

# Results for the Fiscal Year Ended May 31, 2015

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**FY2014(June 1, 2014-May 31, 2015)**

July 17, 2015

**Pasona Group Inc.**

First Section TSE (2168)

<http://www.pasonagroup.co.jp/english>



# FY2014 Results

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

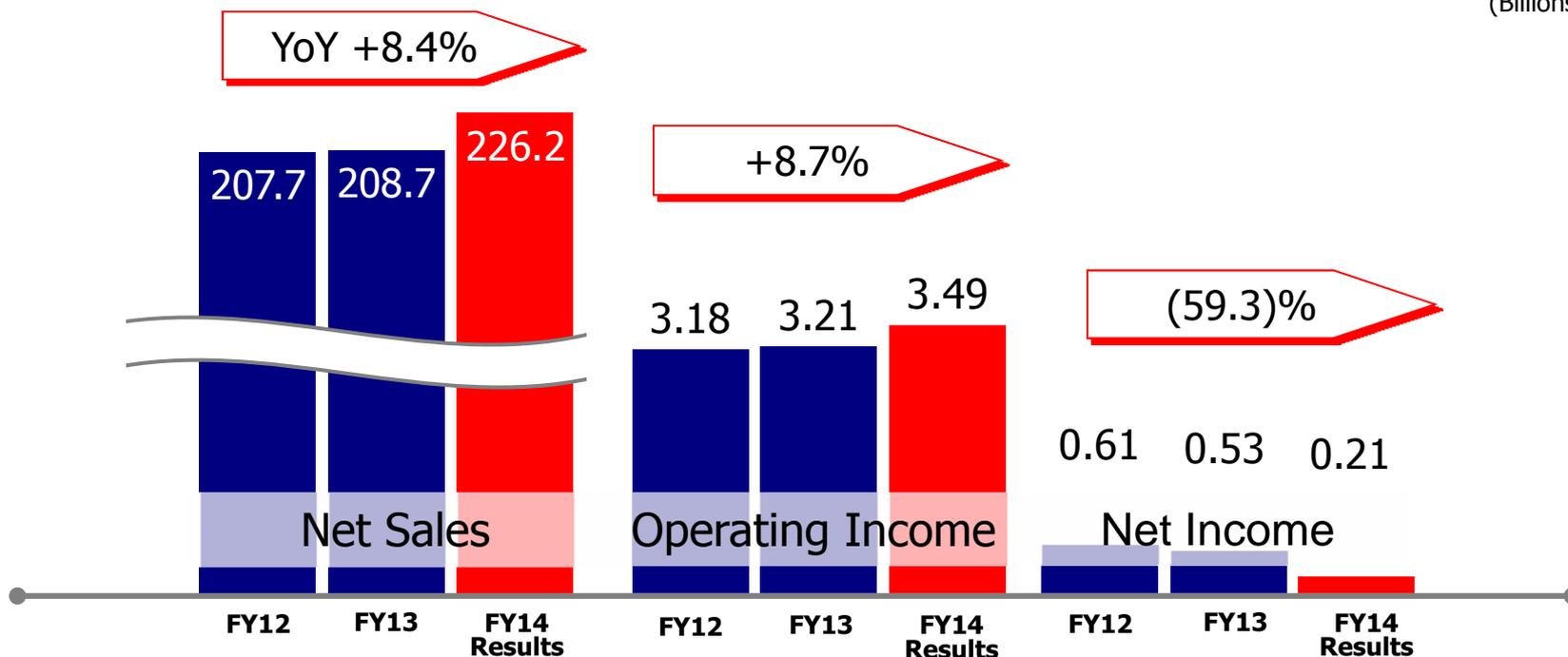
# Revisions to Business Results Forecasts for FY2014

- Net sales did not reach the target level, despite an increase in sales from Expert Services
- Ordinary income was slightly below target because of losses at an equity-method affiliate
- Net income decreased as income taxes—deferred increased because of the reversal of deferred tax assets due to tax reform

FY2014 (Millions of yen)	Initial Forecast	Results	Change (amount)	Change (%)	
Net Sales	232,000	226,227	(5,772)	(2.5)%	<ul style="list-style-type: none"> <li>● Net Sales</li> <li>Expert Services was below target ¥(6) billion</li> </ul>
Gross Profit	45,800	45,871	71	0.2%	
SG&A Expenses	42,250	42,381	131	0.3%	
Operating Income	3,550	3,490	(59)	(1.7)%	<ul style="list-style-type: none"> <li>● Ordinary Income</li> <li>Loss increased at equity-method affiliate</li> </ul>
Ordinary Income	3,550	3,343	(206)	(5.8)%	<ul style="list-style-type: none"> <li>● Net Income</li> <li>Increase of income taxes – deferred by ¥374 million</li> </ul>
Net Income	600	214	(385)	(64.3)%	

# Consolidated Results

(Billions of yen)



(Millions of yen)	FY12	to net sales %	FY13	to net sales %	FY14	to net sales %	vs FY13 Increase/Decrease	%
Net sales	207,685	100.0	208,660	100.0	226,227	100.0	17,566	8.4%
Cost of sales	167,609	80.7	168,420	80.7	180,355	79.7	11,935	7.1%
Gross profit	40,075	19.3	40,239	19.3	45,871	20.3	5,631	14.0%
SG&A expenses	36,898	17.8	37,029	17.7	42,381	18.7	5,352	14.5%
Operating income	3,176	1.5	3,210	1.5	3,490	1.5	279	8.7%
Ordinary income	3,187	1.5	3,135	1.5	3,343	1.5	207	6.6%
Net income	610	0.3	526	0.3	214	0.1	(312)	(59.3)%

# Consolidated Results by Segment

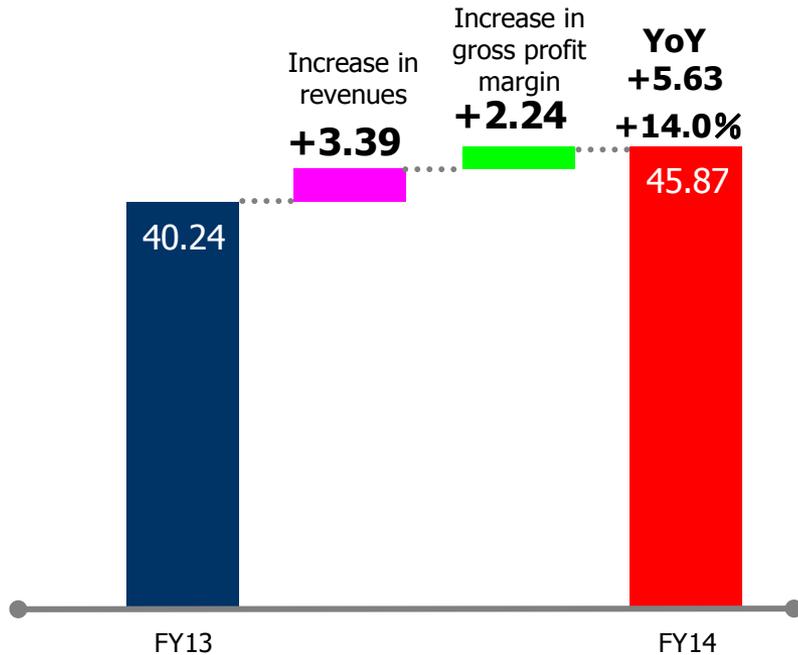
(Millions of yen)

	Segment	Net sales				Operating income (loss)				Operating income margin		
		FY13	FY14	Increase/ Decrease	YoY	FY13	FY14	Increase/ Decrease	YoY	FY13	FY14	Increase/ Decrease
1	Expert Services	124,280	132,621	8,341	6.7%	2,872	3,960	1,088	37.9%	1.6%	2.1%	0.5pt
2	Insourcing	39,527	43,985	4,458	11.3%							
3	HR Consulting, others	4,663	5,536	873	18.7%							
4	Place & Search	3,430	5,389	1,959	57.1%							
5	Global Sourcing	3,668	4,840	1,171	31.9%							
Subtotal		175,569	192,374	16,804	9.6%							
6	Outplacement	10,350	8,806	(1,543)	(14.9)%	993	379	(614)	(61.8)%	9.6%	4.3%	(5.3)pt
7	Outsourcing	20,356	21,643	1,286	6.3%	3,074	3,193	118	3.9%	15.1%	14.8%	(0.3)pt
8	Life Solutions Public Solutions Shared	5,401	5,433	32	0.6%	17	(60)	(77)	-	0.3%	-	-
9	Eliminations and Corporate	(3,017)	(2,030)	987	-	(3,748)	(3,983)	(235)	-	-	-	-
10	Total	208,660	226,227	17,566	8.4%	3,210	3,490	279	8.7%	1.5%	1.5%	0.0pt

# Gross Profit, SG&A Expenses

(Billions of yen)

## Gross Profit



(Billions of yen)

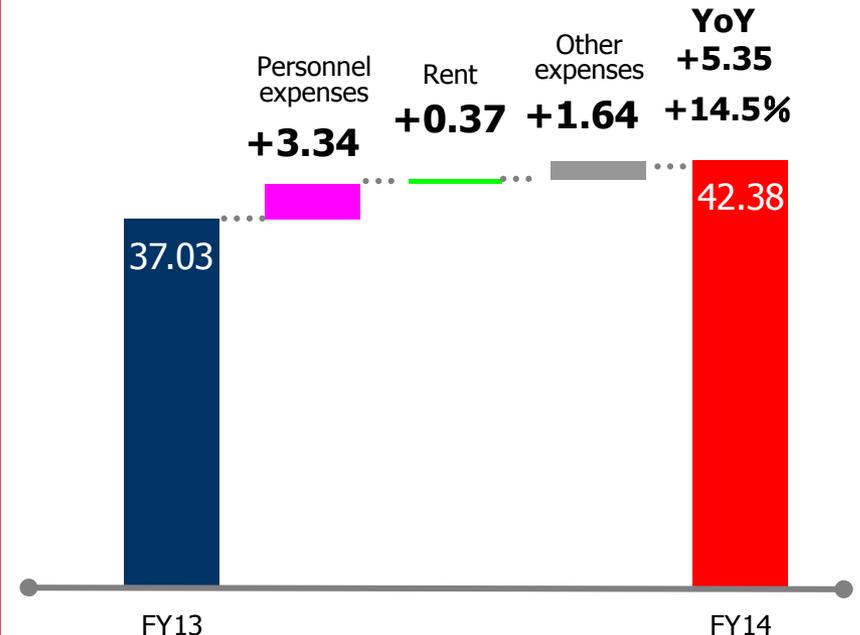
	FY13	FY14	Increase/Decrease
Gross profit	40.24	45.87	+5.63
Gross profit margin	19.3%	20.3%	+1.0pt

