



Supplementary Information on the
Consolidated Financial Results for
the 3rd Quarter of the Fiscal Year
Ending in March 2020 (Q3 FY2019)

PERSOL HOLDINGS CO., LTD.
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Consolidated Financial Results for Q3 FY2019

Results Highlights of Nine Months of FY2019 ended Dec., 2019

- Consolidated net sales grew compared to the same periods of FY2018, led by Temporary Staffing/BPO and Recruiting segments in Japan. Operating profit declined by unprofitable overseas operations. Net loss recorded reflecting extraordinary losses booked for Q2.

- **Net sales** **721.16 JPY billion (+5.2% YoY)**
- **Operating profit** **28.40 JPY billion (-11.4% YoY, OPM 3.9%)**
- **Quarterly net profit attributable to owners of parent company -654 JPY million**
- **There is no change in the full-year forecasts for FY2019 announced on November 12, 2019.**

Topics

- **Japan operations:**
 - For the preparation of introducing "Equal Pay for Equal Work" law, we have completed the negotiation to corporate clients. Major national players showed their understanding, however, negotiation to local SMEs continued. In May 2020, financial impact thereby for the next fiscal year will be officially released.
- **Overseas operations:**
 - The system trouble of PERSOLKELLY in Australia has been concluded in December 2019, but it is urgently required to reestablish the business structure. New management team of PROGRAMMED has started with clear focus on reinforcing Staffing business.
- **Company-wide:** New Medium-term Management Plan is to be announced in mid May, 2020.

Quarterly Financial Results

- Quarterly sales growth rate lowered for Q3 FY2019 due to declined sales of “an”(Recruiting segment) which terminated its service in November 2019, as well as decreased sale from overseas operations affected by exchange effect.
- Operating profit dropped by the termination of “an” business, stagnated overseas operations, and advanced investments on new business developments.

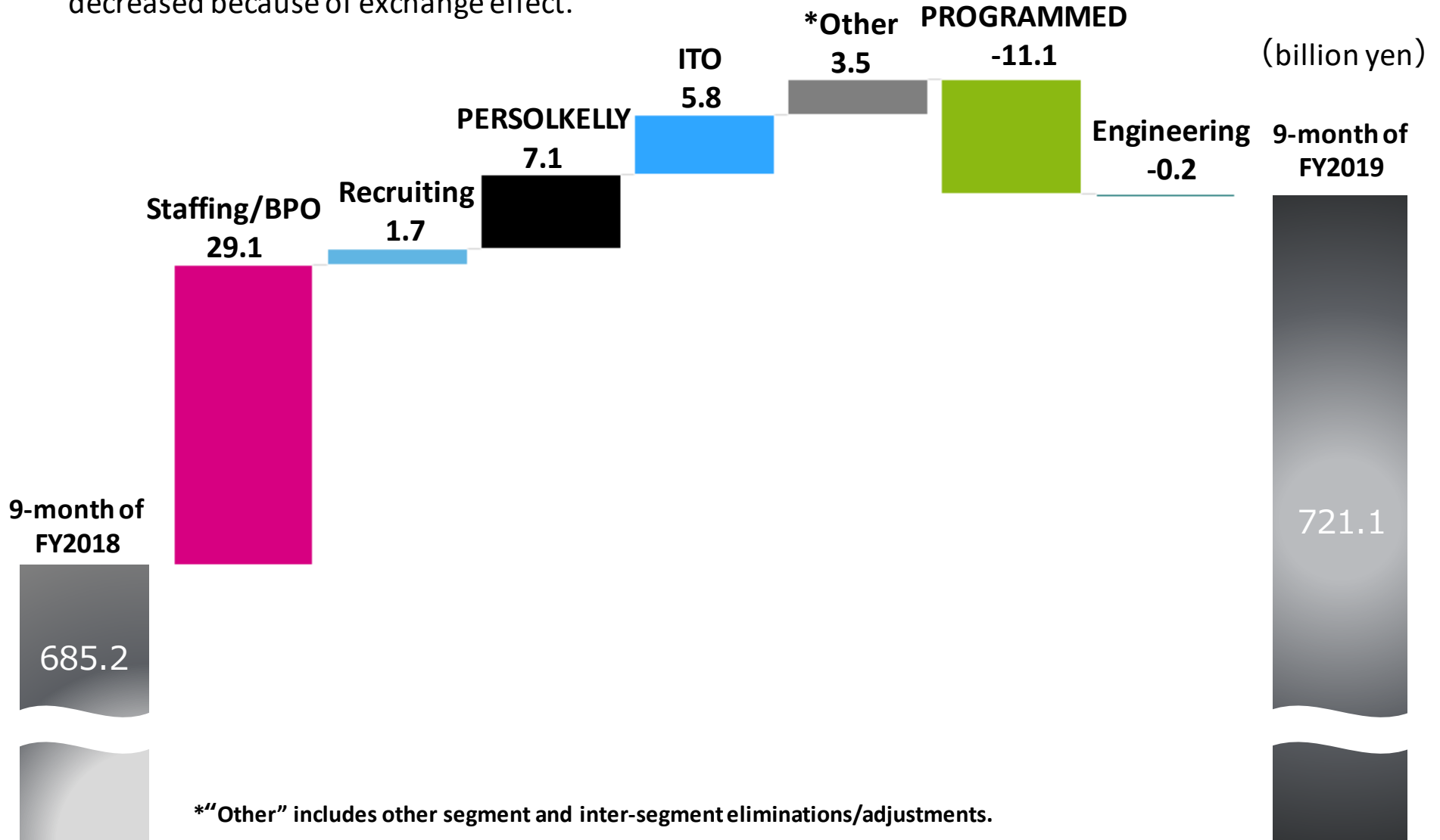
	FY2018				FY2019		
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	225,929	226,330	232,971	240,586	235,218	243,738	242,204
YoY(%)	39.6%	39.0%	36.8%	5.9%	4.1%	7.7%	4.0%
Operating profit	11,530	8,922	11,620	12,036	10,057	10,058	8,287
OP Margin(%)	5.1%	3.9%	5.0%	5.0%	4.3%	4.1%	3.4%
EBITDA	15,401	12,795	15,533	16,242	14,416	14,532	12,410
EBITDA Margin(%)	6.8%	5.7%	6.7%	6.8%	6.1%	6.0%	5.1%
Net profit attributable to owners of parent	6,631	5,355	6,750	5,622	5,466	-10,643	4,522

