



P E R S O L

Consolidated Financial Results of the Fiscal Year Ended in March 2020 (FY2019)

PERSOL HOLDINGS CO., LTD.

May 15, 2020

Today's Agenda

- 1. Summary of the Consolidated Financial Results of FY2019**
- 2. Mid- to Long-term Management Policy**
- 3. Business Operational Structure and Governance**
- 4. SBU's Overview and their Strategies**
- 5. Financial Forecasts for FY 2020**

Highlights

Point 1

➤ **Financial results for the year ended March 2020**

- Net Sales increased while operating profit decreased YoY. Both sales and operating profit did not reach our financial forecasts.
- Net profit reached the forecast announced in November 2019 because corporate tax adjustment decreased for the FY2019 due to implementation of a consolidated taxation system from FY2020.

Point 2

➤ **Postpone of the new mid-term management plan announcement**

- As COVID-19's impact on business is very large, announcement of the new mid-term management plan which has been developed since previous fiscal year is going to be put off. We will reveal it at the time of FY2020 Q1 results announcement in August 2020 after determining COVID-19's impact on the mid-term management plan.

Point 3

➤ **Mid-and long-term management policy and financial forecast for FY2020**

- Business direction and value we pursue
- Management structure and enhancement of governance
- The forecast for only Q1 of FY2020 in range format for reference



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Summary of the Consolidated Financial Results of FY2019

Summary of the Consolidated Financial Results of FY2019

The highest net sales were recorded. Net profit decreased significantly YoY because of declined profit in overseas business and recorded extraordinary losses, including loss due to withdrawal from “an” business and goodwill impairment loss.

(million yen)	FY2018	FY2019	chg.	%chg.	Factor
Net sales	925,818	970,572	44,754	4.8%	Temporary staffing business in Japan as our core business remained strong.
Operating profit	44,111	39,085	-5,026	-11.4%	Operating profit decreased in the Recruiting Segment and two overseas business segments.
<i>OP Margin(%)</i>	<i>4.8%</i>	<i>4.0%</i>	<i>-0.8pt</i>	<i>-15.5%</i>	Profitability of the Recruiting Segment declined due to termination of “an” business and other factors.
EBITDA	59,972	56,356	-3,616	-6.0%	-
Extraordinary profit/loss	-1,290	-19,030	-17,740	-	Goodwill impairment loss in relation to PROGRAMMED and “an” business withdrawal etc. were recorded.
Net profit before taxes etc.	42,691	20,331	-22,360	-52.4%	-
Total corporate taxes etc.	16,302	11,810	-4,492	-27.6%	Corporate tax adjustment was reduced because the consolidated taxation system will apply from FY2020.
Net Profit*	24,361	7,612	-16,749	-68.8%	Net profit decreased due to extraordinary loss booked.
Adjusted EPS (yen)	150.26	148.44	-1.82	-1.2%	-

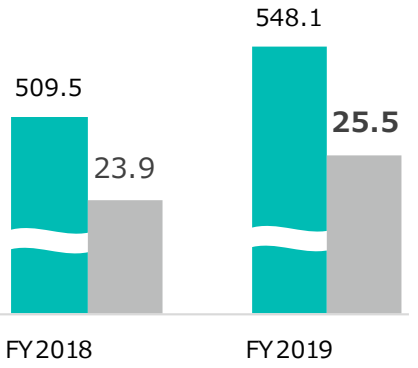
Note: Net profit attributable to owners of parent company

Financial Results by Segments

Sales and operating profit increased in Temporary Staffing/BPO Segment as our core business under the market conditions getting worse. Management team of overseas business was renewed in October 2019 to focus on improve their profitability. (Billion yen)

Temporary Staffing/BPO

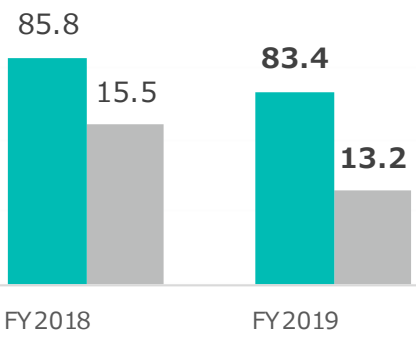
■ Sales ■ OP



Record high sales and profit achieved

Recruiting

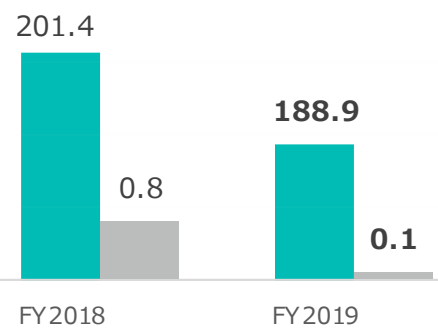
■ Sales ■ OP



High profitability maintained even after withdrawal from "an" business

PROGRAMMED

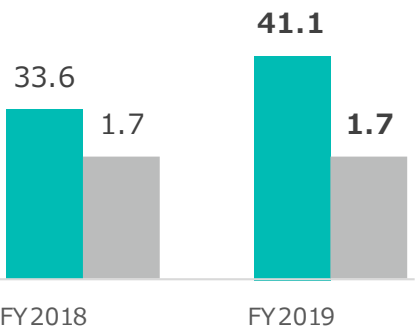
■ Sales ■ OP



Staffing business is in turnaround

ITO

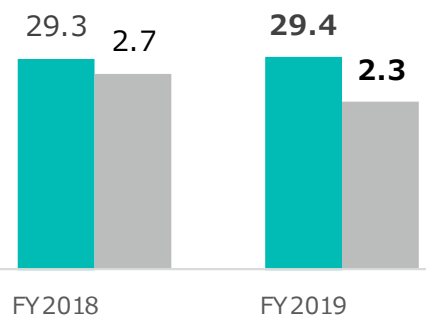
■ Sales ■ OP



Staff compensation improvement

Engineering

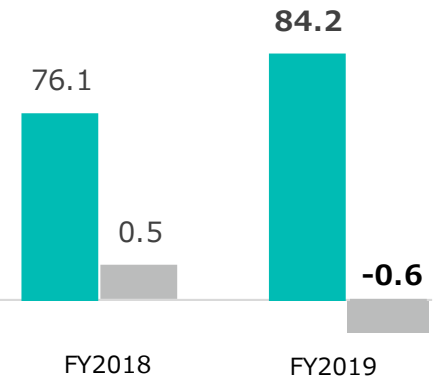
■ Sales ■ OP



Sales maintained in severe business environment

PERSOLKELLY

■ Sales ■ OP



Steady grow achieved except Australia

Consolidated Balance Sheet

Amount of goodwill decreased due to a PROGRAMMED staffing business was devalued. PROGRAMMED, etc. Bank loan of JPY 20 billion was made at the end of March 2020 in order to increase liquidity on hand to meet immediate need for capital.

