outplacement)	4,004	4,147	3,978	4,508	4,568	4,640	+11.9%	670	819	626	905	863	1,078	+31.7%
Outsourcing	7,775	8,473	8,118	8,288	7,933	8,830	+4.2%	1,184	1,330	1,757	1,939	1,684	1,690	+27.1%
Life Solutions	1,250	1,260	1,270	1,347	1,355	1,388	+10.1%	49	61	76	81	18	46	(24.1)%
Public Solutions	462	735	563	515	756	855	+16.3%	(124)	(607)	(340)	(463)	(389)	(296)	-
Eliminations and Corporate	(961)	(962)	(1,047)	(1,100)	(1,157)	(1,168)	-	(1,597)	(1,496)	(1,610)	(1,795)	(1,887)	(1,877)	-
Total	72,458	78,160	78,070	82,720	82,997	81,694	+4.5%	1,033	1,585	1,238	2,681	1,451	2,280	+43.9%

H1 Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



First Half Results

Key Indicators	'07/11	'08/11	'09/11	'10/11	'11/11	'12/11	'13/11	'14/11	'15/11	'16/11	'17/11	'18/11
Net Sales	119,516	116,086	92,069	88,994	90,880	102,976	102,619	113,805	127,602	136,867	150,619	164,692
Gross Profit Margin	20.4%	20.0%	19.2%	18.2%	18.3%	18.5%	18.9%	19.7%	19.9%	19.7%	21.2%	22.0%
SG&A Expenses	21,274	21,598	16,784	15,640	15,922	18,355	18,372	21,265	24,362	26,205	29,313	32,425
SG&A Expense Ratio	17.8%	18.6%	18.2%	17.6%	17.5%	17.8%	17.9%	18.7%	19.1%	19.1%	19.5%	19.7%
Operating Income	3,071	1,598	905	533	724	714	1,038	1,195	1,072	794	2,618	3,732
Operating Income Ratio	2.6%	1.4%	1.0%	0.6%	0.8%	0.7%	1.0%	1.1%	0.8%	0.6%	1.7%	2.3%
Ordinary Income	3,145	1,803	933	580	744	692	961	1,118	977	759	2,634	3,538
Ordinary Income Ratio	2.6%	1.6%	1.0%	0.7%	0.8%	0.7%	0.9%	1.0%	0.8%	0.6%	1.7%	2.1%
Net Income (Loss) *3	1,063	203	(1,696)	(549)	75	(454)	(25)	(155)	(334)	(816)	470	631
Net Income Ratio	0.9%	0.2%	-	-	0.1%	-	-	-	-	-	0.3%	0.4%
Total Assets *4	55,216	52,670	42,866	55,084	57,480	68,768	68,524	72,357	80,164	80,517	100,881	114,914
Net Assets *1	27,736	24,939	22,497	24,260	25,295	24,619	25,743	26,744	27,702	25,591	27,886	37,529
Shareholders' Equity Ratio *2 *4	41.8%	37.6%	41.3%	36.4%	36.0%	28.5%	29.9%	28.6%	24.7%	22.1%	18.9%	23.5%

*1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Non-controlling interests included in presentation of net assets since the fiscal year ended May 31, 2007.

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

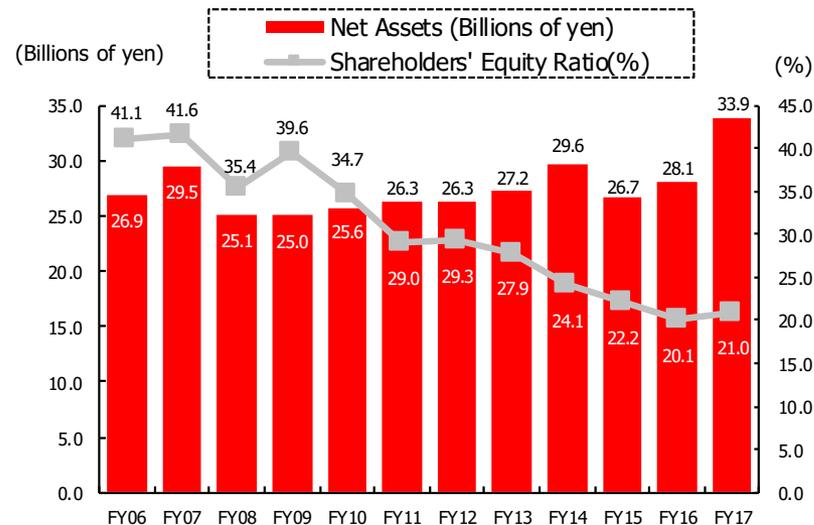
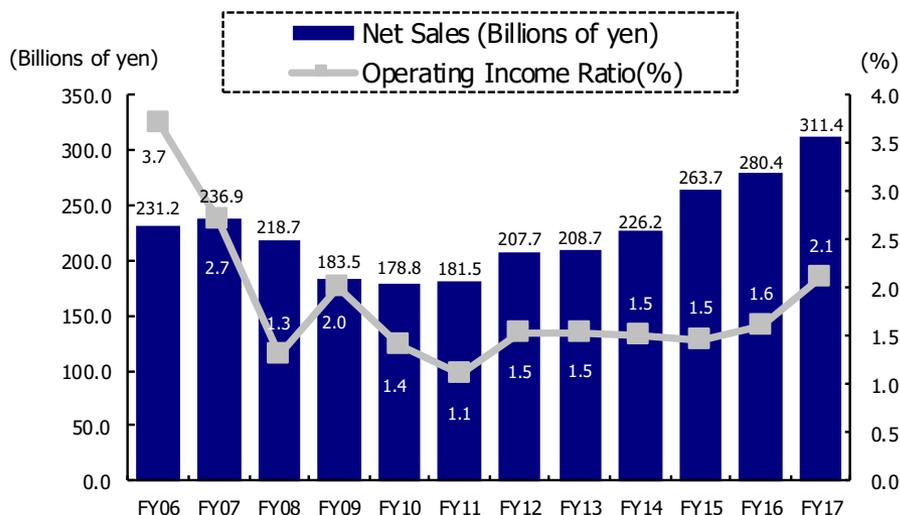
*3. Since the fiscal year ended on May 31, 2016, net income has been referred to profit attributable to owners of parent.