(Reference)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Gross profit margin	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%	20.3%

(Billions of yen)

## SG&A Expenses



(Billions of yen)

	FY13	FY14	Increase/Decrease
Personnel	21.65	24.99	+3.34
Advertisement and recruitment	1.10	1.35	+0.25
IT	1.87	2.28	+0.41
Rent	3.67	4.04	+0.37
Others	8.74	9.72	+0.98
Total	37.03	42.38	+5.35
SG&A expense ratio	17.7%	18.7%	+1.0pt

(Reference)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
SG&A expense ratio	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%

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

(Millions of yen)

	FY13	FY14	Increase/ Decrease	YoY
Operating income	3,210	3,490	279	8.7%
Non-operating income	305	310	5	1.7%
Non-operating expenses	380	457	77	20.3%
Ordinary income	3,135	3,343	207	6.6%
Extraordinary income	0	91	90	-
Extraordinary loss	64	225	161	249.8%
Income before income taxes	3,071	3,208	137	4.5%
Income taxes—current	1,840	2,155	314	17.1%
Income taxes—deferred	(218)	(87)	130	-
Minority interests in income	923	927	4	0.5%
Net income	526	214	(312)	(59.3)%

● **Extraordinary income**  
Compensation income  
¥91 million

● **Extraordinary loss**  
Impairment loss of noncurrent  
assets of a subsidiary  
¥124 million

● **Income taxes-deferred**  
The effect of a reversal of  
deferred tax assets caused by  
tax reforms  
¥374 million

# Balance sheet

(Billions of yen)

Item of Increase/Decrease	May 31,2014	May 31,2015	Increase/ Decrease
<b>Assets</b>	75.6	88.6	13.0
<b>Current assets</b>	48.5	58.1	9.6
Cash and deposits	18.2	21.1	2.9
Notes and accounts receivable—trade	24.7	29.5	4.9
Inventories	0.7	1.0	0.3
<b>Noncurrent assets</b>	27.1	30.5	3.4
Property, plant and equipment	8.3	9.8	1.4
Intangible assets	9.4	9.8	0.4
Investments and other assets	9.4	10.9	1.6
<b>Liabilities</b>	48.4	59.0	10.6
<b>Current liabilities</b>	37.0	46.3	9.3
Accounts payable	2.5	5.2	2.7
Short-term loans payable	5.3	4.0	(1.3)
Accrued consumption taxes	1.9	6.2	4.3
<b>Noncurrent liabilities</b>	11.5	12.8	1.3
Long-term loans payable	6.5	7.4	0.9
<b>Net assets</b>	27.2	29.6	2.4
Shareholders' equity	20.6	20.5	(0.1)
Accumulated other comprehensive income	0.5	0.8	0.3
<b>Minority interests</b>	6.1	8.3	2.2
<b>Equity stock ratio</b>	27.9%	24.1%	(3.8)pt

## Item of Increase/Decrease

**【Total liabilities and net assets】**  
Increase due to new consolidations\* ¥9.8 billion

**【Property, plant and equipment】**  
Increase in buildings ¥1.3 billion  
**【Intangible assets】**  
Increase in software ¥0.6 billion

**【Investments and other assets】**  
Increase in net defined benefit asset ¥0.9 billion  
Increase in lease and guarantee deposits ¥0.3 billion

**【Liabilities】**  
Increase due to new consolidations\* ¥8.2 billion

**【Minority interests】**  
Increase due to new consolidations\* ¥1.6 billion

\*The effect of goodwill, elimination, etc. following the consolidation of Pasona Panasonic Business Service Co.,Ltd... and Shin nihon kogyo Co.,Ltd.

# Cash Flows

(Billion of yen)

Item of Increase/Decrease	May 31, 2014	May 30, 2015	Increase/ Decrease
Cash flows from operating activities	1.6	8.6	6.9
Income before income taxes	3.1	3.2	0.1
Depreciation and amortization	2.4	2.6	0.2
Amortization of goodwill	0.9	0.9	0.1
Increase in notes and accounts receivable—trade	(1.5)	(0.3)	1.3
Decrease in operating debt	0.5	(0.8)	(1.3)
Increase of consumption taxes payable	0.5	4.3	3.7
Payments for income taxes etc.	(2.3)	(2.1)	0.2
Cash flows from investing activities	(4.9)	(4.6)	0.3
Purchase of property, plant and equipment	(0.8)	(1.2)	(0.4)
Purchase of intangible fixed assets	(1.4)	(1.5)	(0.1)
Purchase of investment securities	(1.3)	(0.4)	0.9
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1.2)	(1.1)	0.1
Cash flows from financing activities	1.2	(2.0)	(3.2)
Repayment of short-term loans payable	0.0	(0.8)	(0.8)
Proceeds from long-term loans payable	5.3	5.1	(0.2)
Repayment of long-term loans payable	(3.0)	(4.7)	(1.7)
Repayments of finance lease obligations	(0.6)	(0.7)	(0.1)
Payments made to dividend	(0.4)	(0.4)	(0.0)
Cash and cash equivalents at the end of the period	19.9	18.0	(1.9)
Cash and cash equivalents at the end of the period	18.0	20.3	2.3
Free cash flows	(3.3)	3.9	7.2

## Item of Increase/Decrease

### 【 Accrued consumption taxes 】

The effect of Japan's consumption tax hike

### 【 Property, plant and equipment and intangible assets 】

Investments in new businesses and core systems

### 【 Investment securities 】

In the previous period, Pasona invested in the Cool Japan Fund Inc.

### 【 Repayments of interest-bearing liabilities 】

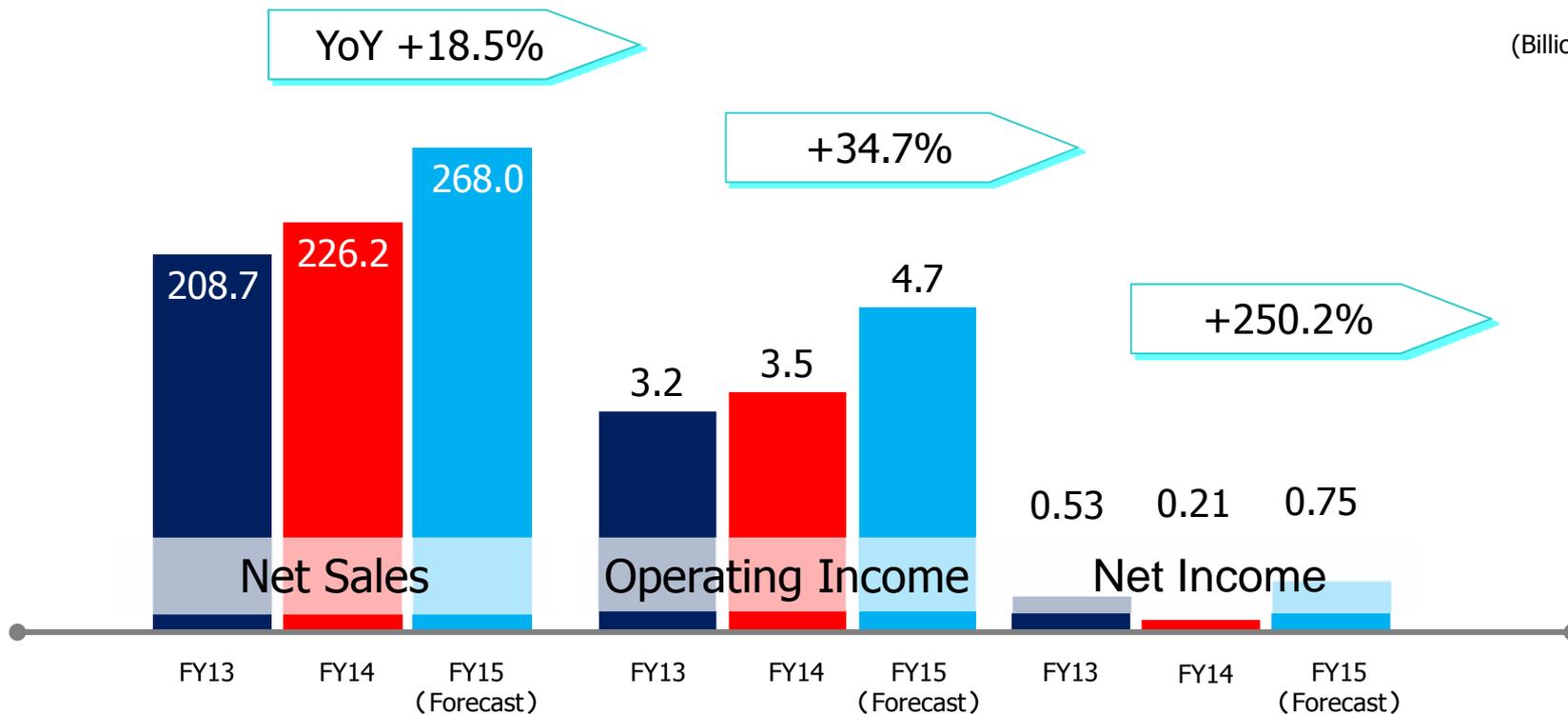
Repayments of short-term and long-term loans payable  
Repayments of finance lease obligations

# FY2015 Forecasts

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# Consolidated Forecasts for FY2015

(Billions of yen)



(Millions of yen)	FY13	to net sales %	FY14	to net sales %	FY15 Forecast	to net sales %	vs FY14 Increase/Decrease	YoY
Net sales	208,660	100.0	226,227	100.0	268,000	100.0	41,772	18.5%
Cost of sales	168,420	80.7	180,355	79.7	212,400	79.3	32,044	17.8%
Gross profit	40,239	19.3	45,871	20.3	55,600	20.7	9,728	21.2%
SG&A expenses	37,029	17.7	42,381	18.7	50,900	19.0	8,518	20.1%
Operating income	3,210	1.5	3,490	1.5	4,700	1.8	1,209	34.7%
Ordinary income	3,135	1.5	3,343	1.5	4,600	1.7	1,256	37.6%
Net income*	526	0.3	214	0.1	750	0.3	535	250.2%