Condensed Profit and Loss Statement for Nine Months ended Dec. 31, 2019

(million yen)	Nine Months		% chg.	Full-year Forecast for FY2019	Actual/ Forecast
	FY2018	FY2019			
Net sales	685,231	721,160	5.2%	980,000	73.6%
Operating profit	32,074	28,403	-11.4%	40,700	69.8%
EBITDA	43,730	41,358	-5.4%	58,000	71.3%
Extraordinary profit/loss	64	-17,234	-	-	-
Net Profit/loss	18,738	-654	-	5,500	-
EPS after adjustment (yen)	110.47	95.80	-13.3%	141.33	67.8%

Breakdown by Segment of Changes in Net Sales (9-month period)

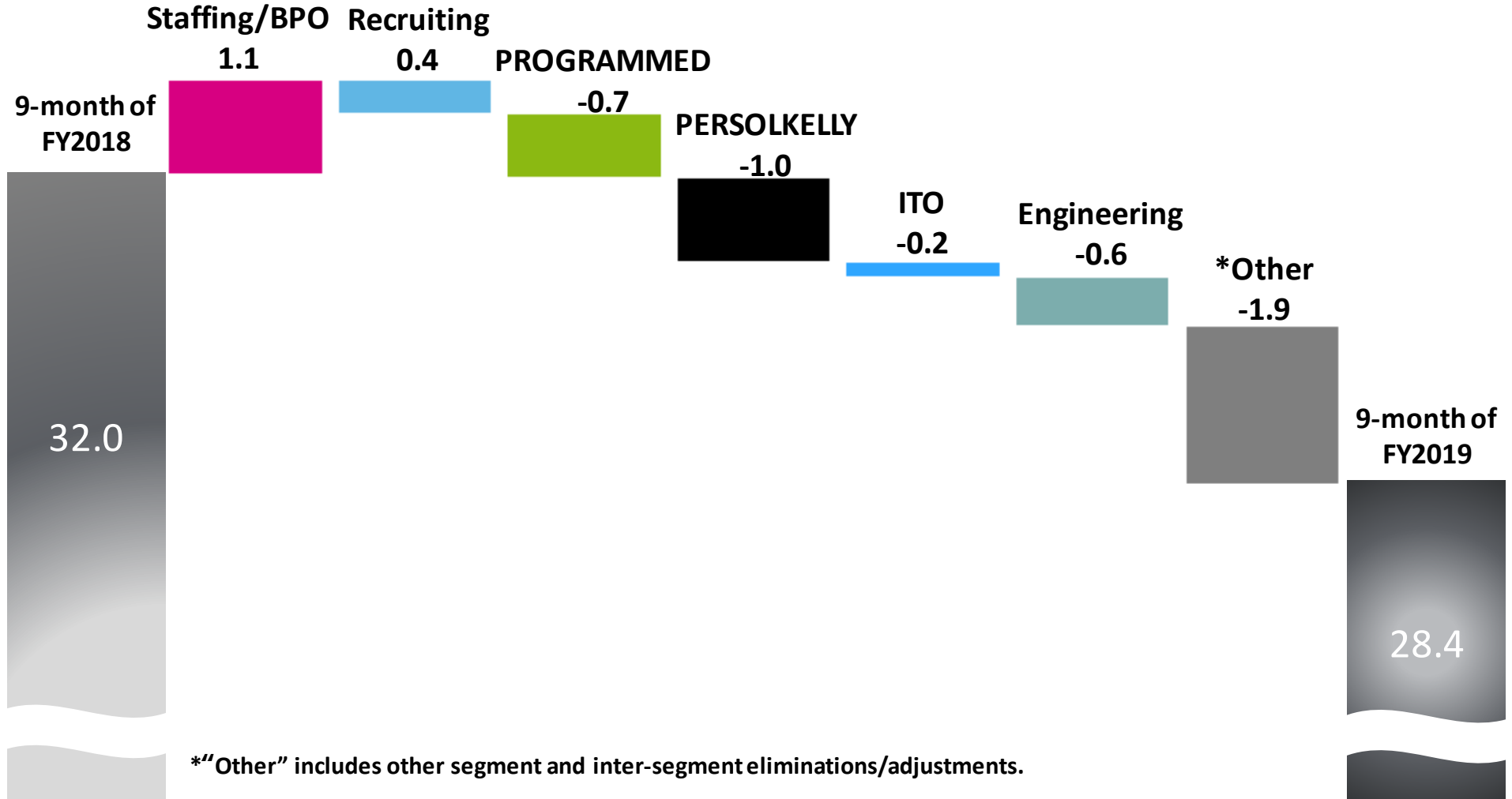
- Temporary staffing/BPO segment, our pillar business, led sales increase. Sales of PROGRAMMED decreased because of exchange effect.



Breakdown by Segment of Changes in Operating Profit (9-month period)

- All segments other than Temporary Staffing/BPO segment declined their operating profit.
- Other included expenditures on new business developments.

(billion yen)





Financial Results by Segment for Q3 FY2019

Temporary Staffing/BPO Segment

Despite one day less working days for this Q3, in addition to positive impact by M&A, increased number of active temporary staff extended sales growth.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