(million yen)	FY2018	FY2019	chg.	% chg.
Cash and deposits	69,029	78,247	9,218	Bank loan fund raising of JPY 20 billion at the end of March 2020.
Non-current assets	160,994	147,444	-13,550	-
Goodwill	91,763	72,562	-19,200	Goodwill was decreased mainly due to a goodwill impairment loss in relation to the staffing business at PROGRAMMED (JPY 12.2 billion*).
Total assets	370,839	370,993	154	-
Current liabilities	144,919	140,052	-4,867	Accrued income taxes decreased.
Non-Current liabilities	54,995	67,035	12,040	Long-term loans payable increases with bank loan of JPY 20 billion.
Net assets	170,925	163,906	-7,018	An increase due to net profit of JPY 7.5 billion A decrease due to treasury stock acquisition of approx. JPY 5 billion in total in addition to dividends.
Liabilities and net assets	370,839	370,993	154	-

- The amount of impairment loss recorded in Q2 was changed due to fluctuation of exchange rate.

Consolidated Cash Flow Statement

Free cash flow decreased YoY to JPY 10.7 billion due to decreased cash flow from operating activities. In preparation for future cash need, bank loan of JPY 20 billion was made at the end of March 2020.

(million yen)	FY2018	FY2019	chg.	
Cash flow from operating activities	42,353	28,592	-13,761	A decrease in net profit before income taxes
Cash flow from investing activities	- 15,141	-17,576	-2,435	-
M&A	- 4,216	-2,328	1,888	Overseas M&A freeze and No domestic large-scale M&A
Others	- 10,924	-15,248	-4,324	Spending increased due to an increased acquisition of fixed assets such as softw
Free cash flow	27,212	11,015	-16,196	Cash flow from operating activities + Cash flow from investing activities
Cash flow from financing activities	- 48,165	-1,987	46,177	An increase due to bank loan of JPY 20 billion An increase in expenditure due to treasury stock acquisition (approx. JPY 5 billion)
Balance of cash and cash equivalent at end of period	68,969	78,037	9,067	-

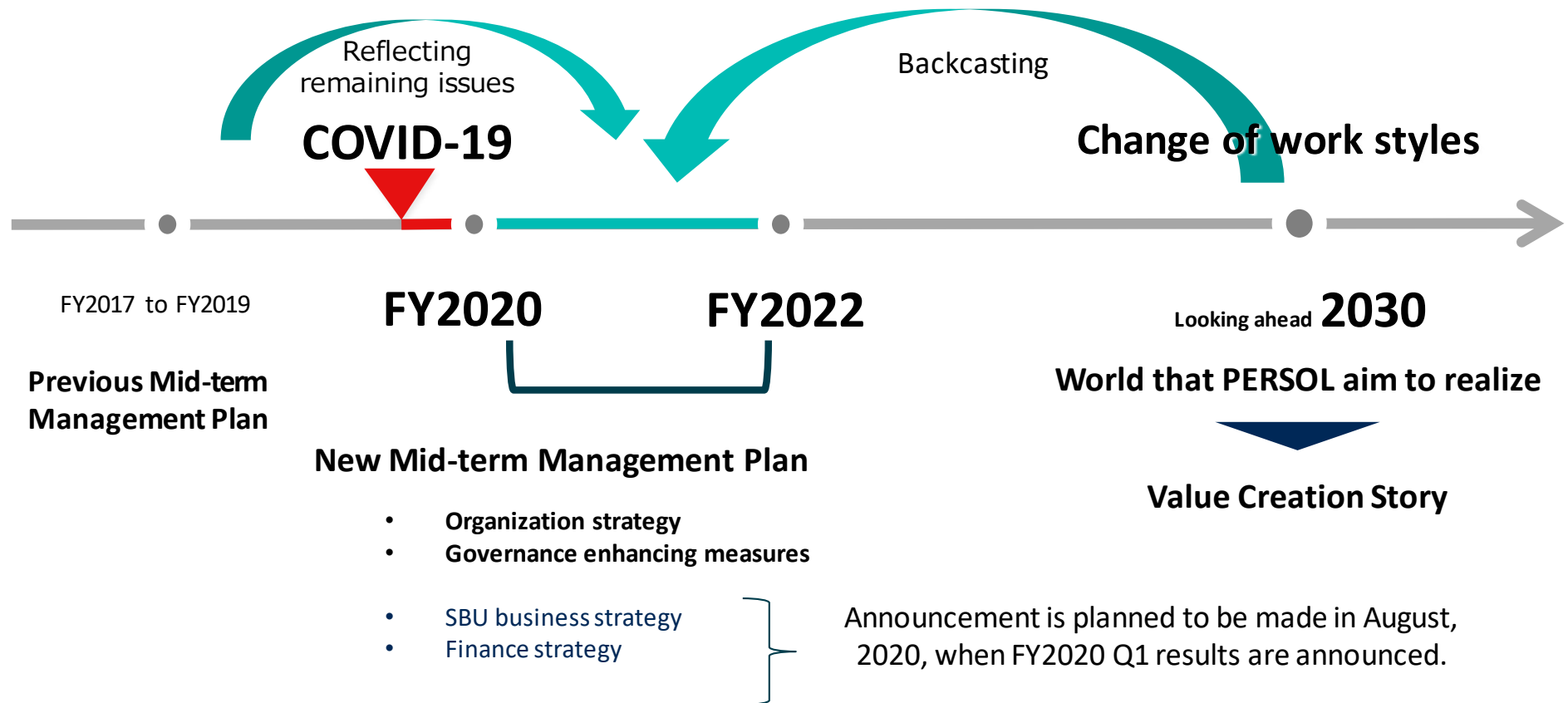


Mid- to Long-term Management Policy

Announcement of New Mid-term Management Plan

PERSOL is going to review the business strategy by SBU to focus on taking the measure against pandemic of COVID-19

The role of New Mid-term management plan



Change of “Work” in the world in 2030

In this era of 100-year lifespan and driven by evolution of technology, essential and irreversible changes are occurring in people’s lifestyle and the way of working. Those changes are now accelerated due to the effect of COVID-19.

Change of “Work” in the world perceived by PERSOL

As the human lifespan becomes longer in the world, “Working” period is also getting longer.



Working style of individuals will change driven by advancing technologies.



Life style and way of working change.
(The change is accelerated by COVID-19.)

Work, and Smile

Working life is a journey of growth and creation.

We all have big dreams,
and there are many different paths to success.

