

Results for the First Quarter of the Fiscal Year Ending May 31, 2018

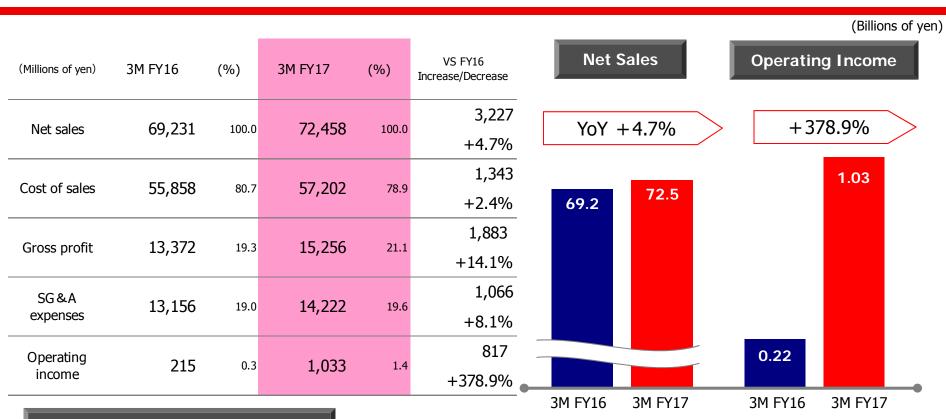
FY2017 (June 1, 2017 - May 31, 2018) Three months ended August 31, 2017

Pasona Group Inc.

First Section TSE (2168)

October 6, 2017 www.pasonagroup.co.jp/english

Consolidated Results

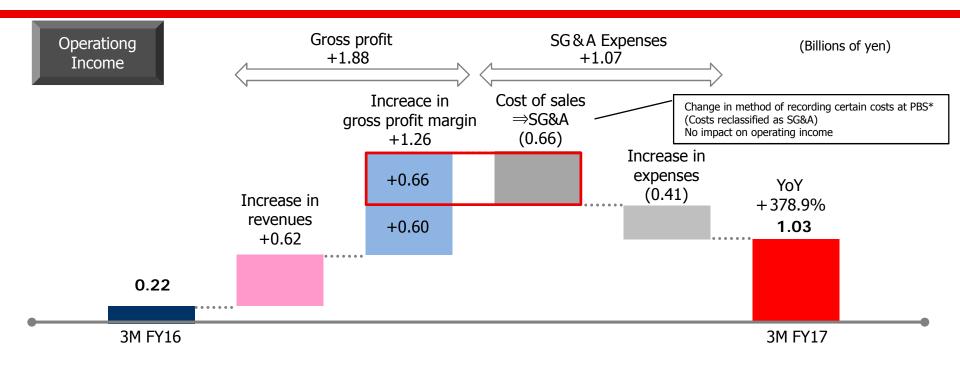


Major Items of Increase/Decrease

Net sales

- •Revenue gains in all segments, mainly due to growth in the placement and Insourcing businesses
- Operating income
 - •Earnings increases on higher revenue in all businesses, despite temporary expenses incurred for head office relocation
 - •Substantial earnings increase as a result of lower retirement benefit costs, and greater efficiency following adoption of common IT infrastructure

Operating Income



*PBS:Pasona Panasonic Business Service Co.,Ltd

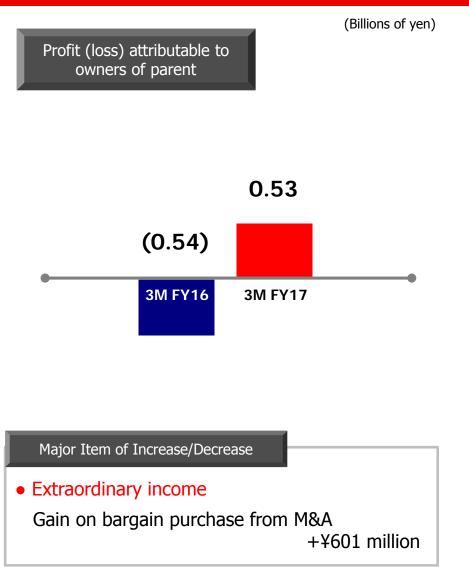
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	3M FY16	3M FY17
Gross Profit margin	18.8%	18.6%	19.3%	19.3%	20.3%	20.0%	20.2%	19.3%	21.1%
SG&A expense ratio	17.4%	17.5%	17.8%	17.7%	18.7%	18.6%	18.6%	19.0%	19.6%