million yen	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
Net sales	129,927	131,103	131,429	135,457	140,693	378,435	407,580	552,000
YoY(%)	5.0%	7.6%	5.2%	9.6%	8.3%	5.3%	7.7%	8.3%
Operating profit	6,904	5,976	6,311	5,694	7,111	18,015	19,117	27,500
OPM(%)	5.3%	4.6%	4.8%	4.2%	5.1%	4.8%	4.7%	5.0%
EBITDA	7,849	7,074	7,310	6,717	8,122	20,850	22,150	31,400
EBITDA Margin(%)	6.0%	5.4%	5.6%	5.0%	5.8%	5.5%	5.4%	5.7%
Working days	62	57	59	59	61	183	179	237

- An increase of open-ended contract temporary workers and proactive sales activities resulted in the increased number of active temporary workers.
- Current number of open-ended contract temporary workers was on track with 5,000 targeted number of this fiscal year.
- Sales growth was achieved by following factors: M&A effect (acquired Avanti Staff) +3.3 % and Organic growth +5.0% (comprising of: one day less working days -1.6%, increase number of active workers +6.3%, increase of unit billing rate +2.3%, and other factors -2.0%)
- Other factors above: GP margin was slightly pushed down due to lower utilization of engineer/technician staff and decreased number of staff placement under the economy uncertainty.