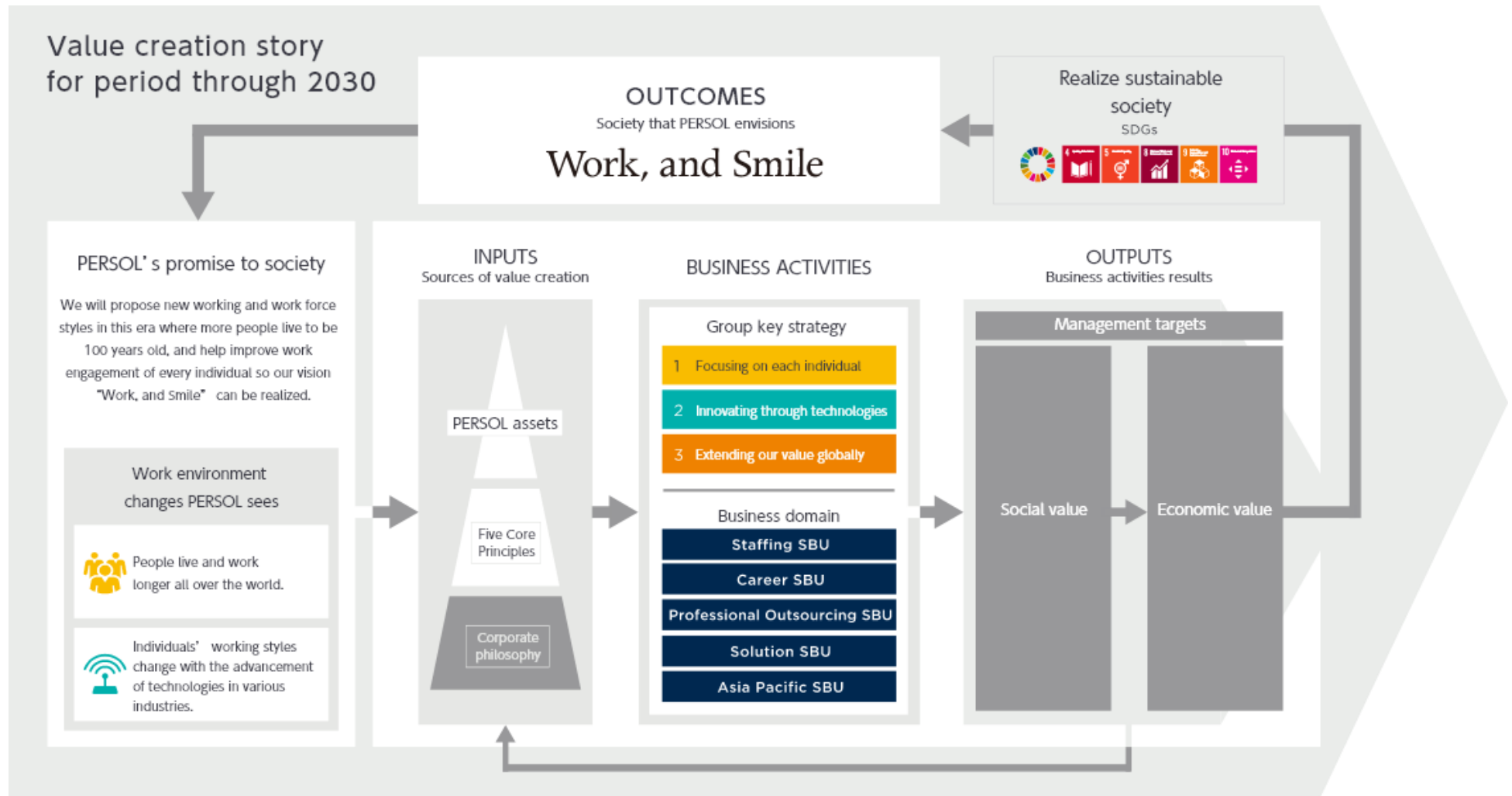
Thus, we need to make our own choices
from a range of diversified work opportunities.

Our vision is to enrich society
so that all work leads to lives of happiness.



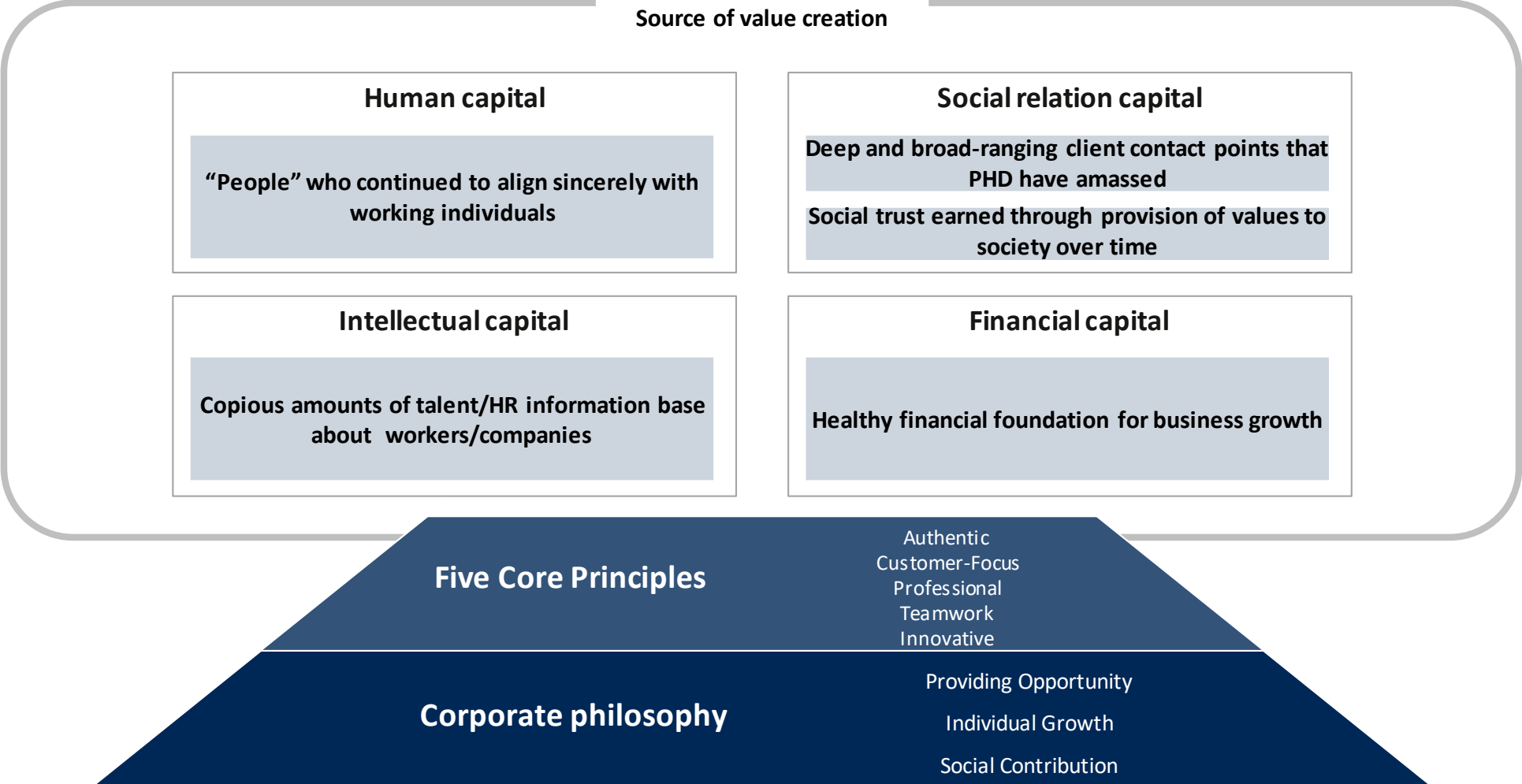
Value creation story

Forecasting the society at 2030, we determined Value creation story to realize Group vision.



PERSOL's strengths: Source of value creation

Based on the corporate philosophy and Five Core Principles, “people” who continued to align sincerely with working individuals, contact points with customers and social trust generated by “people”, and human resources and HR information, and healthy financial foundation obtained as a result are the strengths of PERSOL.