Major Item of Increase/Decrease

- Gross profits expanded due to revenue gains and rise in the gross profit margin
- SG&A expenses affected by reduction in retirement benefit costs,
 which had a substantial impact in the previous fiscal year (YoY -¥0.16 billion)

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

ı				
(Millions of yen)	3M FY16	3M FY17	Increase/ Decrease	YoY
Operating income	215	215 1,033		+378.9%
Non-operating income	58	149	90	+156.1%
Non-operating expenses	99	175	76	+76.8%
Ordinary income	174	1,006	831	+476.5%
Extraordinary income	0	601	601	-
Extraordinary loss	34	14	(19)	(56.9)%
Income before income taxes	140	1,593	1,453	+1036.3%
Income taxes - current	591	677	86	+14.6%
Income taxes - deferred	(198)	10	208	-
Income taxes	392	687	295	+75.2%
Profit attributable to non-controlling interests	287	372	85	+29.8%
Profit (loss) attributable to owners of parent	(539)	533	1,072	-



Consolidated Results by Segment

(Millions of ven)

			Net	sales		Ор	erating ir	ncome (lo	ss)	Operating income margin			
	Segment	3M FY16	3M FY17	Increase/ Decrease	YoY	3M FY16	3M FY17	Increase/ Decrease	YoY	3M FY16	3M FY17	Increase/ Decrease	
1	Expert Services (Temporary Staffing)	36,378	37,172	793	+2.2%								
2	Insourcing (Contracting)	18,174	19,449	1,274	+7.0%								
3	HR Consulting, others	1,541	1,580	38	+2.5%	380	851	471	+124.0%	0.7%	1.4%	+0.7pt	
4	Global Sourcing (Overseas)	1,536	1,724	188	+12.3%								
	Subtotal	57,631	59,926	2,295	+4.0%								
(5)	Career Solutions (Placement/ Recruiting, Outplacement)	3,386	4,004	618	+18.3%	107	670	563	+525.9%	3.2%	16.7%	+13.5pt	
6	Outsourcing	7,478	7,775	296	+4.0%	1,134	1,184	50	+4.5%	15.2%	15.2%	+0.0pt	
7	Life Solutions	1,116	1,250	134	+12.0%	40	49	8	+20.6%	3.7%	3.9%	+0.2pt	
8	Public Solutions	391	462	70	+18.0%	(140)	(124)	16	-	-	-	-	
9	Eliminations and Corporate	(773)	(961)	(187)	-	(1,305)	(1,597)	(292)	-	-	-	-	
	Total	69,231	72,458	3,227	+4.7%	215	1,033	817	+378.9%	0.3%	1.4%	+1.1pt	

Balance sheet

			(Billions of yen)	Major Item of Increase/Dec			
Major Item of Increase/Decrease	May 31,2017	Aug 31,2017	Increase/ Decrease		: .a.je.: 200111 e. 21.10. 2000, 2001		
Assets	94.6	96.8	+ 2.2		【 Cash and deposits 】		
Current assets	64.6	64.1	(0.5)	_	M&A-related (stock acquisition, etc.)		
Cash and deposits	21.8	16.6	(5.2)		Capital investment		
Notes and accounts receivable — trade	34.2	35.4	+ 1.2		(including unpaid amount from the previous fisc		
Other	8.7	12.2	+ 3.5				
Non-current assets	30.0	32.7	+ 2.7		【 Property, plant and equipment 】		
Property, plant and equipment	9.3	11.4	+ 2.1		Awaji-related facilities		
Intangible assets	9.1	9.7	+ 0.6		JOB HUB SQUARE		
Investments and other assets	11.6	11.6	(0.0)		【 Cash and deposits 】		
Liabilities	66.5	69.2	+ 2.6		Goodwill (new occurrence)		
Current liabilities	49.8	48.5	(1.3)		【 Current liabilities 】		
Accounts payable	5.9	3.1	(2.7)		Accounts payable		
Short-term loans payable	5.4	6.1	+ 0.8		Accrued expenses		
Accrued expenses	14.1	16.5	+ 2.3		Income taxes payable		
Accrued income tax	1.7	0.8	(0.9)				
Other	22.7	22.0	(0.7)	\	【 Loans payable 】		
Non-current liabilities	16.7	20.6	+ 3.9		Long and short term loans payable		
Long-term loans payable	12.0	14.5	+ 2.5				
Other	4.7	6.1	+ 1.4		【 Retained earnings 】		
Net assets	28.1	27.6	(0.5)		Profit attributable to owners of parent Cash dividends paid		
Shareholders' equity	18.6	18.7	+ 0.1		cash dividends paid		
Valuation and translation adjustments	0.5	0.4	(0.0)		【 Non-controlling interests 】		
Non-controlling interests	9.0	8.5	(0.5)		Benefit One earnings distribution Cash dividends paid of Benefit One		
Equity stock ratio	20.1%	19.8%	(0.4)pt		Cash dividends paid of benefit one		

