Consolidated Results of 1st half of the Fiscal Year Ending in March 2020
(FY2019 Q2)

PERSOL HOLDINGS CO., LTD.
November 13, 2019

Today's Agenda

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1. Summary of the Consolidated Financial Results for 2Q of FY2019

2. 2Q Results and Current Business Environment

3. Financial Forecasts for FY2019

4. Reference

Summary of the Consolidated Financial Results for 2Q of FY2019 (April 2019 – Sept. 2019)

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Financial Results Summary for 1st half of FY2019

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Extraordinary losses were recorded including impairment losses in relation to a goodwill of PROGRAMMED Maintenance Services Limited (hereinafter PROGRAMMED) and others. As a result, the net profit attributable to parent company went negative.

First Half Unit: Million yen	FY2018	FY2019	Year-on-year
Net sales	452,260	**478,956**	＋5.9%
Operating profit	20,453	**20,116**	-1.6%
EBITDA	28,196	**28,948**	+2.7%
Extraordinary profit/loss	98	**-17,249**	–
Current period net profit attributable to parent company	11,987	**-5,177**	–
Adjusted EPS (yen)	71.31	**68.30**	-4.2%

Breakdown of Extraordinary Loss

- Loss on valuation of securities (PROGRAMMED Marine business)
  -610 million yen
- Provision of allowance for doubtful accounts amount (PROGRAMMED Marine business)
  -1,114 million yen
- Goodwill impairment loss (Mainly including PROGRAMMED Staffing business)
  -12,759 million yen
- Extraordinary loss as a result of "an" business discontinuation
  -2,868 million yen

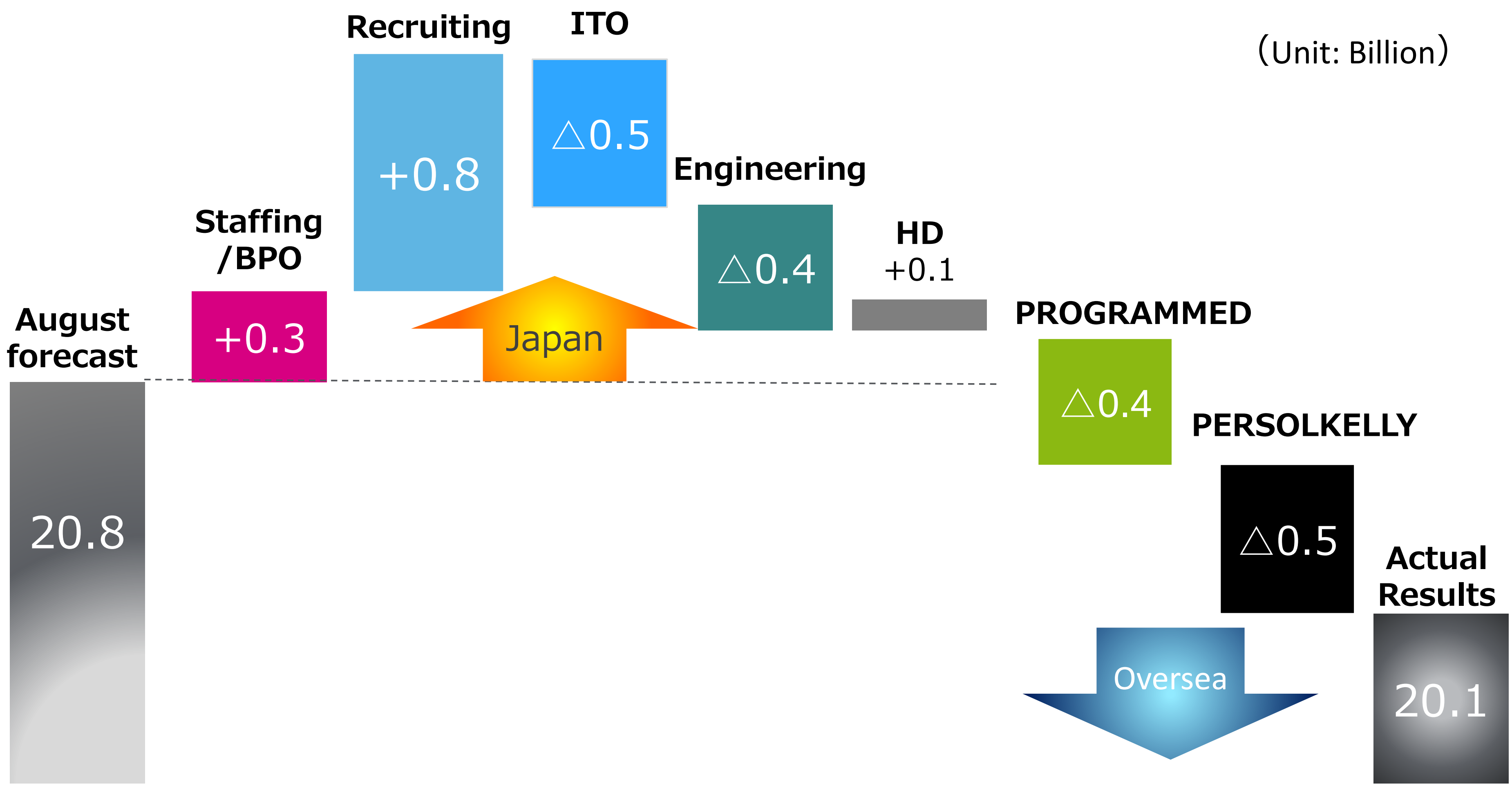
Result Highlights by Segment (Six months ended Sept. 30, 2019)