Group key strategies

To realize the world we aim at, three Group priority strategies were established. Business strategy of each Business Unit is scheduled to be announced in August.

Focusing on each individual 1

We make priority investments on the activities that contribute to the increase of work engagement for all working individuals supported by PERSOL.

Innovating through technologies 2

By making the best use of technologies, we promote digitization of existing businesses to further upgrade those businesses and create new businesses for future

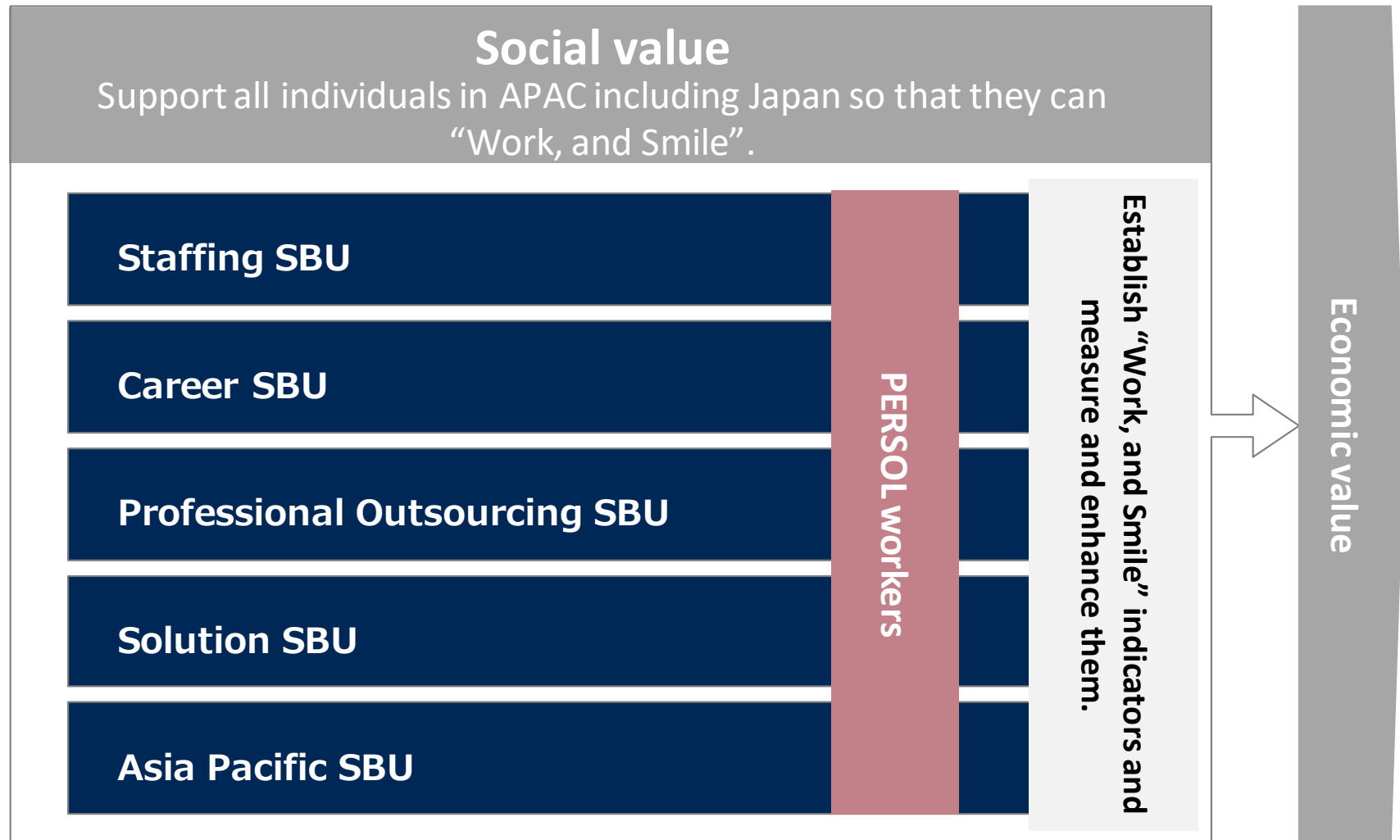
Extending our value globally 3

We establish a management structure to provide values from Japan as advanced country of challenges in relation to “Work” to the Asia-Pacific region and then to all around the world.

Social value and economic value that PERSOL aims to create

PERSOL will establish, measure and enhance indicators of “Work, and Smile”.

We believe that enhancement of “Work, and Smile” indicators will lead to the enhancement of financial indicators in the end.



SDGs which PERSOL can contribute to the achievement and sustainability policy

In the course of realizing the Group Vision “Work, and Smile” through our business activities, we will contribute to five SDGs; “4. Quality Education”, “5. Gender Equality”, “8. Decent work and Economic Growth”, “9. Industry, Innovation and Infrastructure”, “10. Reduced Inequalities”.

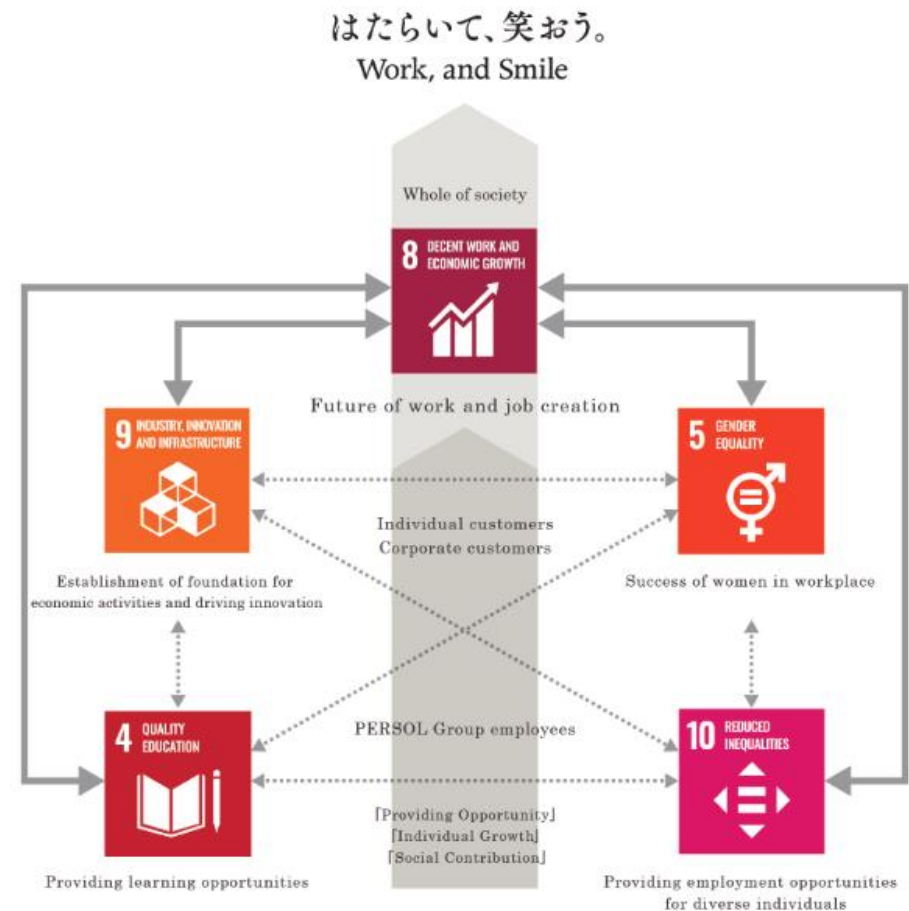
Sustainability policy

Based on our corporate philosophy including “Job Creation”, “Individual Growth”, and “Social Contribution”, PERSOL Group is actively addressing the solution of social issues in cooperation with various stakeholders, aiming at creating sustainable society.