crease

【 Cash and deposits 】	
M&A-related (stock acquisition, etc.)	¥(2.4)billion
Capital investment	¥(3.6)billion
(including unpaid amount from the previous fis	scal year)

ı	T Property, plant and equipment 1	
	Awaji-related facilities	+¥1.5billion
١	JOB HUB SQUARE	+¥0.7billion
	[Cook and deposits]	

+¥0.7billion

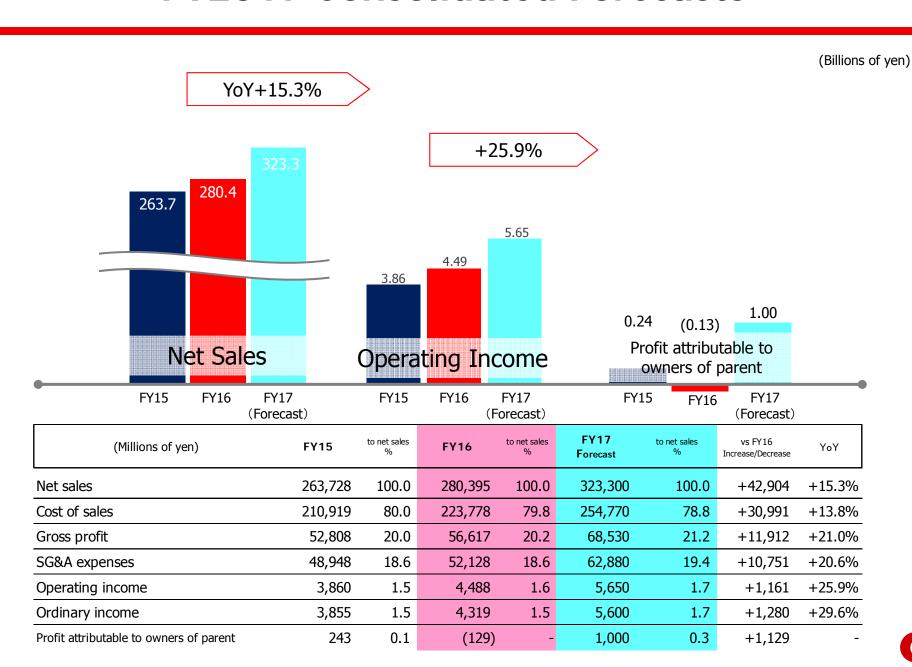
¥(2.7)billion +¥2.3billion ¥(0.9)billion

+¥3.3billion

+¥0.5billion ¥(0.4) billion

+¥0.3billion ¥(0.9) billion

FY2017 Consolidated Forecasts



FY2017 Consolidated Forecasts by Segment

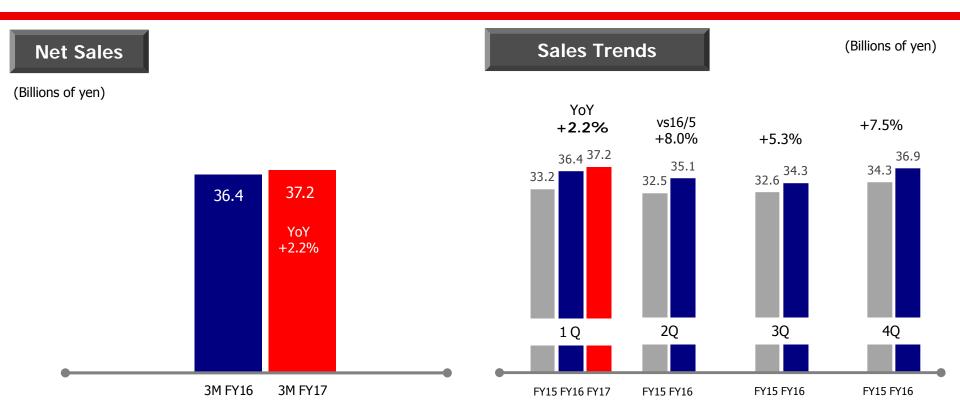
(Millions of yen)