Recruiting Segment

For this Q3, both sales and operating profit declined affected by business uncertainty, in addition to termination of “an” service.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	21,207	23,577	23,549	22,259	18,114	62,249	63,923	84,000
YoY(%)	21.9%	17.3%	13.6%	9.6%	-14.6%	18.0%	2.7%	-2.1%
Operating profit	3,210	4,784	4,703	4,393	1,271	10,770	10,367	13,600
OPM(%)	15.1%	20.3%	20.0%	19.7%	7.0%	17.3%	16.2%	16.2%
EBITDA	3,920	5,521	5,414	5,146	2,047	12,860	12,607	17,600
EBITDA Margin(%)	18.5%	23.4%	23.0%	23.1%	11.3%	20.7%	19.7%	21.0%

- Ratio of personnel cost against sales rose for this Q3, because it requires a certain period for former “an” staff to contribute to sales and earnings.
- Declined the ratio of successful placement because economic uncertainty made corporate clients to be careful for hiring.

PROGRAMMED Segment

For this Q3, Staffing business continued to be stagnant due to sluggish Australian economy. On the other hand, the Maintenance business showed steady performance.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	48,866	50,145	46,444	48,160	45,589	151,331	140,194	192,000
<i>YoY(%)</i>	-	-8.0%	-9.8%	-5.5%	-6.7%	-	-7.4%	-4.7%
Operating profit	18	604	73	-215	-360	237	-502	0
<i>OPM(%)</i>	0.0%	1.2%	0.2%	-0.4%	-0.8%	0.2%	-0.4%	0.0%
EBITDA	1,463	2,061	1,893	1,570	980	4,660	4,445	6,700
<i>EBITDA Margin(%)</i>	3.0%	4.1%	4.1%	3.3%	2.1%	3.1%	3.2%	3.5%
AU GDP growth (%)	2.6%	2.2%	1.7%	1.4%	1.7%	-	-	-
AUD/JPY	83.1	82.6	78.5	77.7	76.3	83.1	76.3	-

- Segment sales as a whole declined by 6.7% affected by exchange effect. (On a local currency basis, total sales +3.8%, including Staffing business -4.1% and Maintenance business +13.5%)
- Staffing business: Increase in business development activity for new clients has seen a recovery in temporary staff numbers to the level of previous year.
- Maintenance business: Increased earnings contribution from Property Services subsegment in Q3 after slow first half, and Facility management subsegment continued healthy growth by 29.8%.
- Booked one-time personnel expense in Q3 (approx. JPY 360 million).

PERSOLKELLY Segment

PERSOLKELLY



For this Q3, Staffing business performed well and total sales increased. System trouble in Australia caused decreased sales and extra costs, and made operating loss.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	19,372	20,611	20,568	21,423	20,650	55,495	62,642	85,000
YoY(%)	16.3%	19.0%	19.2%	13.5%	6.6%	14.5%	12.9%	11.7%
Operating profit	290	-98	-230	88	-214	647	-356	-800
OPM(%)	1.5%	-0.5%	-1.1%	0.4%	-1.0%	1.2%	-0.6%	-0.9%
EBITDA	479	148	-19	297	-20	1,199	257	-300
EBITDA Margin(%)	2.5%	0.7%	-0.1%	1.4%	-0.1%	2.2%	0.4%	-0.4%

- Staffing business performed well in Singapore, Malaysia and Hong Kong, continuing the double digit growth in sales in each area except China and Australia.
- On the other hand, sales in Australia was significantly declined due to persisting economic downturn and the effect of the system trouble in the country.
- An operating loss was recorded because of an increased labor costs and an increase in provision of reserves for uncollected accounts receivable both related to the system trouble in Australia, and revenue reductions of the placement service business in China due to the impact of US/China trade friction.
- While the system trouble has been concluded in December 2019, reestablishment of business structure for normal operation is urgently needed.