Toward 2030, we promote business activities, including creation of new working styles that meet the needs in society, to realize the Group Vision “Work, and Smile” and thereby make contribution to achievement of the SDGs.

We work on the five SDGs in particular as important issues and provide support for development of human resources and creation of employment for those people who can contribute to the achievement of all the 17 sustainable development goals.

SDGs activities outline diagram



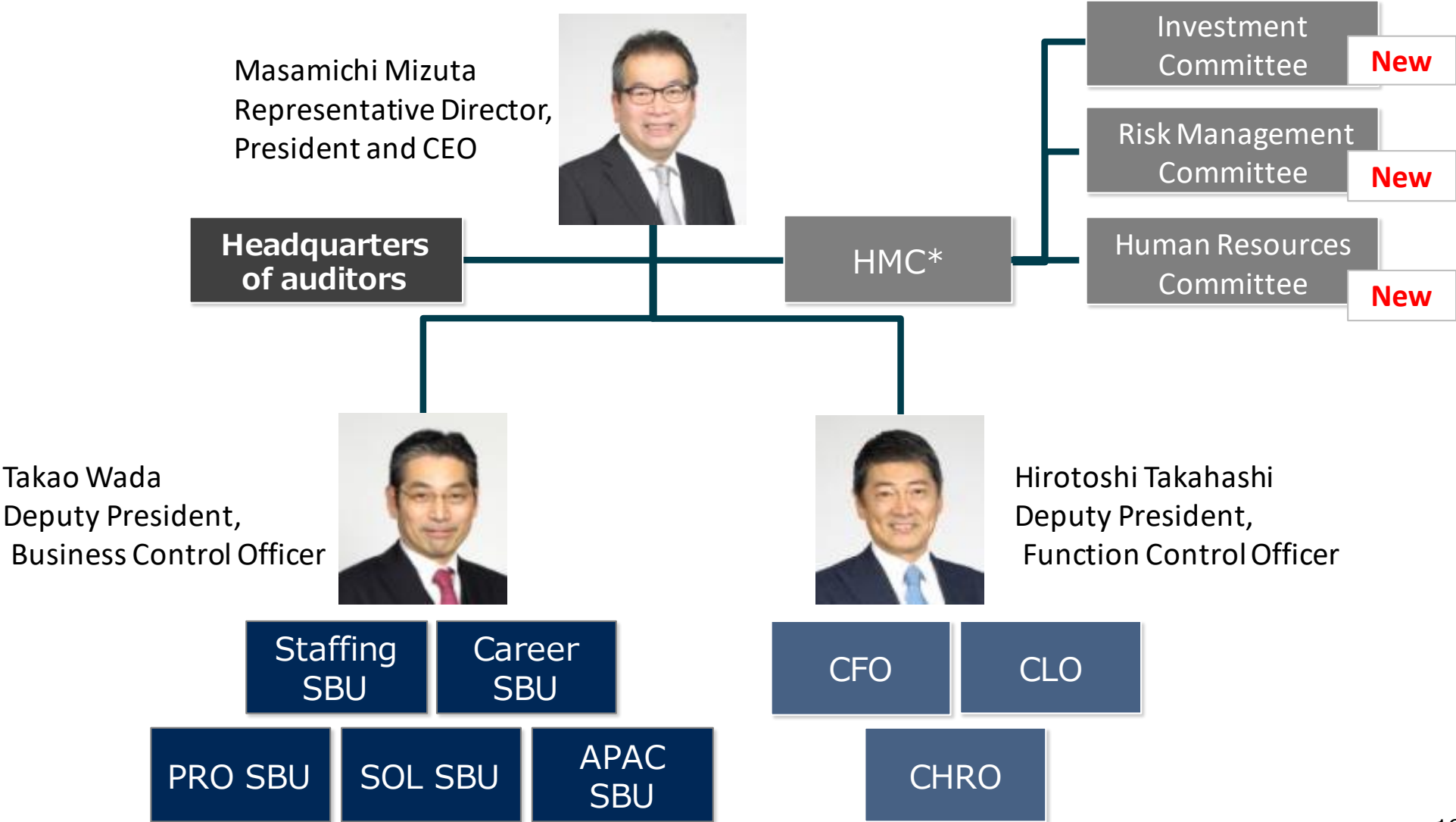


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Business Operational Structure and Governance

Changes in Management Structure

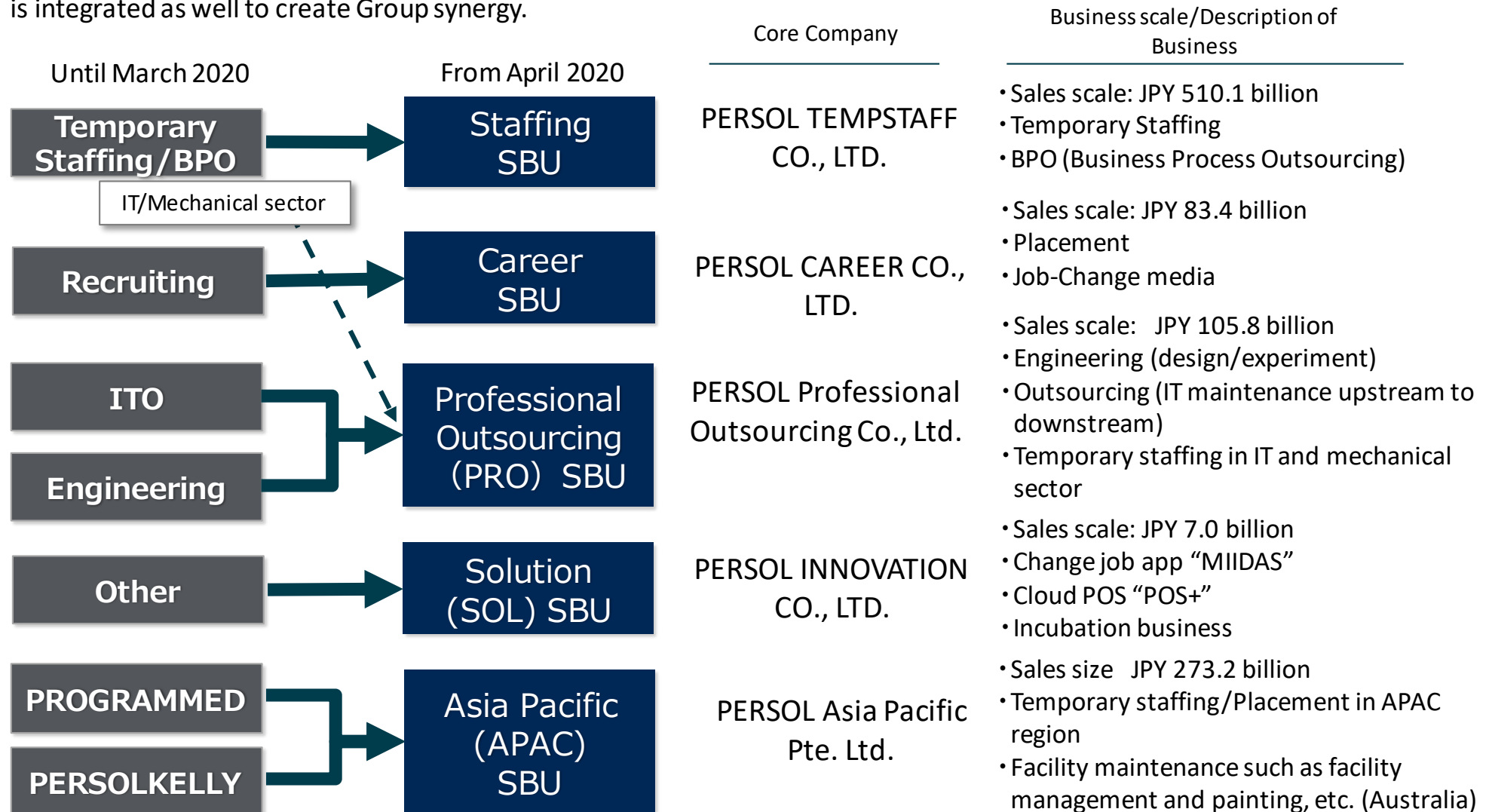
In April 2020, two Vice-President structure introduced; Mr. Wada is in charge of each business and Mr. Takahashi is in charge of each function. In addition, three committees were established as advisory board to HMC* to strengthen governance.