\*Profit (loss) attributable to owners of parent

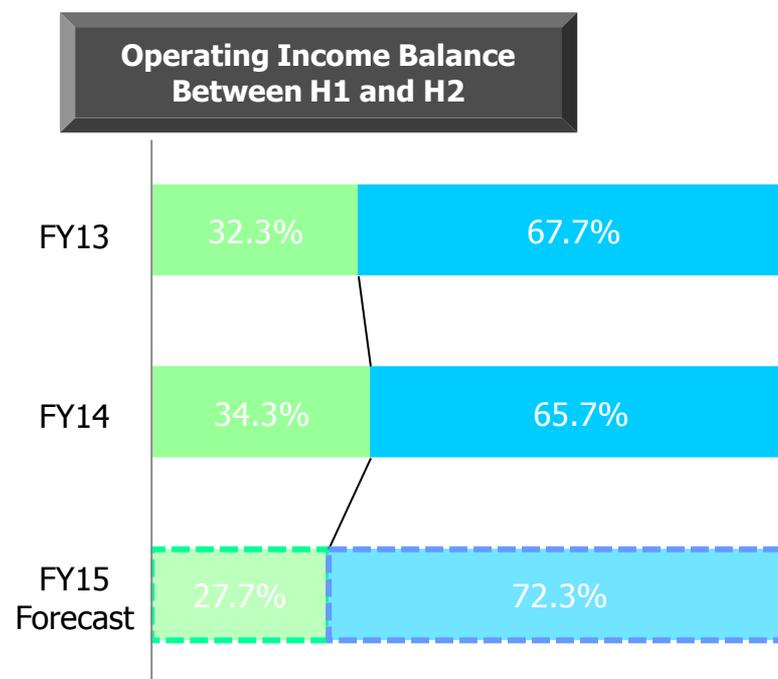
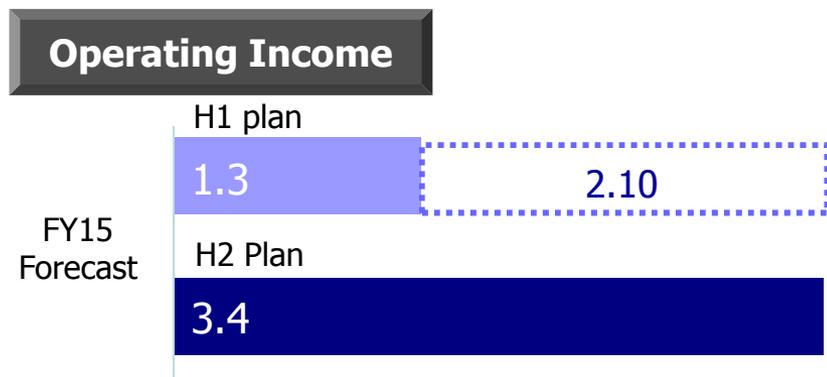
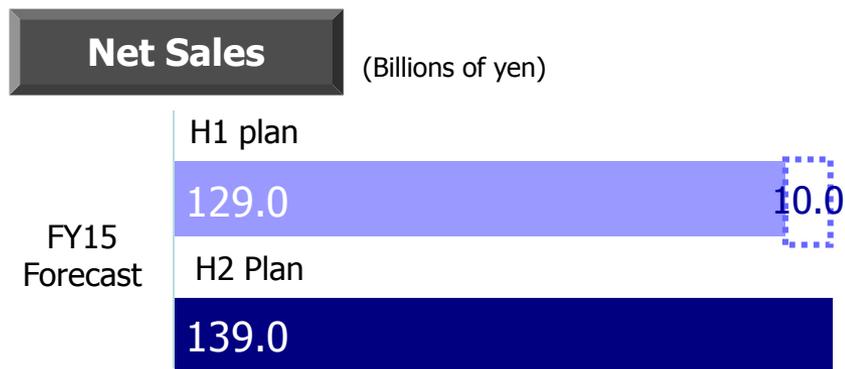
# Consolidated Forecasts by Segment for FY2015

(Millions of yen)

Segment	Sales				Operating income (loss)			
	FY14 (Reference)	FY15 Forecast	VS FY14 Increase/ Decrease	VS FY14 %	FY14 (Reference)	FY15 Forecast	VS FY14 Increase/ Decrease	VS FY14 %
Expert Services	132,621	133,380	758	0.6%	2,485	3,090	604	24.3%
Insourcing	43,985	74,250	30,264	68.8%				
HR Consulting, others	5,536	6,300	763	13.8%				
Global Sourcing	4,840	5,870	1,029	21.3%				
Subtotal	186,984	219,800	32,815	17.5%				
Career Solutions	14,196	15,450	1,253	8.8%	1,855	2,050	194	10.5%
Outsourcing	21,643	28,890	7,246	33.5%	3,193	4,280	1,086	34.0%
Life Solutions Public Solutions	5,251	5,710	458	8.7%	(59)	(150)	(90)	-
Eliminations and Corporate	(1,848)	(1,850)	(1)	-	(3,984)	(4,570)	(585)	-
Consolidated	226,227	268,000	41,772	18.5%	3,490	4,700	1,209	34.7%

\*From FY2015, "Place & Search" and "Outplacement" are integrated into "Career Solutions" segment.  
 In the middle of current fiscal year, IT Division included in "Shared" segment merged with a holding company.  
 FY2014 results of "Career Solutions" has been reallocated and presented in the new segment.

# Balance Between the First and Second Half of FY2015



(Millions of yen)	FY14 H1	FY15 H1	to net sales	vsFY14 %	FY14 H2	FY15 H2	to net sales	vsFY14 %	FY14	FY15	to net sales	vsFY14 %
Net Sales	113,805	129,000	100.0	13.4%	112,421	139,000	100.0	23.6%	226,227	268,000	100.0	18.5%
Cost of sales	91,344	102,680	79.6	12.4%	89,011	109,720	78.9	23.3%	180,355	212,400	79.3	17.8%
Gross profit	22,461	26,320	20.4	17.2%	23,410	29,280	21.1	25.1%	45,871	55,600	20.7	21.2%
SG&A expenses	21,265	25,020	19.4	17.7%	21,115	25,880	18.6	22.6%	42,381	50,900	19.0	20.1%
Operating income	1,195	1,300	1.0	8.7%	2,294	3,400	2.4	48.2%	3,490	4,700	1.8	34.7%
Ordinary income	1,118	1,230	1.0	9.9%	2,224	3,370	2.4	51.5%	3,343	4,600	1.7	37.6%
Net income (loss)*	(155)	(300)	-	-	369	1,050	0.8	184.1%	214	750	0.3	250.2%

\*Profit (loss) attributable to owners of parent

# Returns to Shareholders

## Dividend Policy

**Basic policy to deliver adequate returns to shareholders while taking into consideration performance; while at the same time providing continuous and stable dividends**

## Dividends

**Plan to pay ¥12 per share for the fiscal year ending May 31, 2016**

- **FY2014 Dividend per share**                      **¥12**      **Interim** —      **Period-End**    **¥12**
- **FY2015 Dividend forecast per share**    **¥12**      **Interim** —      **Period-End**    **¥12**

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)
Cash dividend per share (Yen)	500	1,000	1,000	1,000	10 (1,000)※	12 (1,200)※	12 (1,200)※
Payout ratio (consolidated)	88.5%	90.8%	1,269.4%	61.3%	71.2%	206.3%	58.9%

※ The Company implemented a 100-for-1 stock split of its common stock as of December 1, 2013.  
Reference before stock split.

# Strategic Priorities for the Fiscal Year Ending May 31, 2016

# FY2015 Strategic Priorities

i Accelerate Growth of BPO Business

ii Strengthen Specialist Human Resources in Expert Services

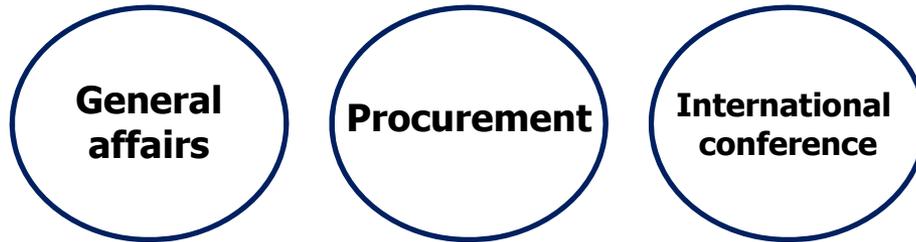
iii Expand Global Business

iv Strengthen Health Care Business

v Further Promote Regional Revitalization Business

# Accelerate Growth of BPO Business

- Realize synergies with Pasona Panasonic Business Service



**Expand administrative outsourcing**  
**Drive the MICE business**

- Grow public solutions field

**Steady performance of outsourcing administrative services for the public-sector**

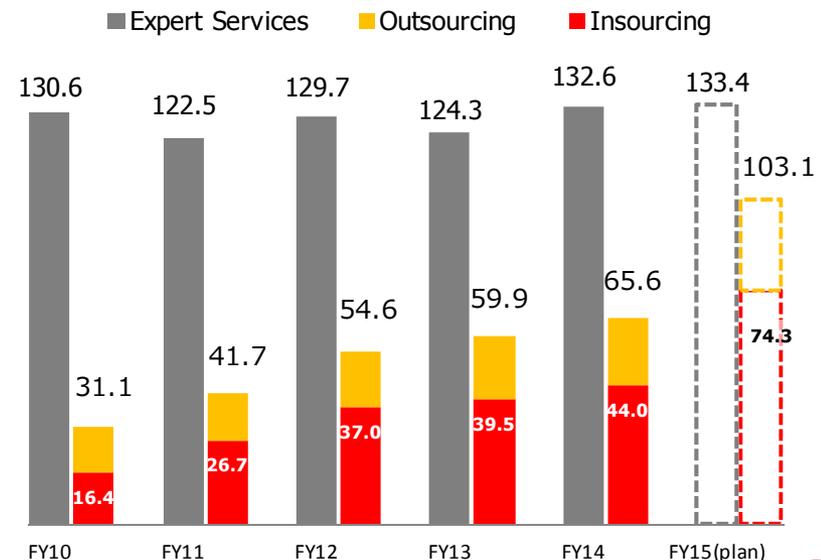
FY2014 Sales YoY **+40%**

**Expand areas our services cover**

- Responding to "My Number" system developments



Temporary staffing + BPO  
Net sales (Billions of yen)



# Strengthen Specialist Human Resources in Expert Services (1)

- Opening ratio for clerical work remains at a low level

Opening ratio for clerical work (May 2015) **0.23 times** (including part-time workers)

Source: Report on Employment

- Support temporary staff to advance their careers and transition to specialized jobs through strengthening career consulting and staff education and training