		Sal	es		C	perating in	ncome (loss)	Operating income margin			
Segment	FY16	FY17 Forecast	VS FY16 Increase/ Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/ Decrease	VS FY16 %	FY16	FY17 Forecast	VS FY16 Increase/ Decrease	
Expert Services (Temporary Staffing)	142,662	169,600	+26,937	+18.9%								
Insourcing (Contracting)	77,100	81,300	+4,199	+5.4%								
HR Consulting, Education, Training, etc.	6,133	6,940	+806	+13.1%	2,297	3,030	+732	+31.9%	1.0%	1.1%	+0.2pt	
Global Sourcing (Overseas)	6,388	7,060	+671	+10.5%								
Subtotal	232,285	264,900	+32,614	+14.0%			_					
Career Solutions (Placement/Recruiting, Outplacement)	15,008	16,500	+1,491	+9.9%	1,992	2,150	+157	+7.9%	13.3%	13.0%	(0.2)pt	
Outsourcing	29,893	35,620	+5,726	+19.2%	5,782	6,970	+1,187	+20.5%	19.3%	19.6%	+0.2pt	
Life Solutions	4,657	5,260	+602	+12.9%	237	150	(87)	(36.7)%	5.1%	2.9%	(2.2)pt	
Public Solutions	1,670	3,690	+2,019	+120.9%	(450)	(1,090)	(639)	_ 61	_	-	-	
Elimination/Corporate	(3,119)	(2,670)	+449	-	(5,370)	(5,560)	(189)	-	_	_	_	
Consolidated	280,395	323,300	+42,904	+15.3%	4,488	5,650	+1,161	+25.9%	1.6%	1.7%	+0.1pt	

Segment information



Expert Services (Temporary staffing)



Business Conditions

- •Growth centered on specialist positions such as accounting and foreign languages Routine administrative work transferred to Insourcing business
- ·Focus on cultivating new fields of robotics and AI
- •Transferred business from four NTT Group's human resource companies contributed to earnings for one month, and two other NTT Group companies becoming subsidiaries will contribute from 2Q

Insourcing (Contracting)

BPO Sales



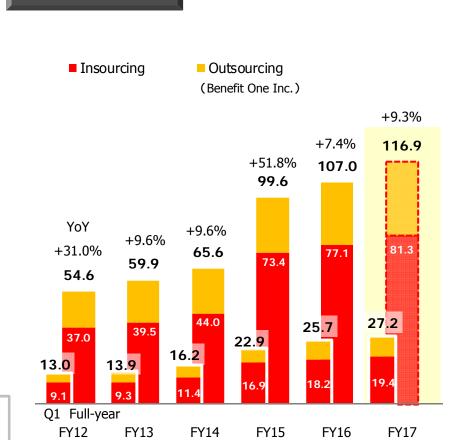
(Billions of yen)



Business Conditions

•3M FY17 result

- Legal regulations continue to encourage private companies to utilize insourcing
- •In the public sector, growth in regional revitalization projects utilizing the JOB HUB SQUARE space
- Outsourcing of public services also increased



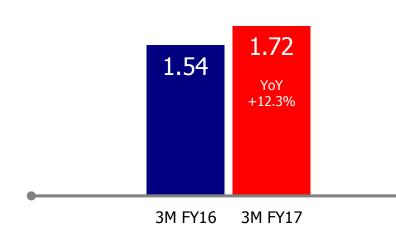
(Billions of yen)

(Forecast)

Global Sourcing (Overseas)



(Billions of yen)



Business Conditions

•3M FY17 result

- Revenue growth in all businesses, including placement/recruiting, temporary staffing, and contracting
- •In Vietnam, increase in demand for engineers from Japanese companies
- ·Growth in India on successful business expansion

Sales by Business Segment

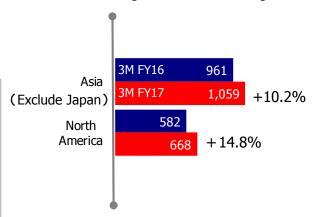
(Millions of yen)

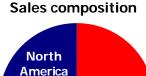
	3M FY16	3M FY17	YoY
Temporary Staffing	702	784	+11.7%
Placement / Recruiting	418	481	+15.1%
Contracting (Payroll, others)	259	289	+11.8%
Others	156	168	+7.9%
Total	1,536	1,724	+12.3%

Sales by Region

(Millions of yen)