*HMC : Headquarters Management Committee

Shift to SBU (Strategic Business Unit) Structure

Responsibility of decision-making in relation to business execution is properly transferred to SBU to expedite the execution of businesses. Businesses in professional fields are integrated to reinforce, and the overseas business management structure is integrated as well to create Group synergy.



Group Governance Reinforcement

Decision-making process is expedited by transferring responsibility to SBU, while Board of Directors is shifted to a monitoring model.

HMC was established as an organization to assist the CEO in decision-making, and further, three committees (Investment Committee, HR Committee and Risk Management Committee) were established as advisory organizations to HMC in order to ensure consistency between expediting decision-making and the governance.

Board of Directors Strengthening monitoring function

- Shifted to Board of Directors focusing on monitoring
- Ratio of independent external directors is 1/2 or more, in principle.
- Optional Nominations Committee/Compensation Committee (Majority of committee members are independent external directors) was established.

Establishment of HMC

- HMC was established as an organization to assist the CEO in decision-making.
- Important business executions delegated by the Board of Directors are decided by the CEO subject to approval resolution by HMC.
- Consisting members are internal directors, SBU managers and functional CXO.

Establishing new Group-wide committees

- Investment Committee: Deliberation on matters related to large-amount business investment (M&A) projects/ M&A overseas is frozen for the time being.
- HR Committee: Deliberation on the Group-wide HR strategy
- Risk Management Committee: Deliberation on the matters in relation to risk management



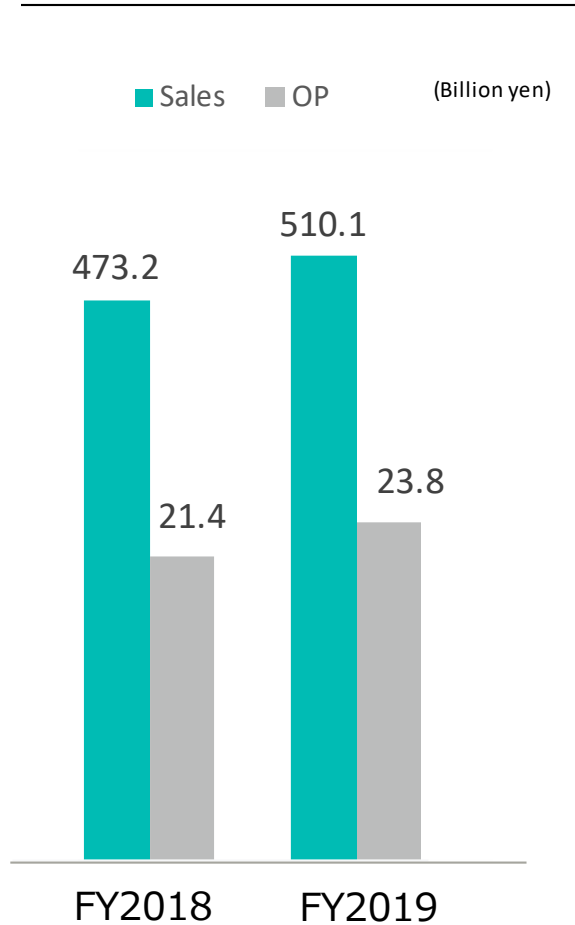
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SBU's Overview and their Strategies

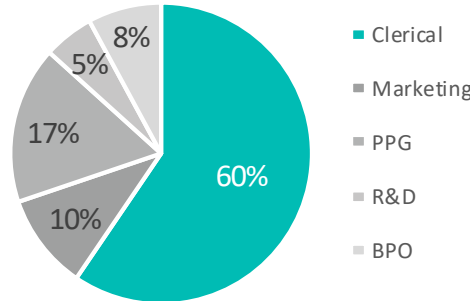
Staffing SBU

Staffing SBU will further increase the market share and make a stable contribution to profit as the PERSOL Group's core SBU.

Business Results (restated)



Composition of Sales



Competitive Advantages and Strategic Direction

- No.1 market share* in clerical temporary workers
- Established business structure and solid capability
- Implementing optimum strategy in each field by leveraging business scale

◆ Response to “equal pay for equal work”

- Realize improvement of working staff treatment and compensation
- Almost all the clients agreed to accept commuting expense charges etc. and additional costs
- Started proposing use of external human resource scheme by combining temporary staff business and outsourcing business

◆ Contracting business

- It has been growing by double-digits for 6 consecutive years and has become the scale of 15% of total scales of the SBU
- Higher-quality and high-value-added services are highly evaluated from client companies by accumulation of knowledge
- Has knowledge in government BPO and strength in large short-term projects