Unit: billion yen

Segment	Sales (YoY)	Operating profit (YoY)	Cause
Temporary staffing/BPO	266.8 (+7.4%) ↑	12.0 (+8.1%) ↑	• For 2Q, organic sales growth at 6.4% contributed by productivity improvement by "Genesis" and price increase by increased number of staffs employed without contracted period. 3.2% of sales increase by the earnings from newly consolidated subsidiary: Avanti Staff Corporation, acquired previous year. • 1st half forecast: Sales 265.6 billion yen, operating profit JPY 11.7 billion yen
Recruiting	45.8 (+11.6%) ↑	9.0 (+20.3%) ↑	• For the 1st half, sales growth of placement business was slowed down to 15.6% as decreased number of matching decisions per consultant. • The campaign before discontinuation of "an" business has been successful. • 1st half forecast: Sales 46.0 billion yen and operating profit 8.2 billion yen.
PROGRAMMED	94.6 (-7.7%) ↓	-0.14 (-%) ↓	• Staffing sales was adversely affected by low growth of Australian economy in addition to AUD depreciation • Total sales in JPY decreased by 7.7% (currency depreciation: -7.3%, Staffing at -6.5% and Maintenance at ＋6.2%, on a local currency basis: -0.4%) • 1st half forecast: Sales 100.5 billion yen and operating profit 0.3 billion yen.
PERSOLKELLY	41.9 (+16.2%) ↑	-0.14 (-%) ↓	• Sales increased other than Australia due to Staffing business expanded. • A system trouble and its trouble shooting in Australian operation caused operating loss. • 1st half forecast: Sales 41.0 billion yen and operating profit 0.4 billion yen.
ITO	19.2 (+25.4%) ↑	0.12 (-73.3%) ↓	• Sales increased by strong client companies' demand for IT investments • Operating profit was declined due to lagged inspection timing and increased salary payment • 1st half forecast: Sales 19.4 billion yen and operating profit 0.7 billion yen.
Engineering	13.8 (+1.2%) ↑	0.66 (-23.8%) ↓	• Operating profit declined because orders decreased from our major client manufacturing companies influenced by the U.S.-China trade friction. • 1st half forecast: Sales 14.5 billion yen and operating profit 1.1 billion yen.

Difference in operating profit between actual results and forecast

In Japan, temporary/BPO and recruiting segments, major businesses, made up for poor performed ITO and Engineering segments. However, they could not do unachieved result from oversea business and JPY20.1 billion of actual operating profit was lower than JPY 20.8 billion of the forecasts announced in August 2019.



PROGRAMMED Impairment Losses

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- Recorded impairment loss on a goodwill of PROGRAMMED Staffing business affected by weak Australian economy
- Because Marine business was stagnated by declined oil price, its devaluation loss on the security of a joint venture and allowance for doubtful account regarding the loan to the JV partner were recorded. (More details, see next page)

PROGRAMMED	Relation with PERSOL HOLDINGS	Business outline	Characteristics and current status of business	Impairment test result
Maintenance Goodwill: 27.6 billion yen*	Consolidated subsidiary	Maintenance business (Airports, public facilities, etc.)	- Stable profit structure with many long-term based contracts for public facilities - Growth rate at 6.2% on a local currency basis	No problem
Staffing Goodwill: 18.7 billion yen*	Consolidated subsidiary	Staffing business (mainly blue-collar worker staffing)	- With slow Australian economic growth, local mining industry is sluggish particularly - Sales declined by 6.5% on a local currency basis	Goodwill impairment loss **12.5** billion yen
Atlas Professionals				
Marine **Relevant assets: 3.7 billion yen***	Equity method company JV with Atlas Professionals	Deployment of labor for offshore oilfields/gas development sites and related services	Business environment is severe due to an effect of plunged oil price and other factors	**Extraordinary loss** **1.7** billion yen

* Applied exchange rate: 77.74 yen/AUD

Supplemental Explanation on Marine Business run by JV with Atlas

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- Marine business, subject to equity method, worsened its profitability due to stagnated crude oil price.
- Recorded total 1.7 billion yen extraordinary losses as a result of impairment test on invested shares of the JV and the loans to the JV partner.

