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

# FY2017 (J une 1, 2017 - May 31, 2018) Three months ended August 31, 2017 

Pasona Group Inc.<br>First Section TSE (2168)<br>October 6, 2017<br>www.pasonagroup.co.jp/ english

## Consolidated Results

| (Millions of yen) | 3M FY16 | (\%) | 3M FY17 | (\%) | VS FY16 Increase/Decrease | Net Sales | (Billions of yen) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | Operati | Income |
| Net sales | 69,231 | 100.0 | 72,458 | 100.0 | $\begin{array}{r} 3,227 \\ +4.7 \% \end{array}$ | YoY + 4.7\% |  | 8.9\% |
| Cost of sales | 55,858 | 80.7 | 57,202 | 78.9 | $\begin{array}{r} 1,343 \\ +2.4 \% \end{array}$ | 69.2 |  | 1.03 |
| Gross profit | 13,372 | 19.3 | 15,256 | 21.1 | $\begin{array}{r} 1,883 \\ +14.1 \% \end{array}$ |  |  |  |
| SG\&A expenses | 13,156 | 19.0 | 14,222 | 19.6 | $\begin{array}{r} 1,066 \\ +8.1 \% \end{array}$ |  |  |  |
| Operating income | 215 | 0.3 | 1,033 | 1.4 | $\begin{array}{r} 817 \\ +378.9 \% \end{array}$ |  | $0.22$ |  |
| Major Items of Increase/Decrease |  |  | ease |  |  | M FY16 3M FY17 |  | 3M FY17 |
| - Net sales <br> - Revenue gains in all segments, mainly due to growth in the placement and Insourcing businesses <br> - Operating income <br> - Earnings increases on higher revenue in all businesses, despite temporary expenses incurred for head office relocation <br> - Substantial earnings increase as a result of lower retirement benefit costs, and greater efficiency following adoption of common IT infrastructure |  |  |  |  |  |  |  |  |

## Operating I ncome



## 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)

## Consolidated Results by Segment

(Millions of yen)

|  |  | Net sales |  |  |  | Operating income (loss) |  |  |  | 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 <br> (Temporary Staffing) | 36,378 | 37,172 | 793 | +2.2\% | 380 | 851 | 471 | +124.0\% | 0.7\% | 1.4\% | +0.7pt |
| (2) | Insourcing (Contracting) | 18,174 | 19,449 | 1,274 | +7.0\% |  |  |  |  |  |  |  |
| (3) | HR Consulting, others | 1,541 | 1,580 | 38 | +2.5\% |  |  |  |  |  |  |  |
| (4) | Global Sourcing (Overseas) | 1,536 | 1,724 | 188 | +12.3\% |  |  |  |  |  |  |  |
|  | Subtotal | 57,631 | 59,926 | 2,295 | +4.0\% |  |  |  |  |  |  |  |
| (5) | Career Solutions <br> (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



## FY2017 Consolidated Forecasts

(Billions of yen)
YoY+15.3\%


## FY2017 Consolidated Forecasts by Segment

|  |  |  |  |  |  |  |  |  |  |  | Millions of yen) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Sales |  |  |  | Operating income (loss) |  |  |  | Operating income margin |  |  |
| Segment | FY16 | FY17 <br> Forecast | VS FY16 Increase/ Decrease | $\begin{gathered} \text { VS FY16 } \\ \% \end{gathered}$ | FY16 | FY17 <br> Forecast | VS FY16 Increase/ Decrease | $\begin{gathered} \text { VS FY16 } \\ \% \end{gathered}$ | FY16 | FY17 <br> Forecast | VS FY16 <br> Increase/ <br> Decrease |
| Expert Services (Temporary Staffing) | 142,662 | 169,600 | +26,937 | +18.9\% | 2,297 | 3,030 | +732 | +31.9\% | 1.0\% | 1.1\% | +0.2pt |
| Insourcing (Contracting) | 77,100 | 81,300 | +4,199 | +5.4\% |  |  |  |  |  |  |  |
| HR Consulting, Education, Training, etc. | 6,133 | 6,940 | +806 | +13.1\% |  |  |  |  |  |  |  |
| $\begin{array}{l}\text { Global Sourcing } \\ \text { (Overseas) }\end{array}$ | 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\% | $+0.2 \mathrm{pt}$ |
| 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) |  | - | - | - |
| 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\% | $+0.1 \mathrm{pt}$ |