## Career counseling

Qualified counselors conduct interviews based on (candidates') experience and interests

Focus on training qualified personnel

National qualifications  
(1st/2nd grade certified skilled professional of career consulting)

**141**  
persons

Persons holding private qualifications

**598**  
persons

Clerical workers

## Career advancement support

Collaborate with partners familiar with various fields

Accounting



Trading



Cloud



IT



Practice of law



R&D



Medical



BPO  
AI

# Strengthen Specialist Human Resources in Expert Services (2)

- Create jobs through new work styles

## Link work style Project

Focus on housewives

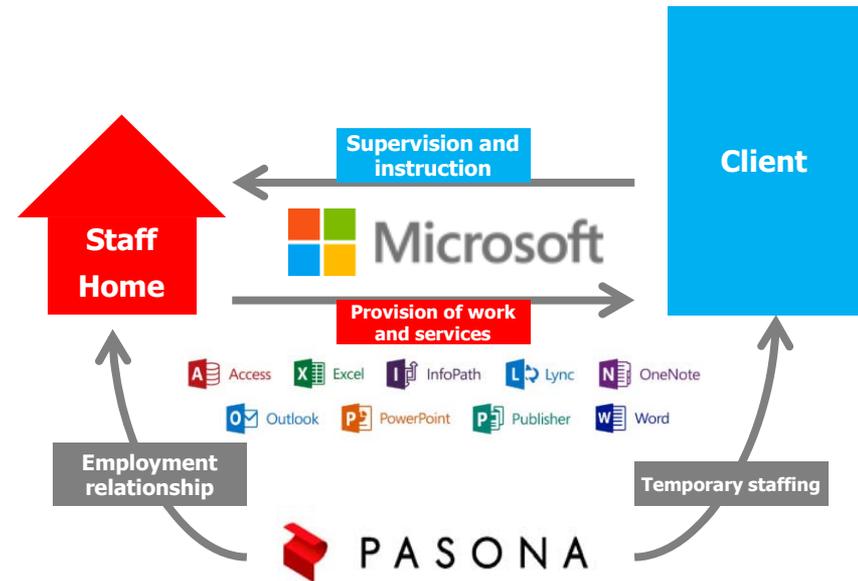
Take over business of **b-Style, Inc.** in Osaka



### Start up "Link work Team"

Promote new work styles, such as teleworking, through consulting

Promote Haken teleworking



(Reference) Government policies (Declaration to be the World's Most Advanced IT Nation)

Key Performance Indicators (KPIs)

1. Raise number of teleworkers working in their homes to 10% or more by 2020
2. By 2020, increase number of companies introducing teleworking to three times the level in fiscal 2012

# Expand Global Business

- Implemented M&A deal to make an Indonesian company a Group subsidiary

**PT Dutagriya Sarana** established as a subsidiary company

To make providing a full line of services for Indonesian personnel possible

- Accelerate opening of offices



Opened new offices in **Dallas** in the **United States** and **Delta Mas** in **Indonesia**

Further accelerate opening of offices in North America and the ASEAN region

**14 regions**  
**51 bases**

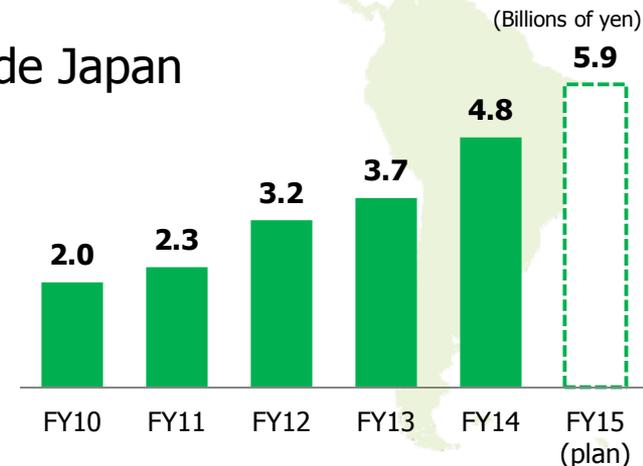
- Expand human resource development business outside Japan

- Training in "**Omotenashi**" (Hospitality) to communicate Japanese-style business manners

- Training of technical personnel through collaboration with

**Hanoi University of Science and Technology**

Global Net sales



# Strengthen Health Care Business

- Track record in maintaining health of employees and staff, including provision of mental health consultation functions

## Total health care support



**Support for client's "health management"**

# Mid- to Long-term Business

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# Job creation in new fields (1)

## Here We Go !

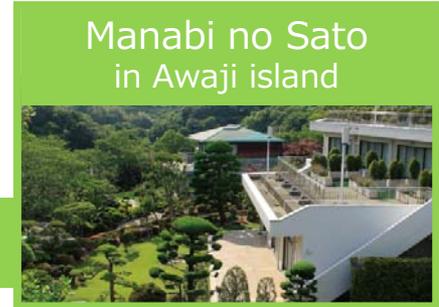
- H** **Healthcare**  
Health / Treating early symptoms / Disease prevention /  
Medical / Nursing
- R** **Region**  
Regional revitalization / Agriculture / Sightseeing / Culture
- E** **Education**
- G** **Global**
- O** **Olympic-Paralympic-MICE**  
International conference / Event

# Job creation in new fields (2)



## Health Care

### Disease prevention



×



**Education**

Training for good exercise and diet habits



×



**Regional revitalization**

Planning and operating health care tourism activities



Extending “healthy life expectancy”

### Support for balancing work and caring for seniors

Services to prevent nursing care personnel from quitting their jobs



P A S O N A  
LIFECARE

Nursing seminar/Inquiry counter task/Reduce burden by using homemaker service

# (Reference) Business Outline of Pasona Life Care Inc.



## Human Resources Business

- Care worker dispatching
- Recruiting of care worker



### Main Job Type

Care worker/Helper/  
Care manager/Life counselor/  
Dietitian/Chef/Manager/  
Nursing insurance/  
Administration to make a  
claim for care insurance  
payment

## Nursing Service

- Operating of care facilities
- Support of in-home care
- Home nursing care
- Day-service centers

Operating **30 offices**  
(as of 31 May, 2015)



"Yottoide Nishinosho" in Wakayama

## Homemaker Service



**Entire housework support**

Reduces burden in housework

**Work-life balance support**



# Job creation in new fields (3)

## **R** Region Regional development

### AWAJI

Nojima Scuola  
Miele



### KYOTANGO

Tango Kingdom



NEW!

### TOHOKU

Pasona Tohoku Sousei  
"Training tourism"



NEW!

### Agriculture-related business

Business for supporting workers newly entering agricultural work

Project for aiding "sixth industry" activities

Business for strengthening horticultural gardening, which can maximize use of women's capabilities

etc.

### Regional development business

Business for aiding UIJ-turn

NEW!

Establishment of **Mission Turn Center**

Movement to regional areas for limited periods to address issues

Model project for supporting people who want to operate shops and revitalize their regional shopping areas

# Job creation in new fields (4)

## **E** Education

### **E** × **G** Global

Developing truly global-minded leaders

Training through the use of overseas offices for students, working adults



### OMOTENASHI Training

Providing instruction for offering Japanese-style services



Will develop mainly in the **ASEAN** region

### **E** × **O** Olympic-Paralympic -MICE

Training of inbound human resources



OMOTENASHI



Human resources distinguished by foreign language

Education/training of international conference staff

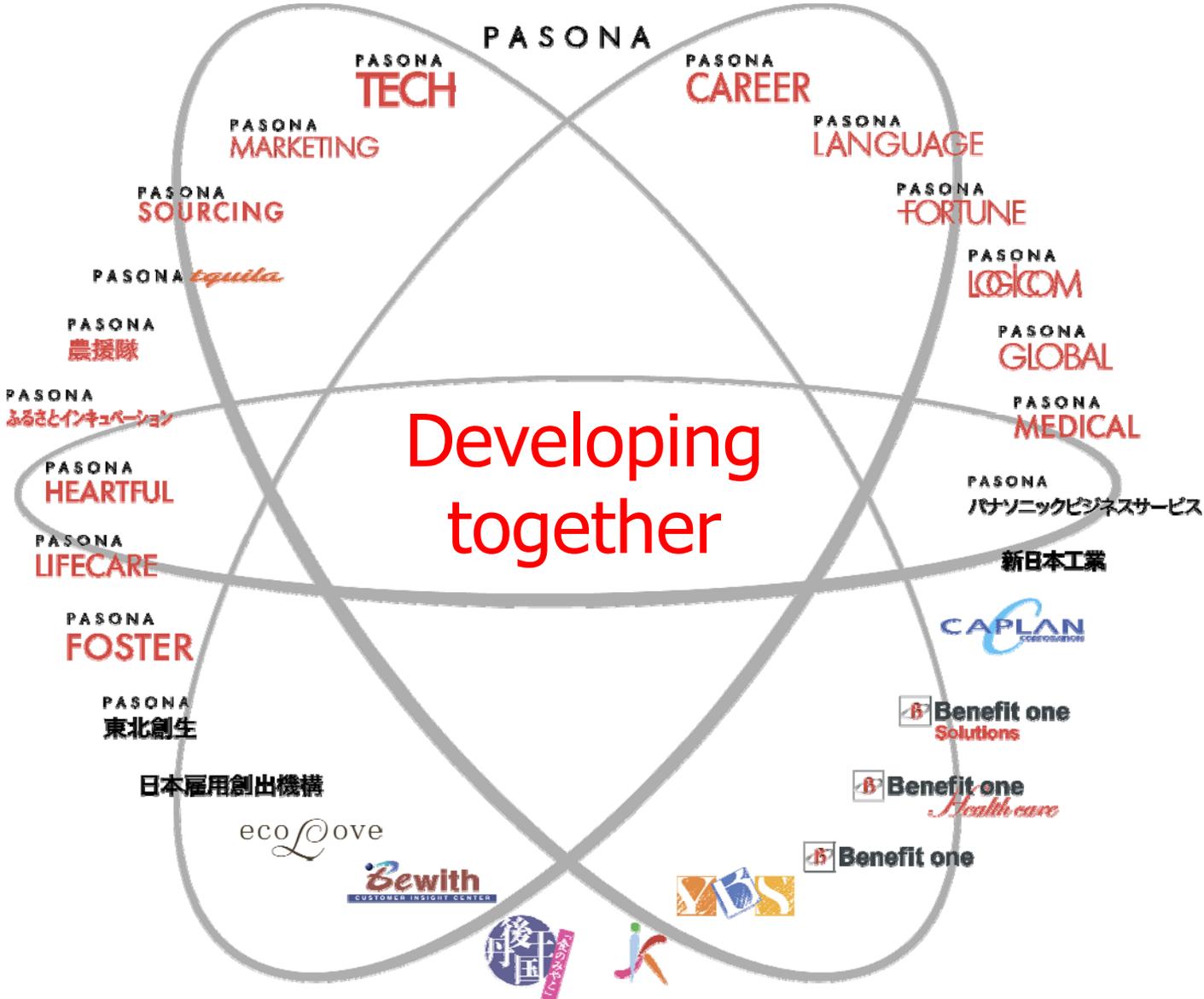
Staff with seasoned skills of translation and interpretation