■ Background

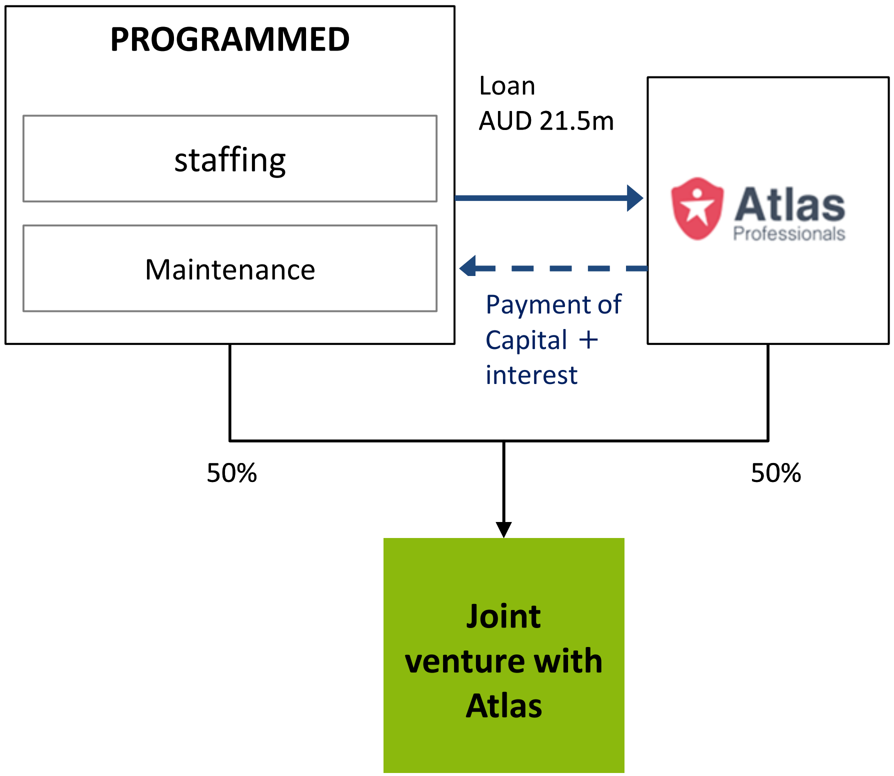
Prior to the Company's acquisition in October 2017, PROGRAMMED had sold its international division of Marine business to Atlas Professionals (hereinafter Atlas), a Dutch company. PROGRAMMED and Atlas established a JV, 50:50 share, for running remaining Australia/New Zealand marine business.

■ Management structures

Management is entrusted to Atlas that possesses marine business know-how.

■ Reason for impairment

Marine business's profitability was worsened by declined oil price. As a result of present value calculation of cashflow from invested securities of the JV and the loan to the JV partner, both assets were subject to be devalued.



2Q Results and Current Business Environment

Highlights for First Half of FY2019

1st Half results:
The highest half-year sales ever was achieved while operating profit decreased.

- **Consolidated sales 478.956 billion yen （+ 5.9% year-on-year)**
- **Operating profit 20.116 billion yen (- 1.6% year-on-year)**
  - Temporary staffing/BPO and Recruiting segments, our major businesses, exceeded OP target for each segment. They offset unreached operating profit of ITO and Engineering segments compared to forecasted ones.
  - Overseas business continued struggling due to slowdown of Australian economy, the confusion caused by the system introduction and Australian dollar depreciation.
- **Related to PROGRAMMED, recorded total 14.4 billion yen extraordinary losses, including impairment losses on Staffing business and devaluated loss on Marine businesses. As a result, the bottom line of 1st half result was net loss.**

Point of focus in 2nd Half:

- **Measures of domestic Temporary staffing business in accordance with coming related law revision**
  – Promote clients' understanding on actions to be taken for "equal pay for equal work" that will be enforced in April 2020.
- **Restructuring of the overseas business**
  – Turnaround of PROGRAMMED's Staffing business and settling the system trouble of PERSOLKELLY in Australia.

Organic Growth :Temporary staffing/BPO segment

Temporary staffing/BPO

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Organic operating profit margin, excluding the effects of fewer workdays, PMI cost and M&A of Avanti Staff that was included into the consolidation in fourth quarter of FY2018, was improved to 5.1% for the first half of FY2019 (4.5% 1H of FY2018).

	1st Half of FY2019	Fewer workdays (3 days less than previous year)	PMI cost (Assuming away)	M&A effect (Excluded)	After adjustment (Organic)
Sales	266.8 billion yen	6.7 billion yen	-	-8.6 billion yen	264.9 billion yen
Operating profit	12.0 billion yen	1.0 billion yen	0.6 billion yen	-0.2 billion yen	13.4 billion yen
Operating profit margin	4.5% (4.5%: 1H of FY2018)	-	-	-	5.1%

Temporary staffing/BPO

Increased efficiency by “GENESIS,” staffing back-end process system

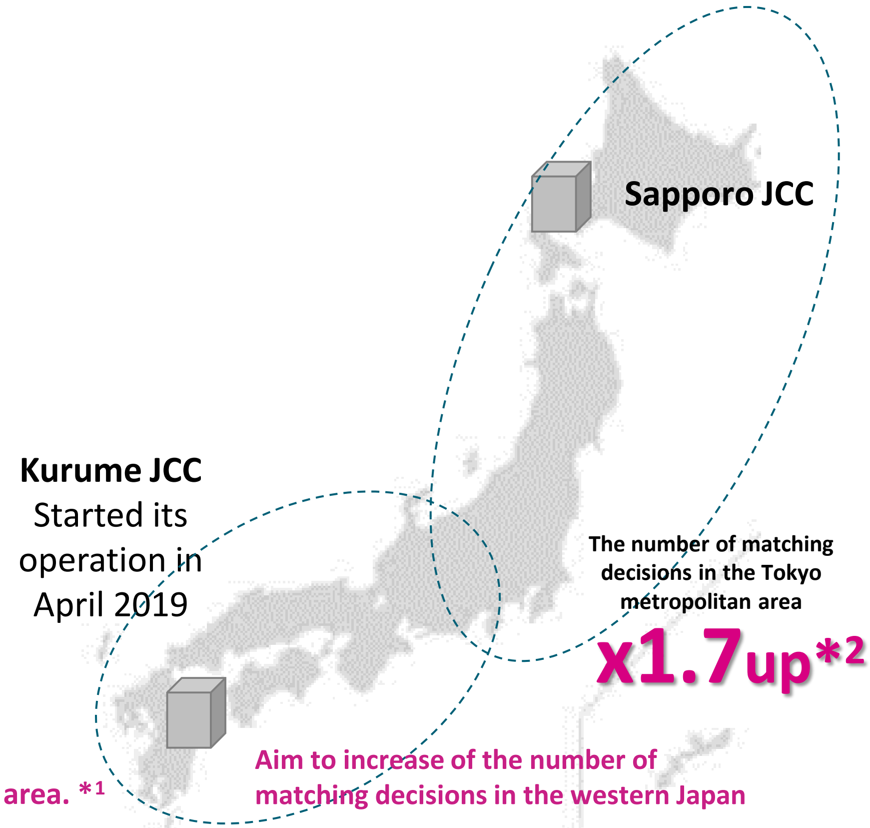
- Introduction of Genesis enabled a offsite matching center to be opened which has led to a 1.7 times increase in the number of matching decisions per coordinator.
- Additionally, the Genesis has been introduced in all the companies (except Avanti Staff) of temporary staffing in business area through merger of the Group companies.