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

Full-Year Key Indicators

Net Sales and Operating Income Ratio

Net Assets and Shareholders' Equity Ratio



Results

Key Indicators	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05	'16/05	'17/05	'18/05
Net Sales	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227	263,728	280,395	311,410
Gross Profit Margin	20.3%	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	21.5%
SG&A Expenses	38,542	42,925	40,735	33,070	31,125	31,840	36,898	37,029	42,381	48,948	52,128	60,489
SG&A Expense Ratio	16.6%	18.1%	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.4%
Operating Income	8,507	6,444	2,850	3,660	2,432	1,964	3,176	3,210	3,490	3,860	4,488	6,539
Operating Income Ratio	3.7%	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%	2.1%
Ordinary Income	8,807	6,637	3,361	4,044	2,571	2,091	3,187	3,135	3,343	3,855	4,319	6,631
Ordinary Income Ratio	3.8%	2.8%	1.5%	2.2%	1.4%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%	2.1%
Net Income *4	4,198	2,962	312	204	412	29	610	526	214	243	(129)	1,288
Net Income Ratio	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	—	0.4%
Total Assets *5	54,425	58,513	55,468	52,269	60,564	70,889	71,276	75,615	88,641	85,356	94,584	112,477
Net Assets *1	26,904	29,468	25,148	24,979	25,642	26,295	26,253	27,181	29,620	26,735	28,062	33,889
Shareholders' Equity Ratio *2 *5	41.1%	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%	24.1%	22.2%	20.1%	21.0%
Return on Equity *3	18.2%	12.7%	1.4%	1.0%	2.0%	0.1%	2.9%	2.5%	1.0%	1.2%	(0.7)%	6.0%
Number of Employees (exclude contract workers)	3,126	3,647	3,671	3,643	3,956	4,452	4,778	5,022	6,584	7,144	7,238	7,716

Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Non-controlling interests included in presentation of net assets since the fiscal year ended May 31, 2007.

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

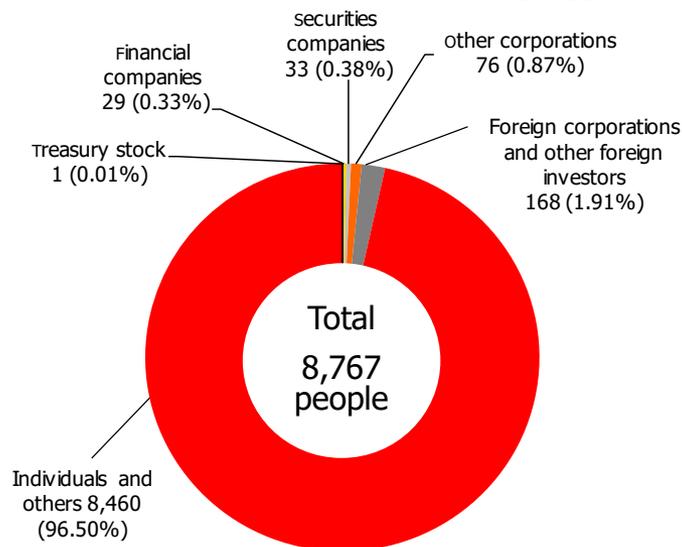
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