Japanese culture



# Collaborating and realizing synergies with Group companies



# Reference

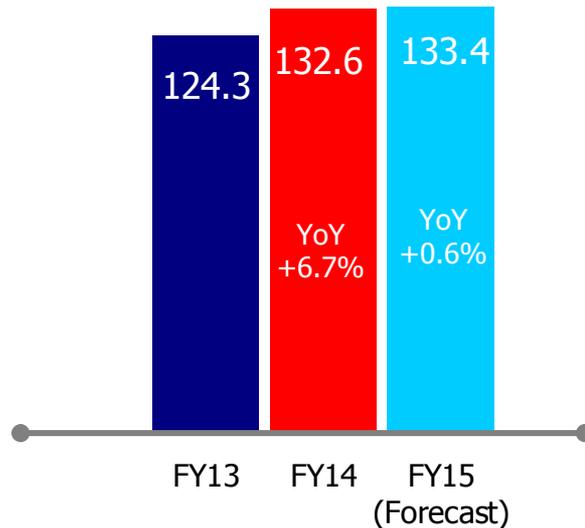
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# Expert Services (Temporary staffing)

## Net Sales

※ Segment figures include intersegment sales

(Billions of yen)



## Business Conditions

- **FY14 result**
  - Focused on training-style temporary staffing and strengthening specialist human resources in collaboration with external partners
  - Pasona Medical Inc. also contributed, and technical and IT engineering fields expanded
- **FY15 plan**
  - Expanded scope of education and training for temporary staffing and strengthened career consulting
  - Promoted wide adoption of new work styles, including work at home, and increased human resource supply capacity

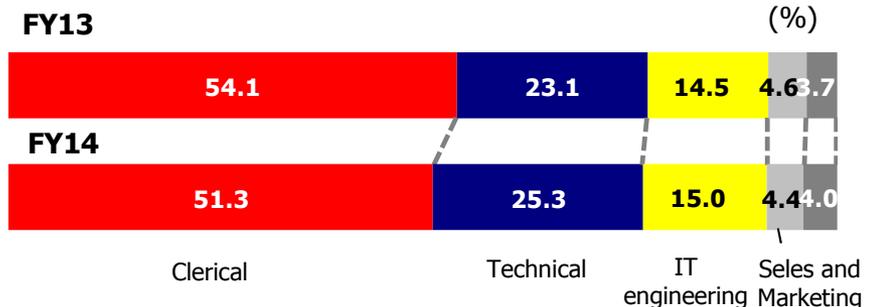
## Sales by Staffing Type

※ Figures exclude intersegment sales

(Millions of yen)

	FY13	FY14	YoY
Clerical	67,022	67,920	1.3%
Technical	28,607	33,420	16.8%
IT engineering	17,973	19,839	10.4%
Sales and Marketing	5,693	5,824	2.3%
Other Expert Services	4,705	5,316	13.0%
<b>Total</b>	<b>124,001</b>	<b>132,320</b>	<b>6.7%</b>

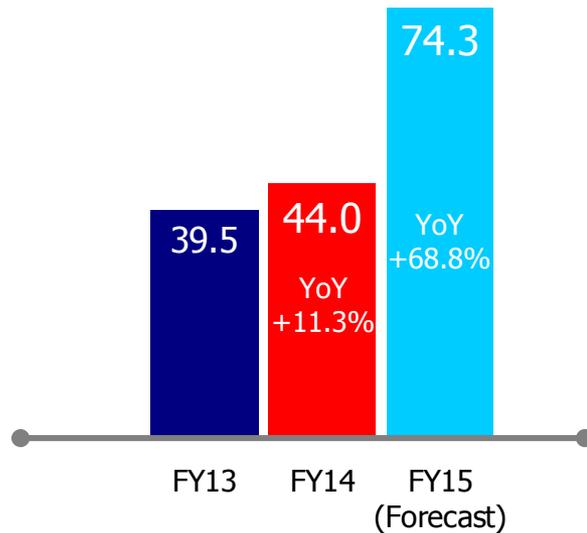
## Sales Composition



# Insourcing (Contracting)

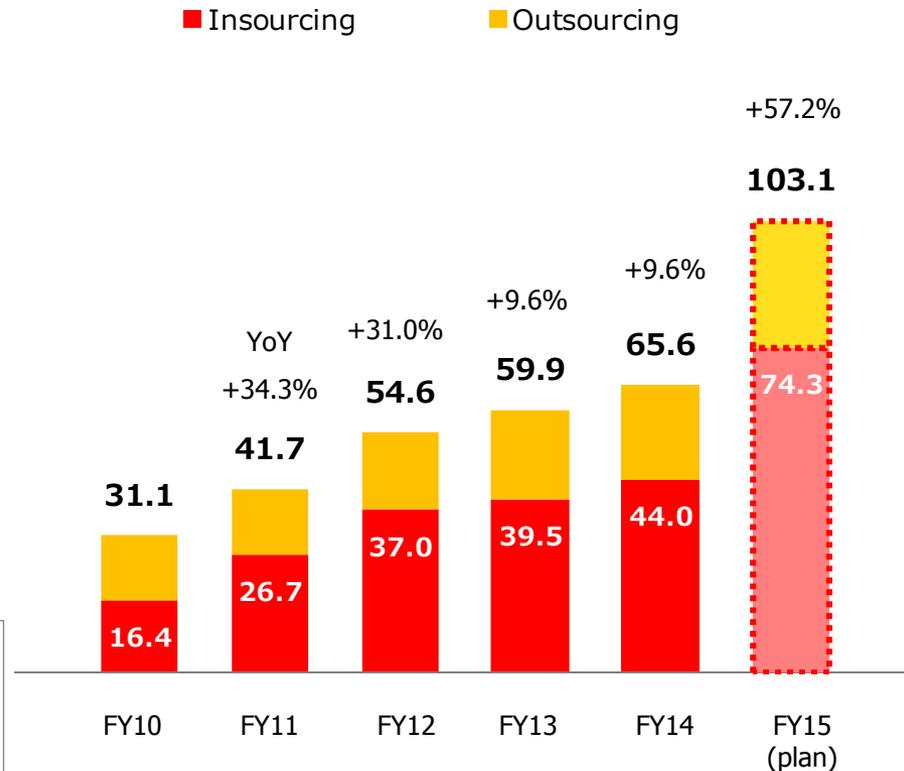
## Net Sales

(Billions of yen)



## BPO Sales

(Billions of yen)



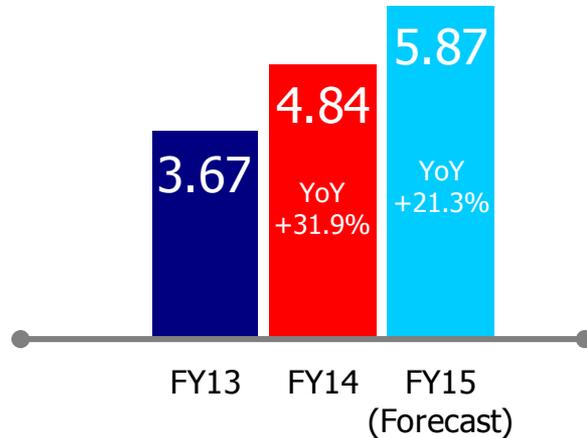
## Business Conditions

- **FY14 result**
  - In the private sector, positive effects of introduction were favorably appraised, and lateral business expansion proceeded
  - In the public sector, we became the first private-sector company to receive an assignment for operating a Childcare Administration Center
- **FY15 plan**
  - Captured demand related to the "My Number" system in collaboration with an IT vendor
  - At Pasona Panasonic Business Service Co., Ltd. and its subsidiary, we strengthened administrative outsourcing and our services in the MICE field

# Global Sourcing (Overseas)

## Net Sales

(Billions of yen)



## Business Conditions

- **FY14 result**
  - Demand for personnel was strong, mainly in North America, Taiwan, China, and sales of temporary staffing and recruiting services expanded
  - Sales increased due to providing a broad range of services, including education and consulting to Japanese companies for setting up overseas subsidiaries in addition to payroll computation and hiring representation services
- **FY15 plan**
  - Expanded business operations in both North America and the ASEAN region along with the increase in the number of Japan-related companies setting up operations
  - Made PT Dutagriya Sarana, an Indonesian company, a subsidiary of Pasona and offered the full line of human resource services

## Sales by Business Segment

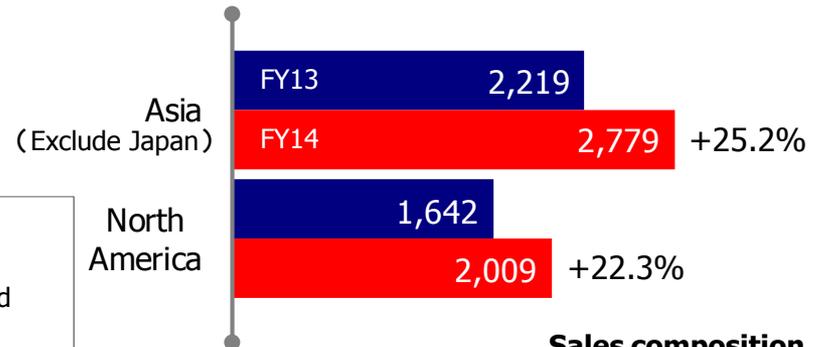
(Millions of yen)

	FY13	FY14	YoY
Temporary Staffing	1,365	1,738	27.4%
Placement / Recruiting	1,433	1,740	21.4%
Contracting (Payroll, others)	795	944	18.7%
Others	74	417	460.2%*
<b>Total</b>	<b>3,668</b>	<b>4,840</b>	<b>31.9%</b>