Genesis was introduced to subsidiaries in temporary staffing segment and the companies that newly joined the Group through merger.

GENESIS introduced	September 2017	Introduced to PERSOL TEMPSTAFF CO., Ltd.
GENESIS introduced	October 2018	Merged 7 subsidiaries and introduced GENESIS
GENESIS introduced	May 2019	Introduced to Tempbros Co., Ltd.
GENESIS introduced	August 2019	Introduced to PERSOL Panasonic HR PARTNERS, CO., LTD.
GENESIS to be introduced	2020 (planned)	Plan to introduce to PERSOL TEMPSTAFF KAMEI, CO., LTD.

Introduction of GENESIS has been completed in temporary staffing in business area. *1

Job Coordinate Center (JCC) roll-out area



*1: Except Avanti Staff Corp. that joined the Group in Jan. 2019
*2: Results for the period from April to June 2019

Response to Revision of Law (Temporary staffing/BPO segment)

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Although profitability may decrease temporarily due to an effect of the revision of laws/regulations, active measures have been taken in response to it as a business opportunity.

Related laws/regulations	Description
April 2018 Proposal of all-Japanese working society was published.	
April 2018 Labor Contracts Act was enforced.	• Target: Contract employees and dispatched workers • Content: When fixed-term contracts have been repeatedly rolled-over for **a total period in excess of 5 years**, the contract must be converted to an open-ended work contract.
October 2018 Worker Dispatching Act was enforced.	• Target: Dispatched workers • Content: For **dispatched workers at the same organization in excess of 3 years**, the staffing agency must take employment stabilization measures (having obligation to convert to an open-ended work contract with the dispatching/dispatched companies or offer a new job placement).
From April 2020 Equal pay for equal work system will be enforced.	• Target: Contract employees and dispatched workers • Content: The dispatching/dispatched companies must provide **equal treatment** including salaries and bonuses, allowances and social benefits according to the job and the level of responsibility.

Response to Revision of Laws regarding Temporary Staffing Business

Continuously and actively increase the number open-ended contract workers, focusing on the reinforcement of staffing capacity.

	Full year results for FY2019	1H results for FY 2020	Full year forecast for FY 2020	Comments
# of workers turned to open-ended contract	About 10,000[*1]	About 2,500	About 5,000	- Unit billing rates increased by about 10% on average - Dispatching ratio of open-ended contact workers is almost 100%.[*2]
Targeted workers in total	About 25,000	About 5,000	About 12,000	

[*1] : Number of temporary workers who transitioned to open-ended employment contracts as a consequence of revisions to Japan's Labor Contract Act and Japan's Worker Dispatching ('Temp') Act (excludes 2,600 open-ended contract temps for IT fields who previously transitioned).

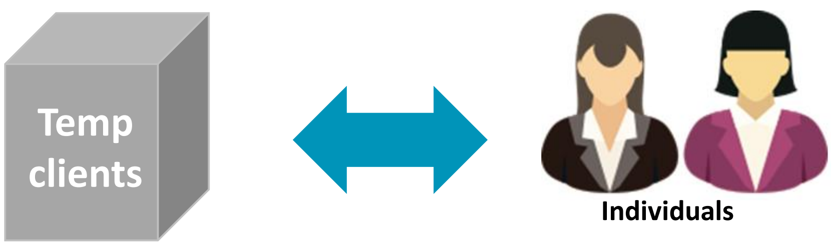
[*2] : Dispatching ratio excludes nonworking time for training/education activities.

Requirements in "Equal Pay for Equal Work" Principle and Our Company's Activity

■ Temp clients have obligation to consider temporary staffing fee.

- Eliminate the differences in treatment with regular employees such as commuting expenses and social benefits

- On the labor-management agreement basis, raise the wage of those workers paid lower than the minimum wage based on the job type x area



- Consideration of temporary staffing fee
- Reviewing of the structure of employment systems through increasing cost

- Permeation of diversification of work-styles through improved working treatment

■ Our company's policy and activity

- Toward the enforcement of the law revision in April 2020, we started negotiation with our client firms in 2H of FY2019 regarding wage increase including commuting expenses.