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

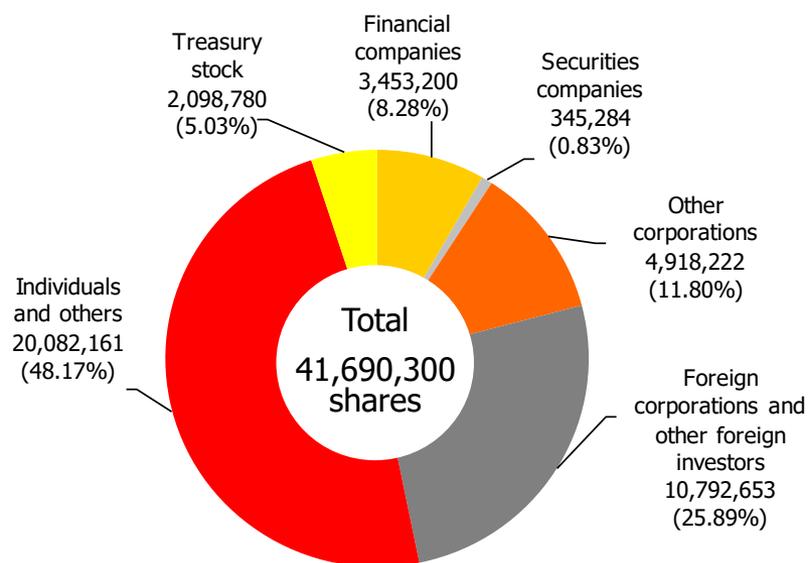
5. As the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter of FY2018. As for the financial position, the figures for the previous consolidated fiscal year were processed by the method.

Stock Information (As of Nov. 30, 2018)

Breakdown of Shareholders by Type



Breakdown of Shareholders by Number of Share Held



Principal Shareholders

	No. of Shares Held	%
Yasuyuki Nambu	14,763,200	35.41%
Nambu Enterprise Inc.	3,737,800	8.97%
Pasona Group Inc.	2,098,780	5.03%
BNYM NON-TREATY DT	2,063,600	4.95%
SOCIETE GENERALE PARIS/BT REGISTRATIN MARC/OPT	1,230,700	2.95%
BRITISH EMPIRE TRUST PLC	917,500	2.20%
CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT	690,800	1.66%
Pasona Group Employees' Shareholding Association	614,000	1.47%
Gratitude Inc.	596,600	1.43%
The Master Trust Bank of Japan, Ltd (Trust Account)	503,600	1.21%

1. The Company's treasury stock (2,098,780 shares, 5.03% of total issued shares) ranked third. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.

2. Pasona Group received a notification from Tempered Investment Management LTD., that it held 2,550,800 shares as of June 12, 2018 outlined the delivery of a Substantial

Shareholding Report submitted to the Kanto Local Finance Bureau on June 14, 2018. As the Company is unable to confirm the number of shares held as of 30 Nov, 2018, 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.	CAPLAN Corporation	
Pasona Tech, Inc.	YASKAWA BUSINESS STAFF CORPORATION	
Pasona Okayama Inc.	Bewith, Inc.	
PASONA LOGICOM Inc.	Asahi Beer Communications Co, Ltd.	
Pasona Masters Inc.	ECOLOVE Inc.	
Pasona Marketing, Inc.	Pasona Panasonic Business Service Co.,Ltd	
Pasona Agri-Partners Inc.	Pasona Knowledge Partner Inc.	
Pasona Tech Systems Inc.	Pasona Job Support Inc.	
Shin nihon kogyo Co.,Ltd.	Pasona Human Solutions Inc.	
Pasona Tquila Inc.	Smart Style Co.,Ltd.	
Nagasaki diamond staff	Job-Hub Inc.	Others *

Global Sourcing

Pasona N A, Inc.	Pasona Canada, Inc.	
Pasona Taiwan Co., Ltd.	Pasona Singapore Pte. Ltd.	
Pasona Asia Co., Limited	PT Pasona HR Indonesia	
Pasona Korea Co., Ltd	Pasona India Private Limited	
MGR Consulting Co., Ltd	Pasona Tech Vietnam Co., Ltd.	
Pasona Human Resources (Shanghai) Co., Ltd.		
Pasona HR Consulting Recruitment (Thailand) Co., Ltd.		
Pasona Education Co. Limited		
Pasona HR Malaysia Sdn. Bhd.		
PT. Dutagriya Sarana		
CAPLAN (Thailand) Co., Ltd.		Others

Career Solutions

Pasona Inc.	Pasona Fortune Inc.	Others
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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) Co., Ltd.		
PT. BENEFIT ONE INDONESIA		
Benefit One Deutschland GmbH		
REWARDZ PRIVATE LIMITED		
DG1 Inc.		
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.		
Nijigenmomori Inc.		Others *

● Consolidated subsidiaries 69
Equity-method affiliates 11*

(As of Nov. 30, 2018)

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	9,069 (Consolidated, including contract workers)	
Consolidated Group Companies	Subsidiaries 69 , Affiliates 11	
URL	www.pasonagroup.co.jp/english/	

(As of Nov. 30, 2018)