XIncluding overseas outsourcing



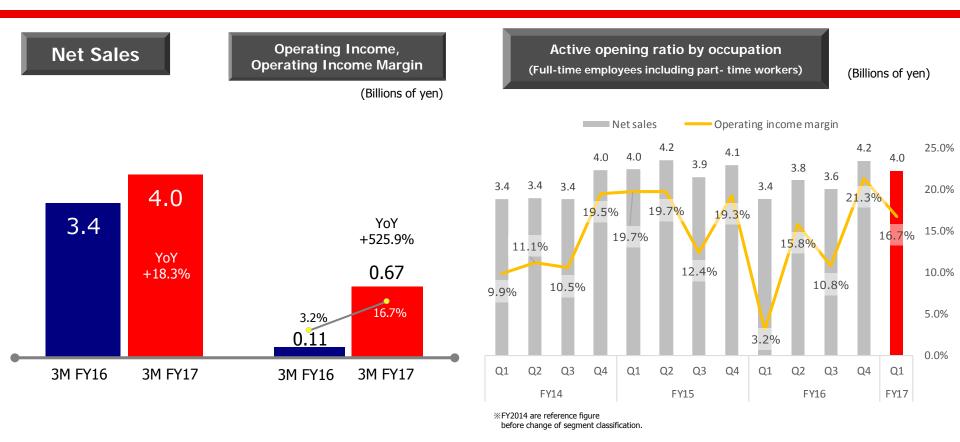


Asia

61.3%

38.7%

Career Solutions (Placement/Recruiting, Outplacement)

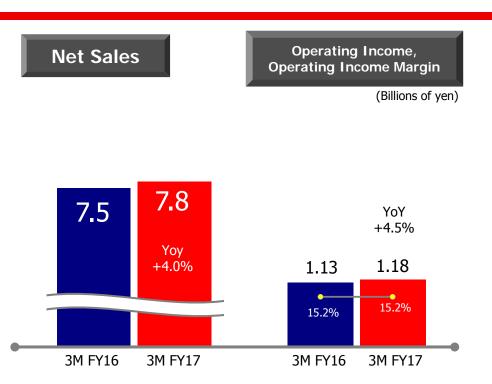


Business Conditions

- •Placement/Recruiting business positive on brisk corporate hiring, with increase in signed contracts centered on manufacturers, IT companies, and financial firms

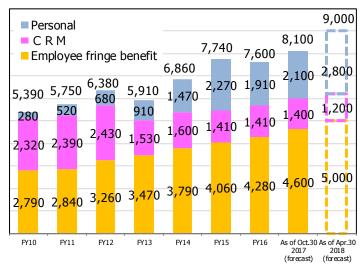
 Substantial revenue increase following previous fiscal year's temporary decline in operational efficiency related to implementation of new IT system
- ·Launch of a middle to senior level career support service utilizing a nationwide network for the Outplacement business

Outsourcing (Benefit One Inc.)

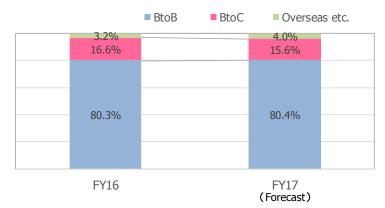


Benefit One Membership

(Thousands people)



Sales Composition

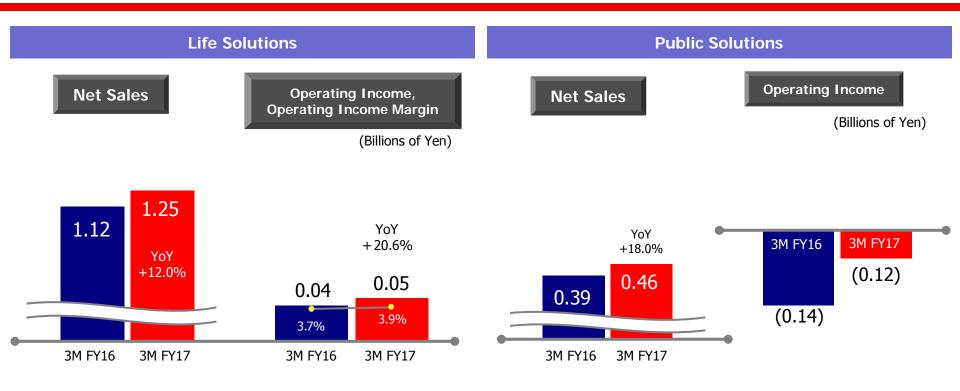


*BtoB: Employee fringe benefit, Incentive, Health care, BTM, Cost reduction BtoC: Personal, CRM, Inbound