Improving working treatment of staffers and increasing employment opportunity

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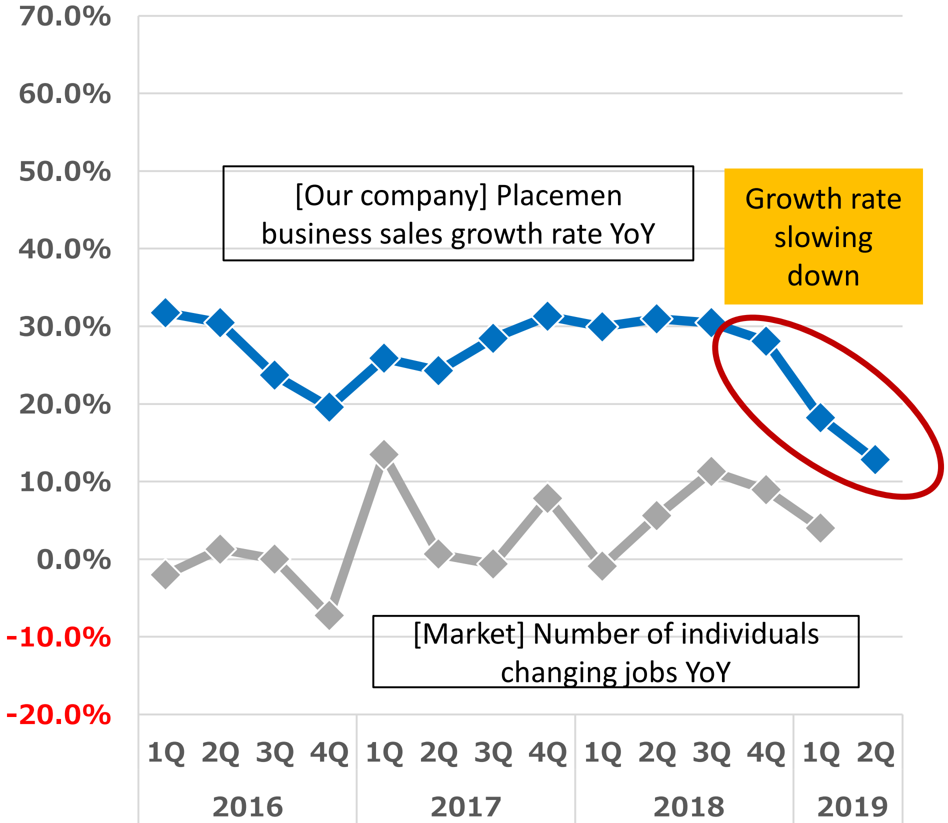
Recruiting segment (Placement Business)

Placemen business sales growth rate slowed down due to productivity per consultant and decreased demand mainly from manufacturing companies.



Reason of growth rate slowing down

Expansion of organization due to rapid growth

- Placement business sales have been increasing at a pace of over 20% for the past 3 years and new hires continued at a high level.
- As a result, number of new staff each consultant has to manage to train increased.

The number of matching decisions per consultant decreased

- To address current issue, some consultants were assigned as leaders to train staff members, but time was not enough to make them proficient staff members. As a result, the number of matching decisions per consultant decreased.
- Reestablishment of the placement business is estimated to take some time because new staff members joined to the business as a result of withdrawal from "an" business.

Note: Created by PERSOL HOLDINGS based on the materials of Statistics Bureau, the Ministry of Internal Affairs and Communications

PROGRAMMED

PROGRAMMED Segment: New Management Team

- Top management was renewed in October 2019.
- As officer in charge of overseas business, Mr. Yamazaki, who has a rich experience in overseas business, was newly appointed.
- Mr. Glenn Thompson, who has rich experiences in both staffing and maintenance businesses, was appointed as group CEO of PROGRAMMED.

Takayuki Yamazaki
(PERSOL HOLDINGS)
Executive Officer
Head of overseas business

Devoted to the Company's overseas business since 2012

2004 Intelligence Holdings Executive Officer
2012 Intelligence Holdings Asia Director
2016 Persol Holdings Executive Officer
Kelly Services (Singapore) CEO
2017 PERSOLKELLY Director (CEO)
2019 PERSOLKELLY Director (Chairman)

Glenn Thompson
Chief Executive Officer

Since joined Skilled Group in 1987, having taken charge of both staffing and maintenance businesses

1987 Skilled Group Regional Manager
2001 Symphony Commerce CEO
2012 PROGRAMMED
CEO in charge of Property Services
CEO in charge of Maintenance Div.
Managing Director