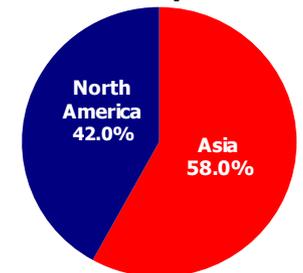
\*These figures include the effects of shifting Pasona Education from the Life Solutions segment to the Global Sourcing (Overseas) segment from the beginning of the period

## Sales by Region

(Millions of yen)



## Sales composition

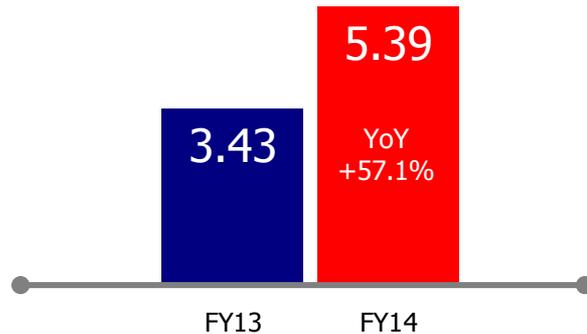


# Place & Search (Placement / Recruiting)

From FY2015, "Place & Search" and "Outplacement" will be integrate into "Career Solutions" segment

## Net Sales

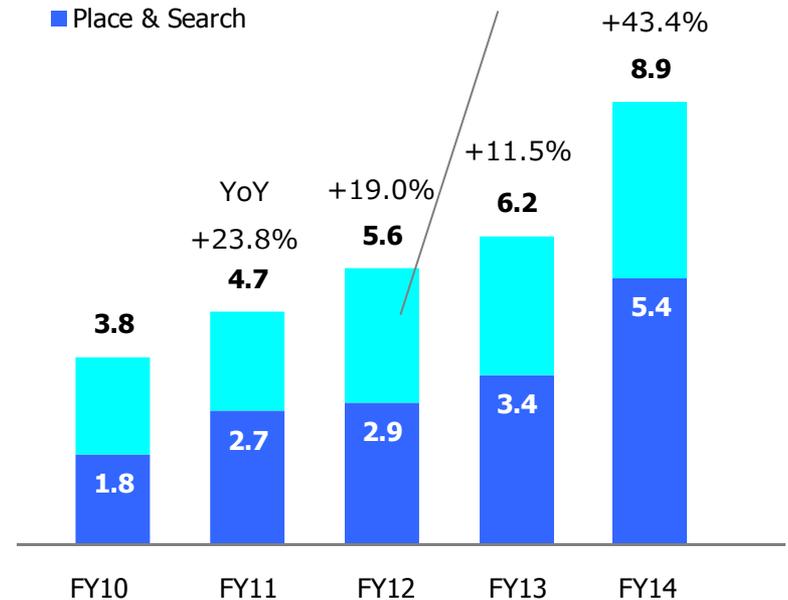
(Billions of yen)



## Placement and Recruiting Sales

(Billions of yen)

Total of sales in placement / recruiting in Global sourcing, domestic Temp to Perm and Place & Search



## Business Conditions

- **FY14 result**
- Due to success of recruitment strategies, the number of contracts showed a favorable performance.
- Contracts for middle-management class personnel in their 40s and 50s contributed to sales expansion
- Contracts increased due to inaugurating a specialized unit to support women changing their jobs, and, following promotional events and other measures

# Outplacement

From FY2015, "Place & Search" and "Outplacement" are integrated into "Career Solutions" segment

## Net Sales

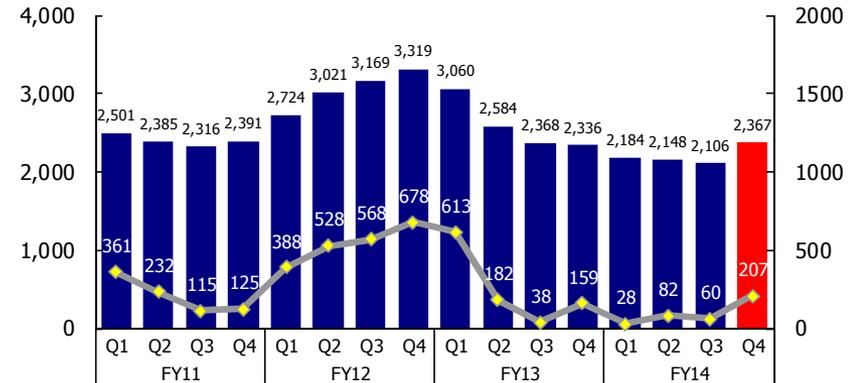
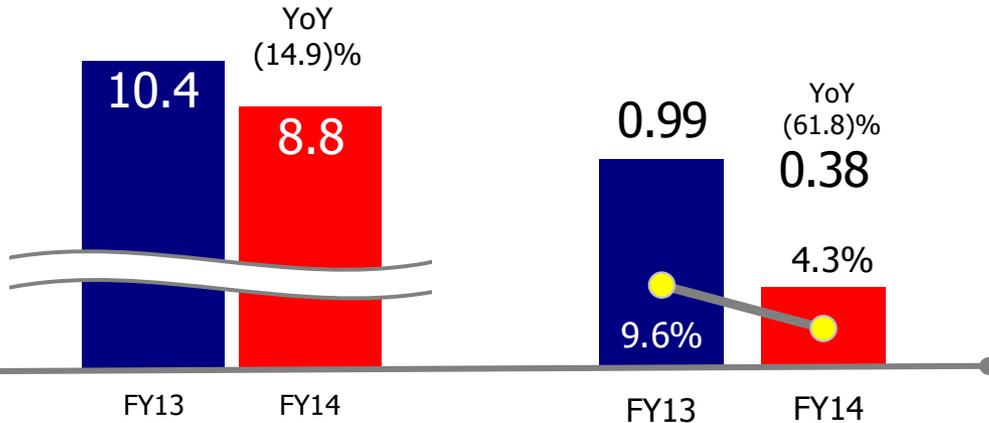
Along with the quicker and definitive turnaround in the placement of service users, the proportional allocation of sales under contracts without definite ending dates shortened from 10 months to 9 months

## Operating Income, Operating Income Margin

(Billions of yen)

## Quarterly Sales and Operating Income

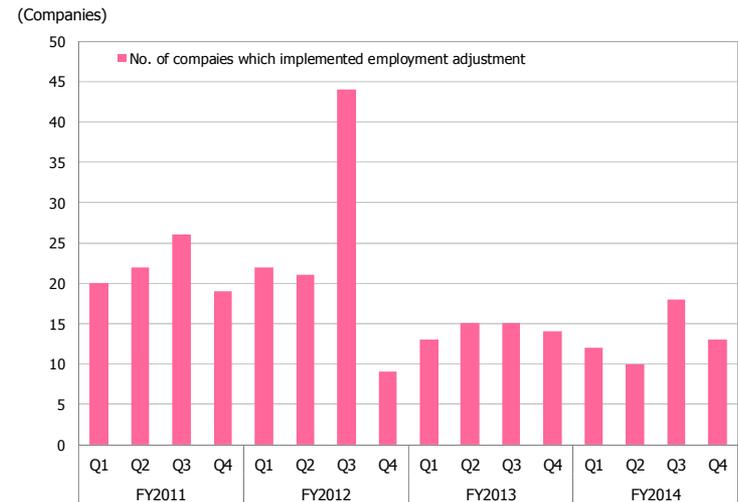
(millions of yen)



## Business Conditions

- **FY14 result**
- As a consequence of economic recovery, sales decreased due to the lower number of outplacements, and a trend toward smaller projects.
- As a result of the increase in new job offers, there was a quicker definitive turnaround in placements, and we optimized the number of consultants and offices

## Companies Announcing Employment Adjustments



Pasana survey based on IR disclosure and newspaper articles.

# Career Solutions (Recruiting/ Outplacement )

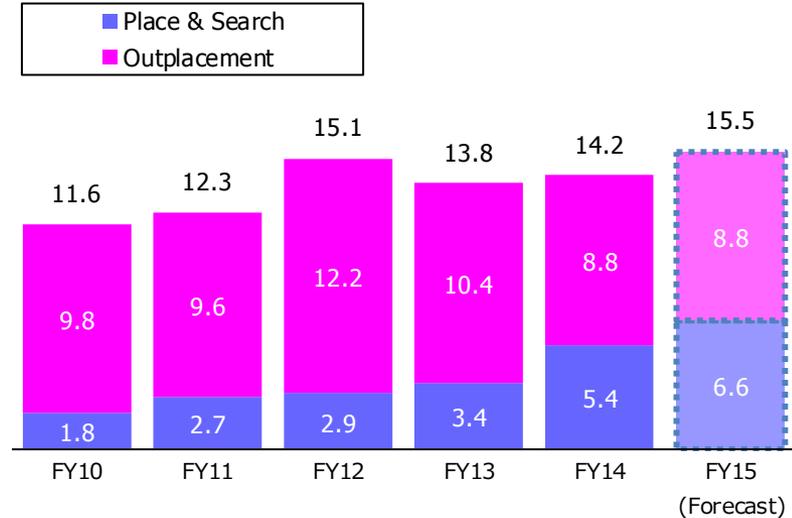
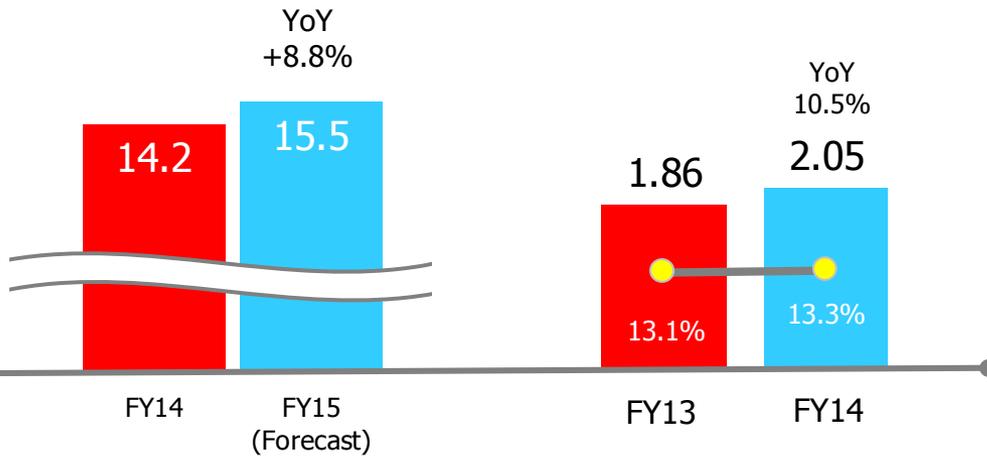
## Net Sales