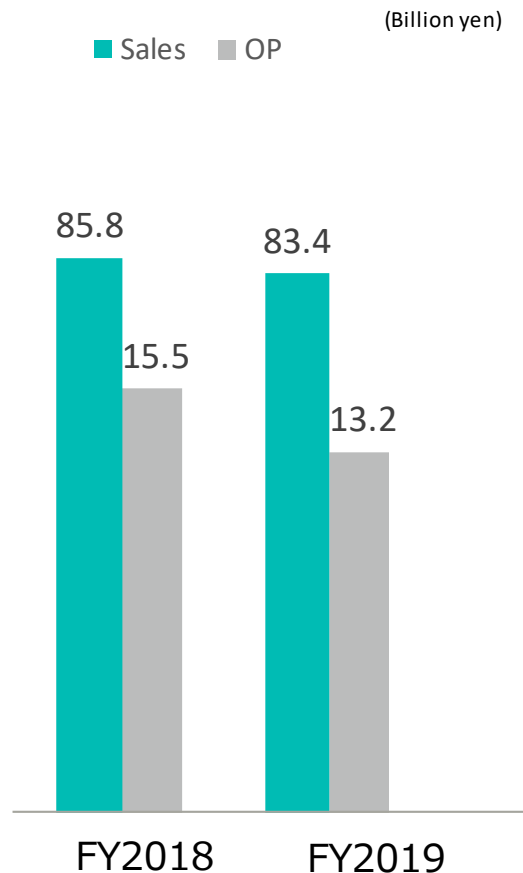
*A survey by PERSOL

Note: PERSOL TECHNOLOGY STAFF that engaged in the engineer temporary staffing business were transferred to Professional Outsourcing SBU.

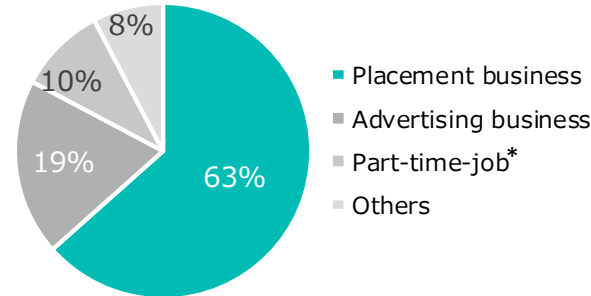
Career SBU

The second highest contribution to PERSOL group profit. This SBU has terminated “an” business and finished selection and concentration of the business. It will focus on placement business for permanent workers

Business Results (restated)



Composition of Sales



*: Terminated part-time-job advertising business on November 25, 2019.

Competitive Advantages and Strategic Direction

- Wide customer contact point
- Branding power
- Second position* in placement business market
- High profitability

◆ Maintain structural in preparation for after COVID-19

- Maintain employment to satisfy needs in employment after COVID-19 based on shortage of labor force
- Promote integrating matching accuracy and non-face-to-face support by continuing investment on technology
- Continue training staffs transferred from “an” business to be full-fledged

◆ Cost reduction at the moment

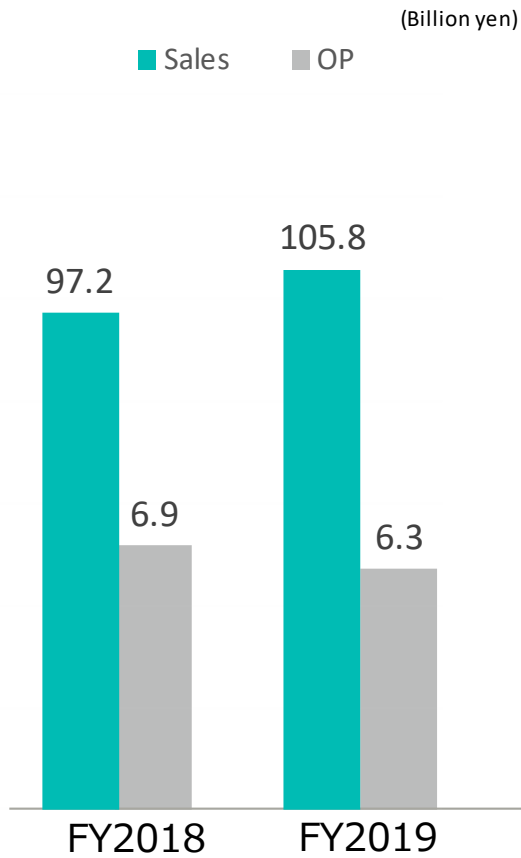
- Suspending mid-career recruitment and reducing marketing cost

* A survey by PERSOL

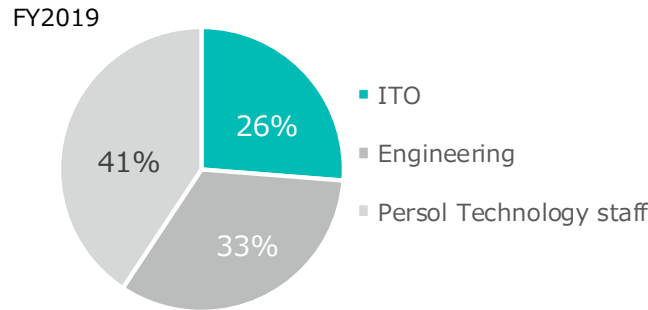
Professional Outsourcing SBU

This SBU aims to be the 3rd largest contribution to PERSOL group as professional engineer group which supports innovation of technology by dispatching temporary staffs and BPO for R&Ds

Business Results (restated)



Composition of Sales



Competitive Advantages and Strategic Direction

- System development capabilities
- Strong customer base of 1,700 companies
- Employing 8,500 engineers who can satisfy client needs from IT to manufacturing areas

◆ Professional sector for the 3rd business pillar

- Integrated ITO and Engineering segments, which are the professional areas, to be the 3rd largest contribution to the group
- Business entity in size of about JPY 110 billion sales and about 10,000 headcount
- Plays the role to contribute to stable profits by differentiating from competitors through various designs and developments with interacting IT and mechanical & electrical engineers

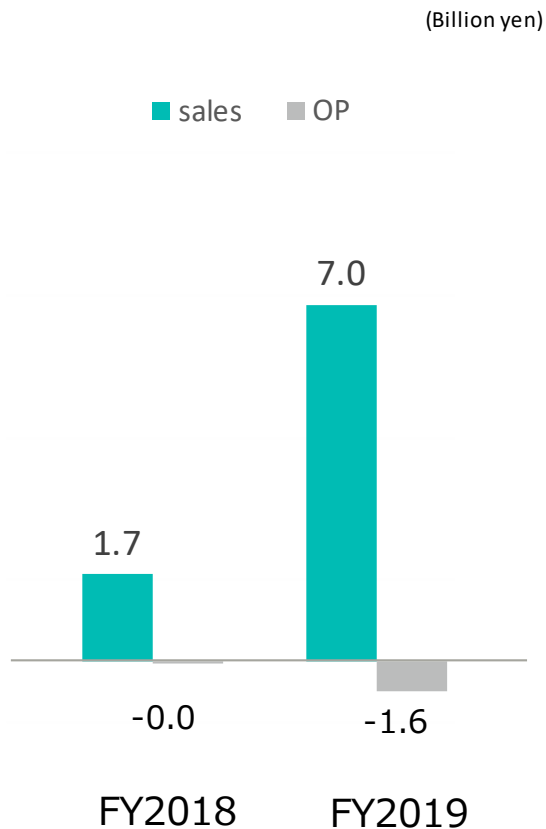
◆ Developing synergies in Group-wide measures

- Employing a wide range of engineers who can handle upstream to downstream operations including manufacturing and system development, operation and administration etc. to aim to provide diversified solutions for development themes such as IoT.
- Strengthen cross selling among three business segments and deepen transactions with important customers
- Expand existing business (including IoT business)