New appointment

Stephen Leach
Chief Financial Officer

PROGRAMMED Segment: Current status

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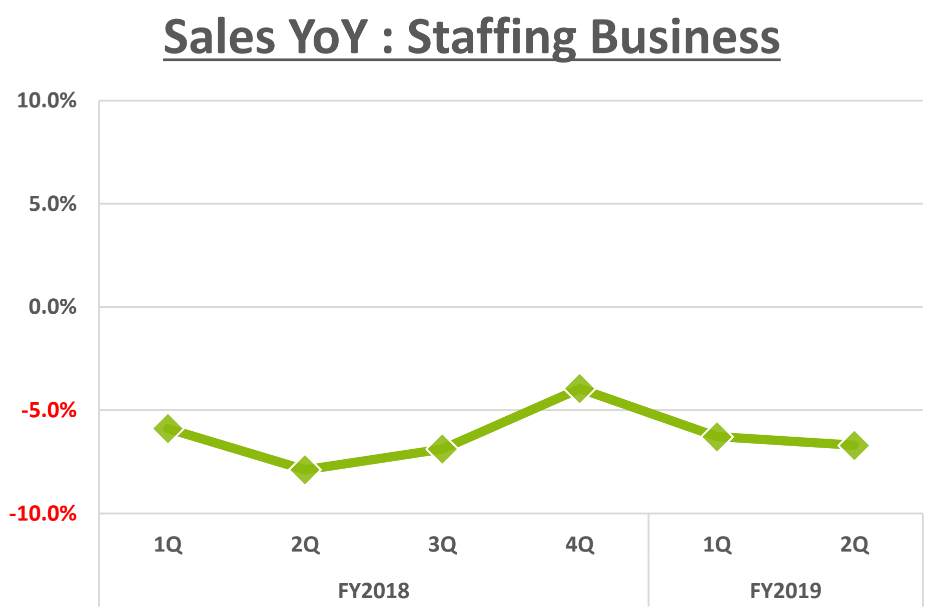
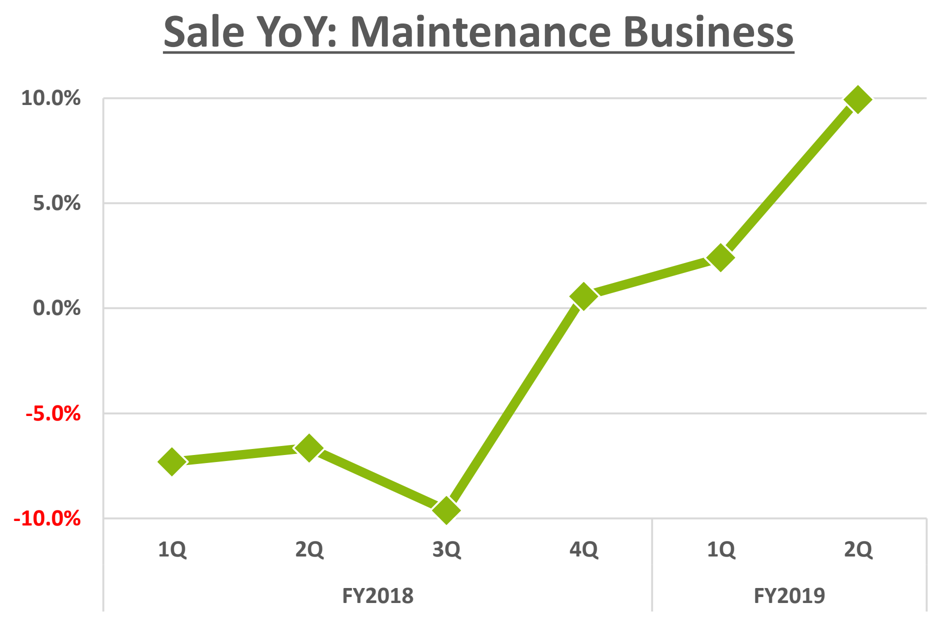
Maintenance business grows while Staffing business is suffering due to slow local economy.





- Reflecting slow GDP growth in Australian economy, orders from manufacturing companies, our main customers decreased.
- EBITDA margin dropped to 2.2% in this six-month period from 4.0% in the same period last year due to decrease of SMEs' customers with high margin.
- As s result, a good will impairment loss was booked.

- Sales of Facility Management business grew by 18% in this six-month period, compared to the same period previous year. High profitability Property Services business recorded 8% decrease YOY due to unstable weather.
- As a result, EBITDA margin decreased to 4.7% in this six-month from 4.9% in the same period last year.

PERSOLKELLY Segment

PERSOLKELLY

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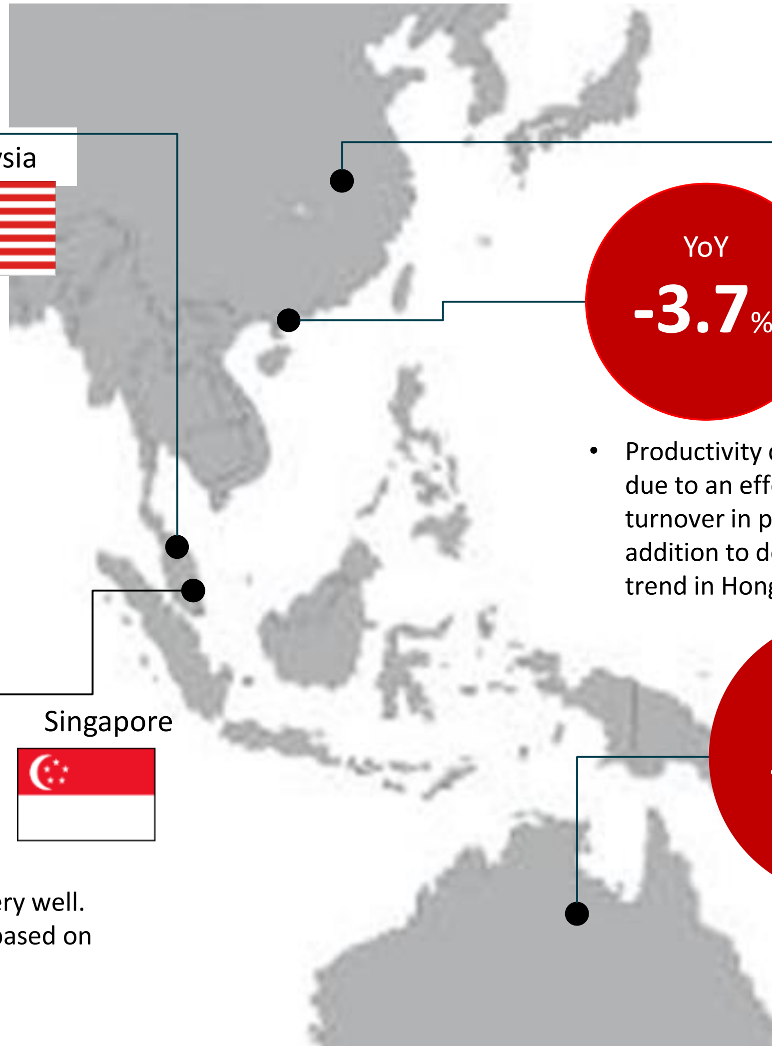
Profit in Australia declined due to a system trouble. The gross profit margin in other main markets was stable continuously even in the severe economic environment.