## Operating Income, Operating Income Margin

(Billions of yen)

## Sales Trends

(Billions of yen)



## Business Conditions

### • FY15 plan (Placement / Recruiting)

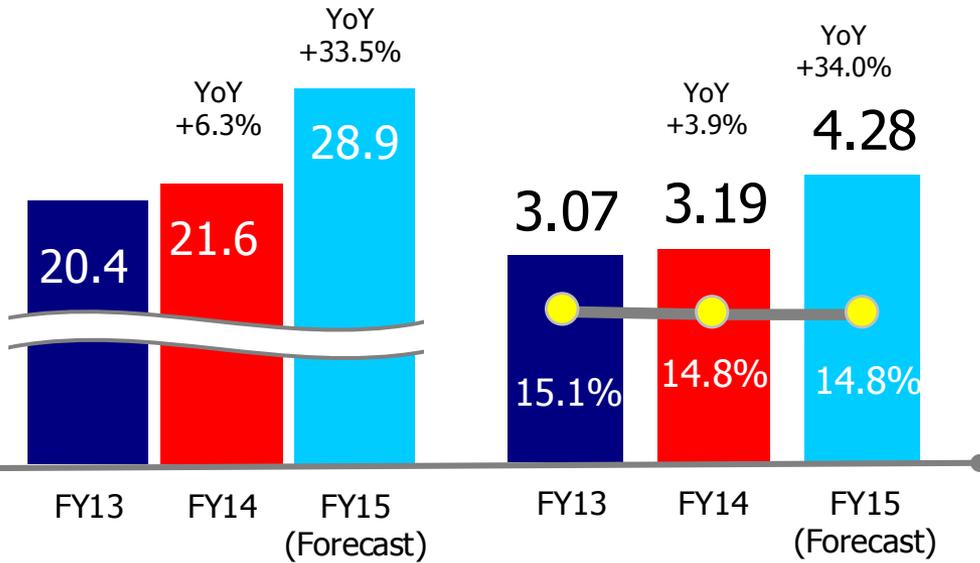
- Strengthened recruitment and job offer activities with priority on middle-level management in the specialized personnel, general affairs, and accounting fields
- Developed new services, including the Pasona Consultant Network, which uses personnel with experience as members of corporate management to introduce outside directors to companies

### • FY15 plan (Outplacement)

- Demand for support for second careers and placement, as part of the welfare service menu, sustained demand
- Identified needs accurately and strengthened activities for further improving service quality and competitiveness
- As in the previous period, (in the placement of service users) we shortened the proportional allocation of sales contracts without definite ending dates to nine months

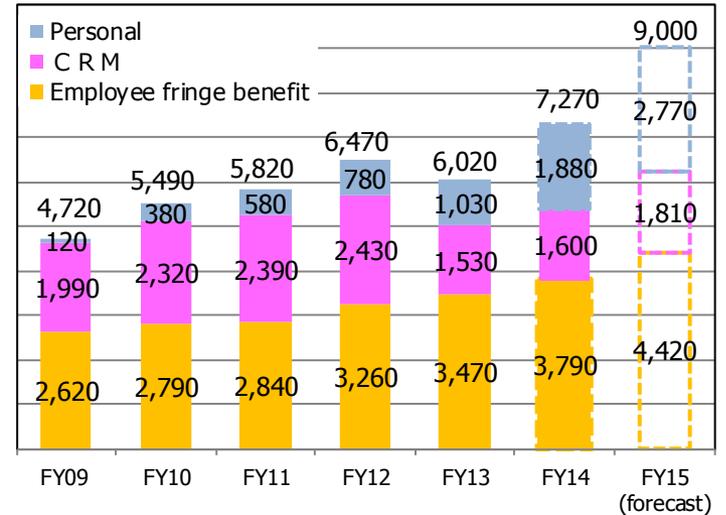
# Outsourcing (Benefit One Inc.)

## Net Sales



## Benefit One Membership

(Thousands people)

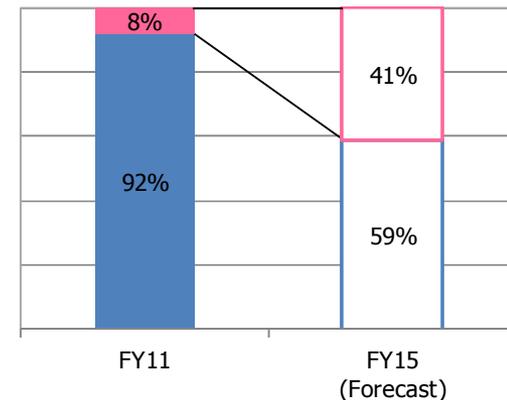


## Business Conditions

- **FY14 result**
  - As a result of focusing on proposal-based sales and development of business with up-and-coming medium-sized corporations and small to medium-sized enterprises, the number of welfare members held firm.
  - Collaboration with communications carrier companies was successful, and the number of Personnel Business members increased substantially
- **FY15 plan**
  - New ventures, such as Personal, Incentive and Health care businesses, were the driving force for growth.
  - Aiming for major increase in income as a result of cost reductions through BPR

## Diversification of Operating Income

■ New business ■ Employee fringe benefit

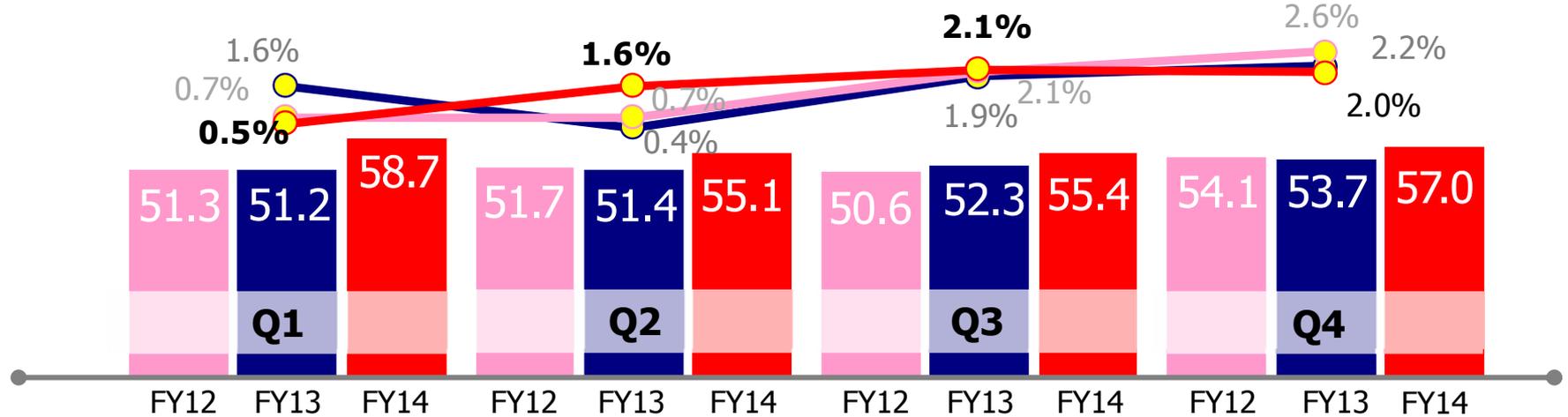


# Quarterly Earnings Trends

## Net Sales

(Billions of yen)

- Operating Income Margin FY12
- Operating Income Margin FY13
- Operating Income Margin FY14



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)					Q4 (March to May)				
	FY12	FY13	YoY	FY14	YoY	FY12	FY13	YoY	FY14	YoY	FY12	FY13	YoY	FY14	YoY	FY12	FY13	YoY	FY14	YoY
<b>Consolidated</b> Net sales	51,270	51,212	(0.1)%	58,727	+14.7%	51,705	51,406	(0.6)%	55,078	+7.1%	50,585	52,319	+3.4%	55,379	+5.8%	54,123	53,721	(0.7)%	57,042	+6.2%
Gross profit	9,517	10,032	+5.4%	11,450	+14.1%	9,553	9,377	(1.8)%	11,010	+17.4%	10,022	10,133	+1.1%	11,319	+11.7%	10,982	10,695	(2.6)%	12,090	+13.0%
SG&A expenses	9,181	9,197	+0.2%	11,130	+21.0%	9,174	9,174	+0.0%	10,135	+10.5%	8,984	9,125	+1.6%	10,180	+11.6%	9,557	9,531	(0.3)%	10,934	+14.7%
Operating income	335	834	+149.0%	320	(61.6)%	379	203	(46.4)%	875	+330.5%	1,037	1,008	(2.8)%	1,139	+12.9%	1,424	1,163	(18.3)%	1,155	(0.7)%
Ordinary income	330	798	+141.5%	286	(64.2)%	362	163	(54.9)%	832	+410.3%	1,010	995	(1.5)%	1,132	+13.8%	1,483	1,178	(20.5)%	1,092	(7.3)%
Net income (loss)	(193)	103	-	(253)	-	(260)	(128)	-	97	-	160	37	(76.7)%	163	+335.8%	904	513	(43.2)%	206	(59.8)%
Gross profit margin	18.6%	19.6%	+1.0pt	19.5%	(0.1)pt	18.5%	18.2%	(0.3)pt	20.0%	+1.8pt	19.8%	19.4%	(0.4)pt	20.4%	+1.0pt	20.3%	19.9%	(0.4)pt	21.2%	+1.3pt
SG&A expense ratio	17.9%	18.0%	+0.1pt	19.0%	+1.0pt	17.7%	17.8%	+0.1pt	18.4%	+0.6pt	17.8%	17.4%	(0.4)pt	18.4%	+1.0pt	17.7%	17.7%	+0.0pt	19.2%	+1.5pt
Operating income margin	0.7%	1.6%	+0.9pt	0.5%	(1.1)pt	0.7%	0.4%	(0.3)pt	1.6%	+1.2pt	2.1%	1.9%	(0.2)pt	2.1%	+0.2pt	2.6%	2.2%	(0.4)pt	2.0%	(0.2)pt
Ordinary income margin	0.6%	1.6%	+1.0pt	0.5%	(1.1)pt	0.7%	0.3%	(0.4)pt	1.5%	+1.2pt	2.0%	1.9%	(0.1)pt	2.0%	+0.1pt	2.7%	2.2%	(0.5)pt	1.9%	(0.3)pt
Net income margin	-	0.2%	-	-	-	-	-	-	0.2%	-	0.3%	0.1%	(0.2)pt	0.3%	+0.2pt	1.7%	1.0%	(0.7)pt	0.4%	(0.6)pt