ITO Segment

ITO



High sales growth ratio in Q3 maintained, supported by robust demand for IT solutions.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	8,496	9,775	8,986	10,292	10,420	23,869	29,698	41,500
YoY(%)	13.7%	22.4%	25.1%	25.7%	22.6%	13.6%	24.4%	23.4%
Operating profit	388	857	-345	467	538	844	660	2,200
OPM(%)	4.6%	8.8%	-3.8%	4.5%	5.2%	3.5%	2.2%	5.3%
EBITDA	615	1,059	-96	720	836	1,430	1,460	2,900
EBITDA Margin(%)	7.2%	10.8%	-1.1%	7.0%	8.0%	6.0%	4.9%	7.0%

- Sales increased as a result of strong IT investment demand from corporate clients.
- Operating profit margin was improved by increased unit billing rates despite a cost increase as a result of lifted wage levels.
- Operating profit margin for nine months declined, due to the loss made by the project of system developments in Q1.

Engineering Segment

Both sales and operating profit were decreased for this Q3 because of reduced orders from main clients due to the impact of US/China trade friction.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	7,720	7,986	6,373	7,435	7,378	21,371	21,187	29,800
YoY(%)	8.9%	4.5%	-1.0%	3.1%	-4.4%	6.0%	-0.9%	1.5%
Operating profit	938	945	11	658	584	1,816	1,253	2,100
OPM(%)	12.2%	11.8%	0.2%	8.9%	7.9%	8.5%	5.9%	7.0%
EBITDA	1,092	1,100	113	767	694	2,266	1,574	2,600
EBITDA Margin(%)	14.1%	13.8%	1.8%	10.3%	9.4%	10.6%	7.4%	8.7%

- Sales decreased as slow demands from main clients, especially automobile companies, due to the impact of US/China trade friction.
- Operating profit dropped by approx. 30% due to lower utilization ratio caused by declined orders.
- New customers development activity is steadily progressing but it will take a certain time to contribute to business results.

Other Segment

“MIIDAS” newly developed business performed well in Q3 continuously, as planned.

	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
million yen								
Net sales	1,600	1,531	2,486	3,545	4,144	4,219	10,176	15,000
<i>YoY(%)</i>	39.6%	25.9%	75.3%	195.7%	158.9%	35.1%	141.2%	160.8%
Operating profit	-52	-383	-196	-410	-255	-175	-862	-1,300
<i>OPM(%)</i>	-3.3%	-25.0%	-7.9%	-11.6%	-6.2%	-4.2%	-8.5%	-8.7%
EBITDA	-31	-360	-142	-275	-88	-116	-506	-1,100
<i>EBITDA Margin(%)</i>	-1.9%	-23.5%	-5.7%	-7.8%	-2.1%	-2.8%	-5.0%	-7.3%

- From this fiscal year, “MIIDAS” has been transferred from Recruiting segment.
- Direct sales of “MIIDAS” is currently on the rise, but the overall segment does not yet make a contribution to profit as it is still in the advanced investment stage.

Adjustments (Corporate cost and consolidated reconciliation)

As initially planned, for this Q3, investment on digital transformation(DX) for developing AI applications and innovative technologies was done.

million yen	FY2018 (Actual)		FY2019 (Actual)			Nine Months (Actual)		Forecast
	Q3	Q4	Q1	Q2	Q3	FY2018	FY2019	FY2019
Net sales	-4,220	-4,143	-4,619	-4,837	-4,787	-11,739	-14,242	-19,300
<i>YoY(%)</i>	-	-	-	-	-	-	-	-
Operating profit	-78	-648	-269	-617	-388	-83	-1,274	-2,600
<i>OPM(%)</i>	-	-	-	-	-	-	-	-
EBITDA	144	-365	-56	-412	-161	577	-630	-1,800
<i>EBITDA Margin(%)</i>	-	-	-	-	-	-	-	-

- As the businesses expand, amount of inter-segment and internal transactions, such as corporate management fee increased.
- Since R&D investments related to DX and innovation are commissioned to PERSOL INNOVATION, Co., Ltd, in Other segment and operating loss was recorded as planned at the beginning of this fiscal year. (Total investment amounts for nine months of FY2019 were JPY 1,460 million)

Disclaimer

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 February 14, 2020 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.