Business Conditions

- •In employee fringe benefit business, efficient marketing utilizing inside duty sales and agency networks etc., with increase in the number of participating companies
- Incentive business (conversion of financial incentives to points and management) performed strongly, with increase in new customer transactions

Life Solutions · Public Solutions



Business Conditions

•3M FY17 result

- Pasona Foster Inc.: Increase in daycare facilities, and new contracts for after-school children's clubs
- Pasona Life Care Inc.: Expansion in nursing care services, increase in dispatched care staff, and growth in housekeeping services

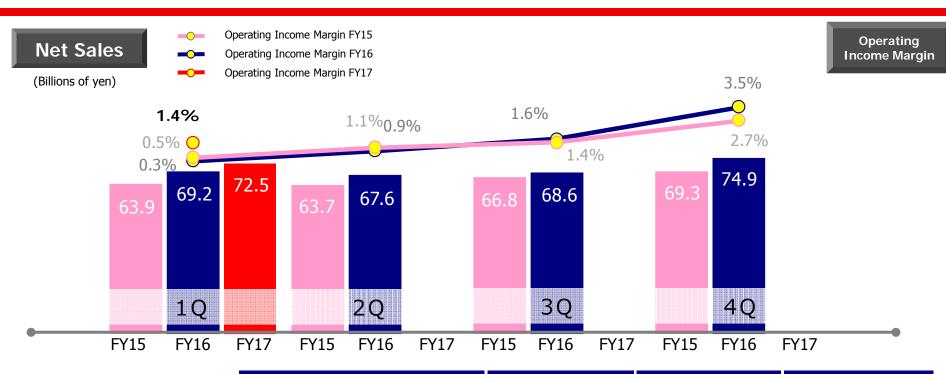
Business Conditions

- •Tango Kingdom Inc.: Improvement in earnings on greater efficiency with operating costs
- New measures for regional revitalization, Nijigen no Mori opening in July
 Recording of preparation costs prior to opening

Reference



Quarterly Earnings Trends



		Q1 (June to August)			Q2 (September to November)			Q3 (December to February)			Q4 (March to May)			
	FY15	FY16	YoY	FY17	YoY	FY15	FY16	YoY	FY15	FY16	YoY	FY15	FY16	YoY
Net sales	63,891	69,231	+8.4%	72,458	+4.7%	63,710	67,636	+6.2%	66,827	68,613	+2.7%	69,297	74,915	+8.1%
Gross profit	13,412	13,372	(0.3)%	15,256	+14.1%	12,023	13,628	+13.3%	13,041	13,529	+3.7%	14,331	16,086	+12.3%
SG&A expenses	13,061	13,156	+0.7%	14,222	+8.1%	11,300	13,048	+15.5%	12,111	12,446	+2.8%	12,473	13,476	+8.0%
Operating income	350	215	(38.5)%	1,033	+378.9%	722	579	(19.8)%	929	1,083	+16.5%	1,857	2,610	+40.5%
Ordinary income	256	174	(32.1)%	1,006	+476.5%	720	585	(18.8)%	956	1,039	+8.7%	1,921	2,520	+31.2%
Ordinary income Profit (Loss) attributable to owners of parent Gross profit margin	(323)	(539)	-	533	-	(10)	(276)	-	(119)	(98)	-	697	785	+12.6%
Gross profit margin	21.0%	19.3%	(1.7)pt	21.1%	+1.8pt	18.9%	20.1%	+1.2pt	19.5%	19.7%	+0.2pt	20.7%	21.5%	+0.8pt
SG&A expense ratio	20.4%	19.0%	(1.4)pt	19.6%	+0.6pt	17.7%	19.3%	+1.6pt	18.1%	18.1%	+0.0pt	18.0%	18.0%	+0.0pt
Operating income margin	0.5%	0.3%	(0.2)pt	1.4%	+1.1pt	1.1%	0.9%	(0.2)pt	1.4%	1.6%	+0.2pt	2.7%	3.5%	+0.8pt
Ordinary income margin	0.4%	0.3%	(0.1)pt	1.4%	+1.1pt	1.1%	0.9%	(0.2)pt	1.4%	1.5%	+0.1pt	2.8%	3.4%	+0.6pt
Profit attributable to owners of parent margin	-	-	-	0.7%	-	-	-	-	-	-	-	1.0%	1.0%	+0.0pt