## Segment information

## PASONA

## Expert Services (Temporary staffing)

## Net Sales


(Billions of yen)


## Business Conditions

-3M FY17 result
-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


## I nsourcing (Contracting)

## Net Sales

(Billions of yen)


## Global Sourcing (Overseas)

## Net Sales



## 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 <br> (Payroll, others) | 259 | 289 | $+11.8 \%$ |
| Others | 156 | 168 | $+7.9 \%$ |
| Total | 1,536 | 1,724 | $+12.3 \%$ |



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## Career Solutions (Placement/ Recruiting, Outplacement )



(Billions of yen)



## Business Conditions

-3M FY17 result
-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

## Life Solutions• Public Solutions

## Life Solutions

## Net Sales

Operating Income, Operating Income Margin
(Billions of Yen)

## Public Solutions

Net Sales

Operating Income
(Billions of Yen)


Business Conditions

## Business Conditions

-3M FY17 result
-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

## PASONA

## Quarterly Earnings Trends



## Quarterly Earnings Trends by Segment

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

Net Sales and Operating Income Ratio


Net Assets and Shareholders' Equity Ratio



[^0]
## Stock I nformation (As of May. 31, 2017)

## Breakdown of Shareholders by Type



Principal Shareholders

Breakdown of Shareholders by Number of Share Held


| Yasuyuki Nambu | Held |  |
| :--- | ---: | :---: |
| Pasona Group Inc. | $14,763,200$ | $35.41 \%$ |
| Nambu Enterprise Inc. | $4,398,708$ | $10.55 \%$ |
| BNYM TREATY DTT 10 | $3,737,800$ | $8.97 \%$ |
| Credit Suisse AG Hong Kong Trust A/C Client | $1,851,600$ | $4.44 \%$ |
| State Street Bank and Trust Company 505004 | $1,227,000$ | $2.94 \%$ |
| Pasona Group Employees' Shareholding Association | 930,900 | $2.23 \%$ |
| Gratitude Inc. | 707,100 | $1.70 \%$ |
| The Master Trust Bank of Japan, Ltd (Trust Account) | 596,600 | $1.43 \%$ |
| Japan Trustee Services Bank,Ltd. (Trust Account) | 576,300 | $1.38 \%$ |

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.
2. 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．
Pasona Tech，Inc．
Pasona Okayama Inc． PASONA LOGICOM Inc．

Pasona Marketing，Inc．
Pasona Agri－Partners Inc．
ECOLOVE Inc．

KIS Co．，Ltd．
CAPLAN Corporation
YASKAWA BUSINESS STAFF CORPORATION Bewith，Inc．
Asahi Beer Communications Co，Ltd．
Pasona Panasonic Business Service Co．，Ltd 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 Tquila Inc．Pasona Job Support Inc．
Pasona Human Solutions Inc．Others＊

## Global Sourcing

Pasona N A，Inc．
Pasona Taiwan Co．，Ltd．
PASONA ASIA CO．，LIMITED
Pasona Korea Co．，Ltd．
Pasona India Private Limited
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．

PASONA CANADA，INC．
Pasona Singapore Pte．Ltd．
PT Pasona HR Indonesia
Pasona Education Co．Limited
PT．Dutagriya Sarana

CAPLAN（Thailand）Co．，Ltd．
Other

## Career Solutions

| Pasona Inc． | Pasona Fortune Inc． | Other |
| :---: | :--- | :---: |
| Outsourcing |  |  |

Benefit One Inc．
Benefit one Health care Inc．
Benefit One Solutions Inc．
Benefit One Payroll Inc．
Benefit One ASIA PTE．LTD．
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＊

## Corporate I nformation

| Corporate Name | Pasona Group Inc. |  |
| :---: | :---: | :---: |
| Headquarters | Shin Marunouchi Bldg. 1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-6514 | rehensive Group office achi 2-6-2 Chiyoda-ku, o 100-8228 <br> e 03-6734-0200 |
| Established | December 3, 2007 <br> (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 <br> Global Sourcing (Overseas) <br> Career Solutions (Placement/Recruiting, Outplacement ) <br> Outsourcing <br> Life Solutions, Public Solutions |  |
| 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/ |  |


[^0]:    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.