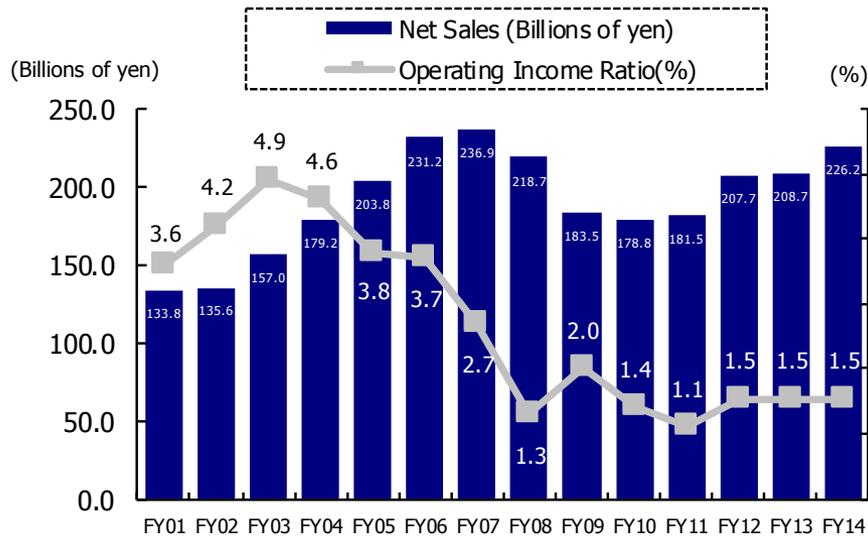
# Quarterly Earnings Trends by Segment

(Millions of yen)

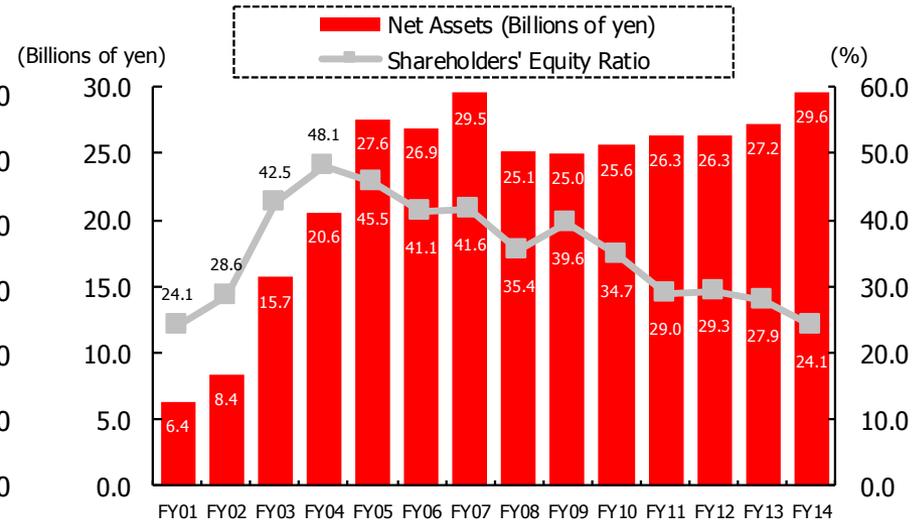
		Sales									Operating income								
Segment		Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	YoY	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	YoY
1	Expert Services	31,169	31,029	30,362	31,718	35,211	32,486	32,022	32,901	3.7%									
2	Insourcing	9,327	9,640	10,570	9,989	11,372	10,990	11,127	10,495	5.1%									
3	HR Consulting, others	1,013	1,022	1,254	1,371	1,356	1,335	1,426	1,418	3.4%									
4	Place & Search	762	796	810	1,061	1,201	1,264	1,274	1,649	55.5%									
5	Global Sourcing	866	853	1,014	933	1,088	1,149	1,245	1,357	45.3%									
Subtotal		43,140	43,342	44,012	45,075	50,230	47,225	47,095	47,822	6.1%	653	519	761	937	779	1,179	1,006	995	6.2%
6	Outplacement	3,060	2,584	2,368	2,336	2,184	2,148	2,106	2,367	1.3%	613	182	38	159	28	82	60	207	30.5%
7	Outsourcing	4,552	4,883	5,282	5,637	4,852	5,083	5,565	6,142	9.0%	530	435	1,079	1,030	572	615	1,047	957	(7.0)%
8	Life Solutions Public Solutions Shared	1,194	1,353	1,431	1,422	1,926	1,119	1,101	1,286	(9.5)%	(19)	27	50	(41)	(58)	24	(11)	(14)	-
9	Eliminations and Corporate	(735)	(756)	(775)	(749)	(465)	(499)	(489)	(576)	-	(944)	(961)	(921)	(921)	(1,001)	(1,027)	(963)	(991)	-
10	Total	51,212	51,406	52,319	53,721	58,727	55,078	55,379	57,042	6.2%	834	203	1,008	1,163	320	875	1,139	1,155	(0.7)%

# Full-Year Key Indicators

## Net Sales and Operating Income Ratio



## Net Assets and Shareholders' Equity Ratio



## Results

Key Indicators	'02/05	'03/05	'04/05	'05/05	'06/05	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05
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

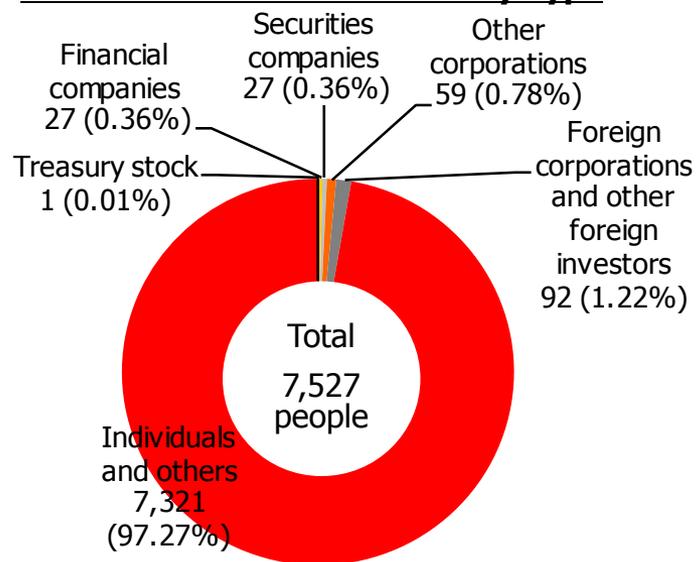
Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Minority interests included in presentation of net assets since the fiscal year ended May 31, 2006.

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.

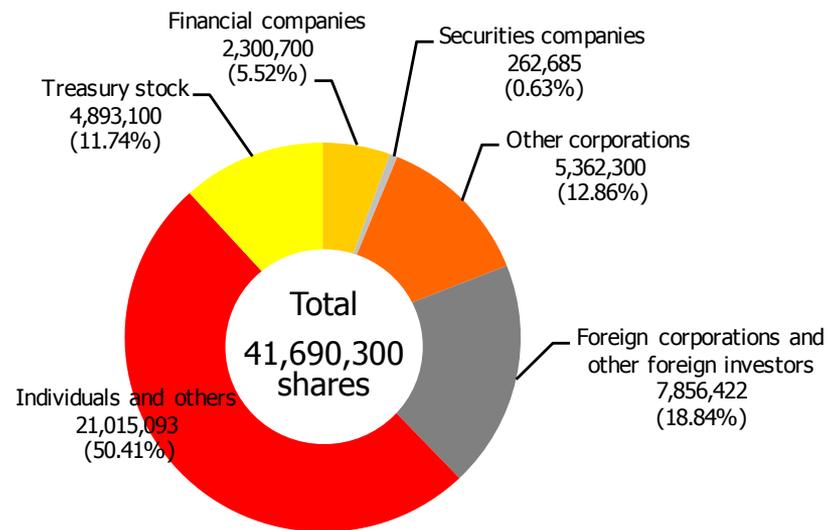
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

# Stock Information (As of May 31, 2015)

## Breakdown of Shareholders by Type



## Breakdown of Shareholders by Number of Share Held



## Principal Shareholders

	No. of Shares Held	%
Yasuyuki Nambu	14,763,200	35.41%
Pasona Group Inc.	4,893,100	11.74%
Nambu Enterprise Inc.	3,737,800	8.97%
Goldman Sachs International	1,433,577	3.44%
BNY GCM Client Account JPRD AC ISG (FE-AC)	1,358,146	3.26%
Credit Suisse AG Hong Kong Trust A/C Client	1,227,000	2.94%
Sanrio Company, Ltd.	905,000	2.17%
Pasona Group Employees' Shareholding Association	695,800	1.67%
The Master Trust Bank of Japan, Ltd (Trust account)	557,200	1.34%
The Bank of New York-JASDEC Treaty Account	531,800	1.28%

1. The Company's treasury stock (4,893,100 shares, 11.74% 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.
2. The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares.

# 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.	Pasona Language Inc.
Shin nihon kogyo Co.,Ltd.	e-Staffing Co., Ltd.*
Pasona Tquila Inc.*	

## Place & Search

Pasona Inc.	Pasona Fortune Inc.
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## 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	
MGR Search and Selection CO., Ltd.	
Pasona Human Resources (Shanghai) Co., Ltd.	
Pasona HR Consulting Recruitment (Thailand) Co., Ltd.	
Pasona Tech Vietnam Co., Ltd	Others

## Outplacement

Pasona Inc.

## Outsourcing

Benefit One Inc.	
Benefit one Health care Inc.	
Benefit One Solutions 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.*	Other

## 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 52, Equity-method affiliates 5\*

Tokyo Stock Exchange, 1st Section 2168

<b>Corporate Name</b>	Pasona Group Inc.	
<b>Headquarters</b>	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
<b>Established</b>	December 3, 2007 (Founding February 1976)	
<b>Paid-in Capital</b>	5,000 million yen	
<b>Representative</b>	Yasuyuki Nambu	
<b>Business Activities</b>	Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting, education and training, others Place & Search (Placement/Recruiting) Global Sourcing (Overseas) Outplacement Outsourcing Life Solutions, Public Solutions, Shared	
<b>Number of Employees</b>	7,908 (Consolidated, including contract workers)	
<b>Group Companies</b>	Subsidiaries 52, Affiliates 5	
<b>URL</b>	<a href="http://www.pasonagroup.co.jp/english/">www.pasonagroup.co.jp/english/</a>	

(As of May 31, 2015)