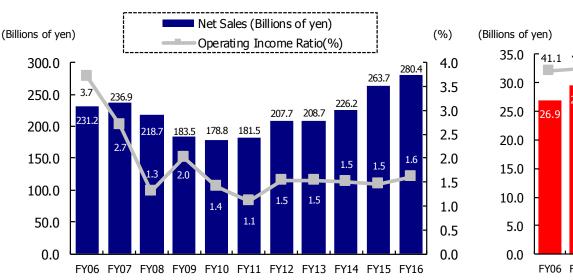
Quarterly Earnings Trends by Segment

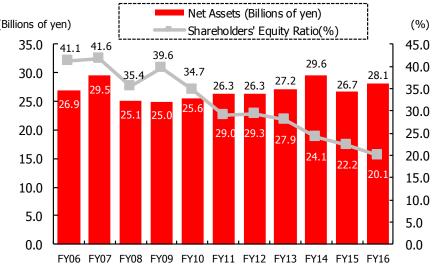
(Millions of yen) Sales Operating income (loss) Q4 FY16 Q1 FY16 Q2 FY16 Q3 FY16 Q4 FY16 **Q1 FY17** YoY Q1 FY16 Q2 FY16 Q3 FY16 Segment **Q1 FY17** YoY **Expert Services** 36,378 35,090 34,298 36,894 37,172 +2.2% (Temporary Staffing) Insourcing 17,908 19,338 19,449 +7.0% 18,174 21,679 (Contracting) 851 +124.0% HR Consulting, others 1,541 1,376 1,666 1,548 1,580 +2.5% 380 56 397 1,463 Global Sourcing 1,509 1,536 1,530 1,811 1,724 +12.3% (Overseas) Subtotal 57,631 55,905 56,813 61,934 59,926 +4.0% Career Solutions 3,386 3,791 3,607 4,223 4,004 +18.3% 107 597 388 899 670 +525.9% (Placement/Recruiting, Outplacement) 7,478 Outsourcing 7,066 7,408 7,939 7,775 +4.0% 1,134 1,348 1,659 1,640 1,184 +4.5% 65 Life Solutions 1,116 1,138 1,137 1,264 1,250 +12.0% 40 34 96 49 +20.6% **Public Solutions** 391 459 418 399 462 +18.0% (140)(95)(116)(98)(124)(1,311)Eliminations and Corporate (773)(726)(772)(846)(961)(1,305)(1,361)(1,391)(1,597)Total 69,231 67,636 68,613 74,915 72,458 +4.7% 215 579 1,083 2,610 1,033 +378.9%

Full-Year Key Indicators

Net Sales and Operating Income Ratio

Net Assets and Shareholders' Equity Ratio





<u>Results</u>										(Mill	lions of yen)
Key Indicators	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05	'15/05	'16/05	'17/05
Net Sales	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660	226,227	263,728	280,395
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%
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
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%
Operating Income	8,507	6,444	2,850	3,660	2,432	1,964	3,176	3,210	3,490	3,860	4,488
Operating Income Ratio	3.7%	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%	1.5%	1.5%	1.6%
Ordinary Income	8,807	6,637	3,361	4,044	2,571	2,091	3,187	3,135	3,343	3,855	4,319
Ordinary Income Ratio	3.8%	2.8%	1.5%	2.2%	1.4%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%
Net Income *4	4,198	2,962	312	204	412	29	610	526	214	243	(129)
Net Income Ratio	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%	0.1%	0.1%	_
Total Assets	54,425	58,513	55,468	52,269	60,564	70,889	71,276	75,615	88,641	85,356	94,584
Net Assets *1	26,904	29,468	25,148	24,979	25,642	26,295	26,253	27,181	29,620	26,735	28,062
Shareholders' Equity Ratio *2	41.1%	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%	24.1%	22.2%	20.1%
Return on Equity *2	18.2%	12.7%	1.4%	1.0%	2.0%	0.1%	2.9%	2.5%	1.0%	1.2%	(0.7)%
Number of Employees (exclude contract workers)	3,126	3,647	3,671	3,643	3,956	4,452	4,778	5,022	6,584	7,144	7,238

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

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

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

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

Stock Information (As of May. 31, 2017)