Malaysia — YoY -1.8%

- Staffing business was stable while placement business productivity decreased.
- Effect of the retirement of a key employee in previous year is being recovered.

Singapore — YoY +17.5%

- Staffing business was performing very well.
- The business was growing steadily based on its strong presence in the market.

Hong Kong — YoY -3.7%

- Productivity declined temporarily due to an effect of the staff turnover in previous year in addition to deteriorating business trend in Hong Kong.

China — YoY +10.1%

- Economic growth rate slowed down due to an effect of the economic downturn caused by the U.S.-China trade friction.
- Priority policy is to cultivate new customers from non-Japanese companies.

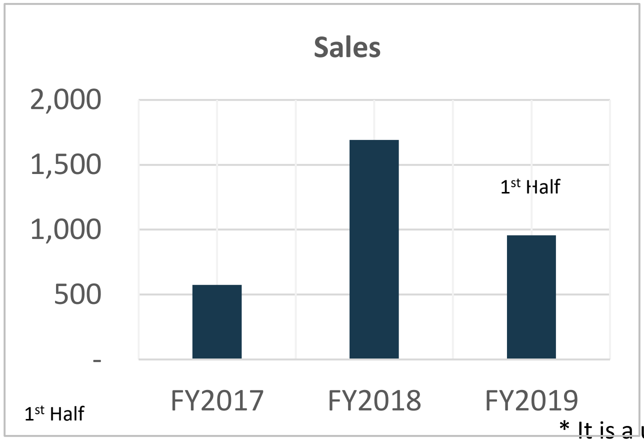
Australia — YoY -58.9%

- Sales decreased as a result of a system trouble and economic downturn.
- Aims to completely solve the system trouble within this FY.

* Figure in each circles is **gross profit margins** on a local currency basis for six-month period of FY2019.
The size of circles shows the scale of the amount of gross profit margins.

Status of Innovation/in New Businesses

ミイダス



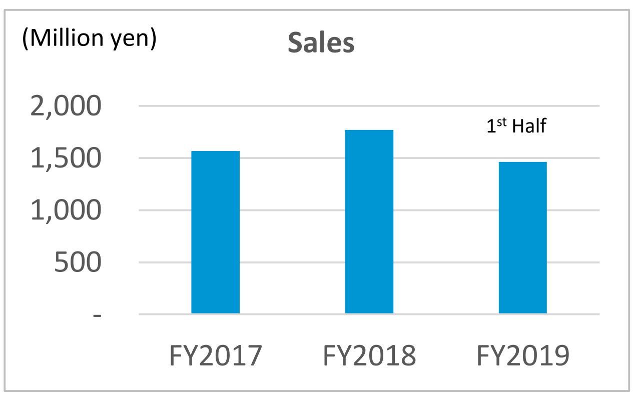
- The number of corporate accounts has increased in September at a high pace of about 3 times the number in April, 2019.
- "Miidas competency diagnostic search function*" developed by our company was granted the best award of "Professional Recruitment/Employment category" in "HR Award 2019" held by "Nihon no Jinjibu".

* It is a useful function to find the best matching corporate or organization culture for job-changers, considering the chemistry between a job-changer and his/her potential superior or subordinates and stressful environment for the job-changer.

POS+
ポスタス

- 1H sales has increased by 182% YOY due to the special demand before a roll-out of reduced tax rates accompanying consumption tax increases.
- Awarded in "Good Design Award 2019" (held by Japan Institute of Design Promotion)

GOOD DESIGN AWARD
2019年度受賞



POS+ food

POS+ beauty

POS+ retail

Financial Forecasts for FY2019

Consolidated Financial Forecasts

- We aim to achieve the sales target of 980 billion yen in the Medium-term Management Plan.
- Operating profit forecast is 40.7 billion yen as a result of withdrawal from “an” business and sluggish overseas business. The target in the Medium-term Management Plan became difficult to achieve.
- The net profit attributable to parent company has significantly decreased due to an extraordinary loss.