Breakdown of Shareholders by Type Breakdown of Shareholders by Number of Share Held Financial Securities Other **Financial** companies Treasury companies Securities corporations companies 3,336,400 27 (0.38%) stock companies 62 (0.88%) 30 (0.42%). 4,398,708 (8.00%)582,302 (10.55%)(1.40%)Foreign Treasury stock-1 (0.01%) corporations and Other other foreign corporations investors 5,239,510 98 (1.38%) (12.57%)Total Total Individuals 7,082 41,690,300 Foreign corporations Individuals and others people shares and other foreign and others 6,864 20,631,007 investors (96.93%)7,502,373 (49.49%)(17.99%)No. of Shares **Principal Shareholders** % Held Yasuyuki Nambu 14,763,200 35.41% Pasona Group Inc. 4,398,708 10.55% 8.97% Nambu Enterprise Inc. 3,737,800 **BNYM TREATY DTT 10** 1,851,600 4.44% Credit Suisse AG Hong Kong Trust A/C Client 1,227,000 2.94% State Street Bank and Trust Company 505004 930,900 2.23% Pasona Group Employees' Shareholding Association 707,100 1.70% Gratitude Inc. 596,600 1.43% The Master Trust Bank of Japan, Ltd (Trust Account) 576,300 1.38% Japan Trustee Services Bank, Ltd. (Trust Account) 530,200 1.27%

^{1.} The Company's treasury stock (4,398,708 shares, 10.55% of total issued shares) ranked second. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.

Pasona Group received a notification from Tempered Investment Management LTD., that it held 2,114,600 shares as of April 6, 2017 outlined the delivery of a Substantial
 Shareholding Report submitted to the Kanto Local Finance Bureau on April 11, 2017. As the Company is unable to confirm the number of shares held as of 31 May, 2017, Tempered Investment Management LTD. has been omitted from the list of major shareholders identified.

Group Companies (by segment)

Expert Services, Insourcing HR Consulting, Education and Training, Others

Pasona Inc. KIS Co.,Ltd.

Pasona Tech, Inc. CAPLAN Corporation

Pasona Okayama Inc. YASKAWA BUSINESS STAFF CORPORATION

PASONA LOGICOM Inc. Bewith, Inc.

Pasona Marketing, Inc. Asahi Beer Communications Co, Ltd.

Pasona Agri-Partners Inc. Pasona Panasonic Business Service Co.,Ltd

ECOLOVE Inc. Smart Style Co.,Ltd.

Nihon Employment Creation Organization Inc.

Pasona Tech Systems Inc. e-Staffing Co., Ltd.*

Shin nihon kogyo Co.,Ltd. Pasona Knowledge Partner Inc.

Pasona Tguila Inc. Pasona Job Support Inc.

Pasona Human Solutions Inc.

Others *

Global Sourcing

Pasona N A, Inc. PASONA CANADA, INC.

Pasona Taiwan Co., Ltd. Pasona Singapore Pte. Ltd.

PASONA ASIA CO., LIMITED PT Pasona HR Indonesia

Pasona Korea Co., Ltd. Pasona Education Co. Limited

Pasona India Private Limited PT. Dutagriya Sarana

MGR Consulting Co., Ltd

Pasona Human Resources (Shanghai) Co., Ltd.

Pasona HR Consulting Recruitment (Thailand) Co., Ltd.

Pasona Tech Vietnam Co., Ltd.

Pasona HR Malaysia Sdn. Bhd.

CAPLAN (Thailand) Co., Ltd.

Career Solutions

Pasona Inc. Pasona Fortune Inc.

Outsourcing

Benefit One Inc.

Benefit one Health care Inc.
Benefit One Solutions Inc.

Benefit One Payroll Inc.

Benefit One ASIA PTE. LTD.

贝**那商务咨询(上海)有限公司**

Benefit ONE USA, INC.

Benefit One (THAILAND) COMPANY LYMITED

PT. BENEFIT ONE INDONESIA

Benefit One Deutschland GmbH

REWARDZ PRIVATE LIMITED

National Examination Center Inc.*

MYDC Others *

Life Solutions

Pasona Foster Inc.
Pasona Life Care Inc.

Public Solutions

Pasona Heartful Inc.

Pasona Furusato Incubation Inc.

Tango Kingdom Inc.

Pasona Tohoku Sousei Inc.

Nijigennomori Inc. Others

Consolidated subsidiaries 62
 Equity-method affiliates 6*

Other

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	Comprehensive Group office 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), In HR Consulting, education and training, Global Sourcing (Overseas) Career Solutions (Placement/Recruiting, Outsourcing Life Solutions, Public Solutions	others					
Number of Employees	8,682 (Consolidated, including contract	workers) (As of May 31, 2017)					
Consolidated Group Companies	Subsidiaries 62 , Affiliates 6						
URL	www.pasonagroup.co.jp/english/						