Full Year (Million yen)	FY2018 Actual	FY2019 Previous Forecasts in August 2019	FY2019 Present Forecasts	Objective in Medium-term Management Plan
Sales	925,818	990,000	**980,000**	**980,000**
Operating profit	44,111	43,000	**40,700**	**48,000**
EBITDA	59,972	61,000	**58,000**	**66,000**
Net profit attributable to parent company	24,361	21,700	**5,500**	–
Adjusted EPS (yen)	150.26	143.71	**141.06**	–

- Based of the background of rapidly shrinking workforce, there is strong needs of hiring from clients. However, there is also an emerging trend of postponing new hiring in some industries in the changing external environment such as increasing uncertainties in the world economy.
- In Japan, business has secured stable profits mainly in the Temporary staffing/BOP segment while orders from manufacturing and automobile industries are on the decline due to the effects of the trade friction and foreign currency fluctuations.
- Operating profit of overseas businesses is expected to decline because PROGRAMMED was affected by the sluggish Australian economy and PERSOLKELLLY faced the system trouble.
- Extraordinary loss will be recorded in relation to the Staffing business and the Marine business-related assets of PROGRAMMED, in addition to withdrawal from “an” business.

Business Forecasts By Segment (FY2019 ending March 2020)

Unit: Billion yen	Sales: Previous forecasts *	Sales: Present forecasts/change	Operating profit: Previous forecasts*	Operating profit: Present forecasts/change	Cause
Temporary staffing/BPO	549.0	552.0 +3.0	26.5	27.5 ＋1.0	・Both sales and operating profit were better than previous forecasts based on the steady sales increase and improved unit prices.
Recruiting	89.0	84.0 -5.0	13.4	13.6 ＋0.2	・Sales growth rate of placement business is expected to decrease to around 10%. Operating profit will be up due to cost reduction.
PROGRAMMED	204.0	192.0 -12.0	1.0	0.0 -1.0	・Blue collar Staffing business sales will decline due to slowdown of Australian economy and depreciation of Australian dollar. ・Amortization costs will decrease by 0.7 billion yen in 2H due to a goodwill impairment loss.
PERSOLKELLY	84.0	85.0 +1.0	1.0	-0.8 -1.8	・Sales will increase in regions other than Australia despite an effect of slowdown of Chinese economy. ・Increased cost to deal with the system trouble in Australia leads to operating loss.
ITO	41.5	41.5 ±0.0	2.2	2.2 ±0.0	・IT investments of client companies continue to be strong and both sales and operating profit targets will be achieved
Engineering	31.0	29.8 -1.2	3.0	2.1 -0.9	・Due to an effect of macro environment such as trade frictions, decreased orders from main clients will make sales and profit down.

*Previous forecasts announced in August 2019

Interim Dividend and Year-end Dividend (Plan)

Our company's dividend policy is to continue return to shareholders by stable dividend payment and we plan to provide an annual dividend of 30 yen per share as announced in May 2019, even though the net profit attributable to parent company will decrease because of extraordinary loss that is noncash expense.

	Fiscal Year ended March 2019		Fiscal Year ending March 2020	
	Interim	Year-end	Interim	Year-end (Plan)
Dividend amount per share	10 yen	15 yen	15 yen	15 yen

Reference

Directors Structure (As of October 1, 2019)

・Board Members	・Executive Officers
Representative Director, President and CEO Masamichi Mizuta	Executive Officer (Governance, Risk management, Compliance Officer) Daisuke Hayashi
Director, Deputy President and COO (Group Function Control Officer) Hirotoshi Takahashi	Executive Officer (Corporate Strategy Officer, Chief Human Resources Officer) Hirotaka Mino
Director, Senior Executive Officer (Sales Strategy Officer, Temporary Staffing/BPO Segment Lead) Takao Wada	Executive Officer (Recruiting Segment Lead) Taro Mineo
Director, Executive Officer (Chief Financial Officer) Kiyoshi Seki	Executive Officer (PROGRAMMED Segment Lead, PERSOLKELLY Segment Lead) Takayuki Yamazaki
External Director Ryosuke Tamakoshi	Executive Officer (ITO Segment Lead) Koichi Yokomichi
Director (Member of Audit and Supervisory Committee) Hiroshi Shimazaki	Executive Officer (Engineering Segment Lead) Mikio Miyamura
Director (Member of Audit and Supervisory Committee) Toshihiro Ozawa	Executive Officer (Temporary Staffing/BPO Segment, PERSOL Panasonic Group Business Officer) Kazunari Kimura
External Director (Member of Audit and Supervisory Committee) Naoshige Shindo	Executive Officer (Temporary Staffing/BPO Segment, BPO Business Officer) Toshiyuki Takakura
External Director (Member of Audit and Supervisory Committee) Naohiro Nishiguchi	Executive Officer (Temporary Staffing/BPO Segment, Temporary Staffing Services Innovation Officer) Shinji Masaki
External Director (Member of Audit and Supervisory Committee) Chisa Enomoto	Executive Officer (Recruiting Segment, Works Business Officer, Permanent Job Board Business Officer) Yu Senoo

* Mr. Peter W. Quigley has retired from his position as external director of PERSOL HOLDINGS at the end of September 2019.

Disclaimer

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Results forecasts etc. used in this material contain forward-looking statements which are based on a certain number of assumptions the Company deems rational, and the information at hand as of November 13, 2019 which are not meant in any way by the Company to be assurances that plans will be realized. Actual results etc. may vary greatly due to various causes.

The figures, indicators, PERSOL Group results, and details of financial status included in this material have been released to facilitate an appropriate understanding. Kindly note that not all the figures and indicators have been subjected to audit and review by external auditors.