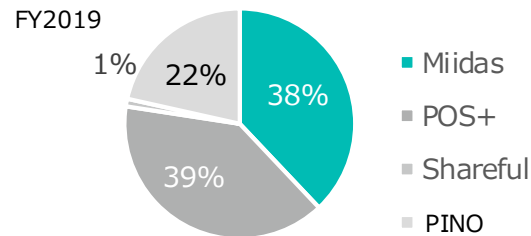
Solution SBU

Aggressively entering into new areas by utilizing digital technology and developing new solutions

Business Results (restated)



Composition of Sales



Revenue recognition for Miidas has changed since FY2020

Competitive Advantages and Strategic Direction

- Investment in new areas
- Developing new models of based business

◆ Investment on prospective business and business development to be a new business pillar of PERSOL Group

- Obtain new markets through digitalization of based businesses
- Introduction of new workforce that is collaborations of human and technology (Digital Workforce)
- Challenge in new areas to realize the corporate slogan "Work, and Smile"

◆ Details of business

Main business

- MIIDAS: Planning, development and operation of "MIIDAS" which is an assessment recruiting platform
- Shareful: Personnel outsourcing business including offer of on-demand matching platform, placement service and payroll calculation
- POS+: offering mobile POS service

New business

- Create new businesses under the incubation program "Drit"
- Introduction to new fields through M&A and business alliances

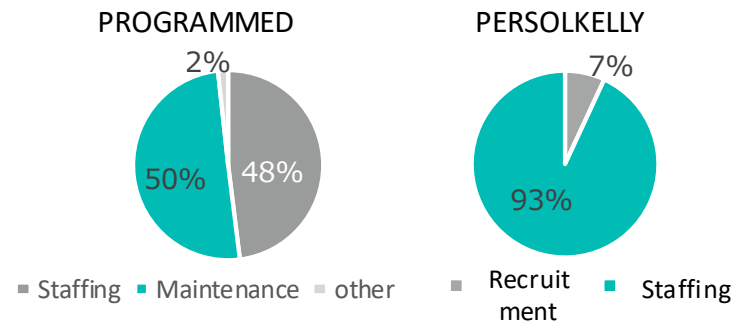
Asia Pacific (APAC) SBU

APAC SBU pursues the synergy effect, utilizing the management resources of PROGRAMMED and PERSOLKELLY, and focuses on establishing a stable profit base.

Business Results (restated)



Composition of Sales



Competitive Advantages and Strategic Direction

PROGRAMMED

- Stable Maintenance business
- Highest market share* of blue-collar worker staffing

PERSOLKELLY

- The largest number of regional coverage in APAC region as a foreign company
- Highest market share* of staffing business in Singapore and Malaysia
- Highest market share* of recruitment business for Japanese companies in China

• Enforcement of reorganization

- Combination of business for expansion in APAC
- Cost reduction by integrating back-office operation of two companies
- Utilize the management resource and know-how of PROGRAMMED for APAC SBU

• PROGRAMMED: Enhancement of white-collar worker staffing operations

- Integrate PERSOLKELLY Australia with PROGRAMMED to enhance white-collar staffing and recruitment operations
- Improve profitability by increasing the number of SME customers in blue-collar staffing operations
- Accelerate cost reduction by integrating back-office operation across APAC

• PERSOLKELLY: Growth investment at each stage

- Mature markets : Improve productivity by increased use of technologies
- Growing markets : Increase headcounts by expanding market share aggressively

* A survey by PERSOL



Financial Forecasts for FY2020

Financial Forecasts for FY2020

It is difficult to disclose full year forecast due to COVID-19 and only be able to disclose Q1 forecast in range.

In addition, the profit attributable to owners parents is undecided in order to review employment adjustment subsidies and introduction of consolidated tax payment system.

Mid-term management plan will be disclosed with Q1 financial result announcement.

(million yen)

	FY2019 Actual	FY2020 Forecast	FY2019 Q1 Actual	FY2020 Q1 Forecast	yoy(%)
Consolidated sales	970,572		235,218	216,100 ~223,700	-4.9% ~-8.1%
Operating profit	39,085	To be decided	10,057	1,500 ~3,000	-70.2% ~-85.1%
EBITDA	56,356		14,416	5,400 ~6,900	-52.1% ~-62.5%
Dividend (yen)	30	To be decided			

◆ Exchange rates

- 1 AUD : 67 JPY
- 1 USD : 108 JPY

Business Operations Disciplines for FY2020

Shifting to a lean business operational structure adopting current business environment, we continue investments from the standpoint of in med- to-long-term growth. Our financial position is stable and we will keep solid financial structure which allows to business investments and shareholders' return going forward.

Shift to leaner operation

- Prioritized to maintain the employment through optimal job assignments
- Reduce expenditure by suspending mid-career hiring, advertisement, and marketing related cost etc.

Investment for mid-to long-term growth

- Continue investments on new business development and innovations through digitalization
- Implement various measures based on the mid- to long-term management policy

Maintain financial stability

- Continue to maintain healthy financial structure that allows business investments and shareholder returns.
 1. Cash and deposits held JPY 78 billion as of the end of March 2020
 2. Annual repayment amount of loans is leveled off below JPY 10 billion

Impact of COVID-19 (Business in Japan)

◆ Concerning our employees and staffs

Refrain from domestic and overseas business trips and face-to-face meetings with business partners, and actively use web-based meeting and telephone conference.

◆ Concerning each SBU

	Most Current Status	Future Risk
Staffing	<ul style="list-style-type: none"> Overall: The number of activity temporary workers as start of month in April and May was strong. Clerical sector: Almost staff continue ordinary working and working from home partly in response to client request. Some staff is receiving compensation for absence from work. Marketing sector: the number of active workers decreased due to limited store operation. Activity staff ratio of employed without contracted period :Almost 100% until March 2020 	<ul style="list-style-type: none"> Some staff receiving compensation for absence from work is likely to terminate at contract renewal timing at the end of June 2020. Our cost is likely to increase due to leave compensation. Activity staff ratio of employed without contracted period is likely to be declined.
Career	<ul style="list-style-type: none"> Placement business: Counseling is provide on-line. The number of new job offers decreased, conclusion rate after final interview was declined. Job-change media: Job advertising orders decreased significantly. 	<ul style="list-style-type: none"> Structural population decrease continues on one hand, and low demand for recruitment continues for some period.
Professional Outsourcing	<ul style="list-style-type: none"> IT: Use of IT-related service by customers is stable. Engineering: The number of new projects decreased due to postponed development investments at customers. 	<ul style="list-style-type: none"> Activity staff ratio of permanent workers may decline depending on the status of contract renewal at the end of June 2020.
Solution	<ul style="list-style-type: none"> In the Cloud POS business, restaurants are main customer and the number of new customers decreased. The number of new customers of the job change app MIIDAS decreased in the main customer sector of small/medium sized enterprises. 	<ul style="list-style-type: none"> Decrease in the number of new customers obtained Termination of existing contracts

Impact of COVID-19 (on overseas business)

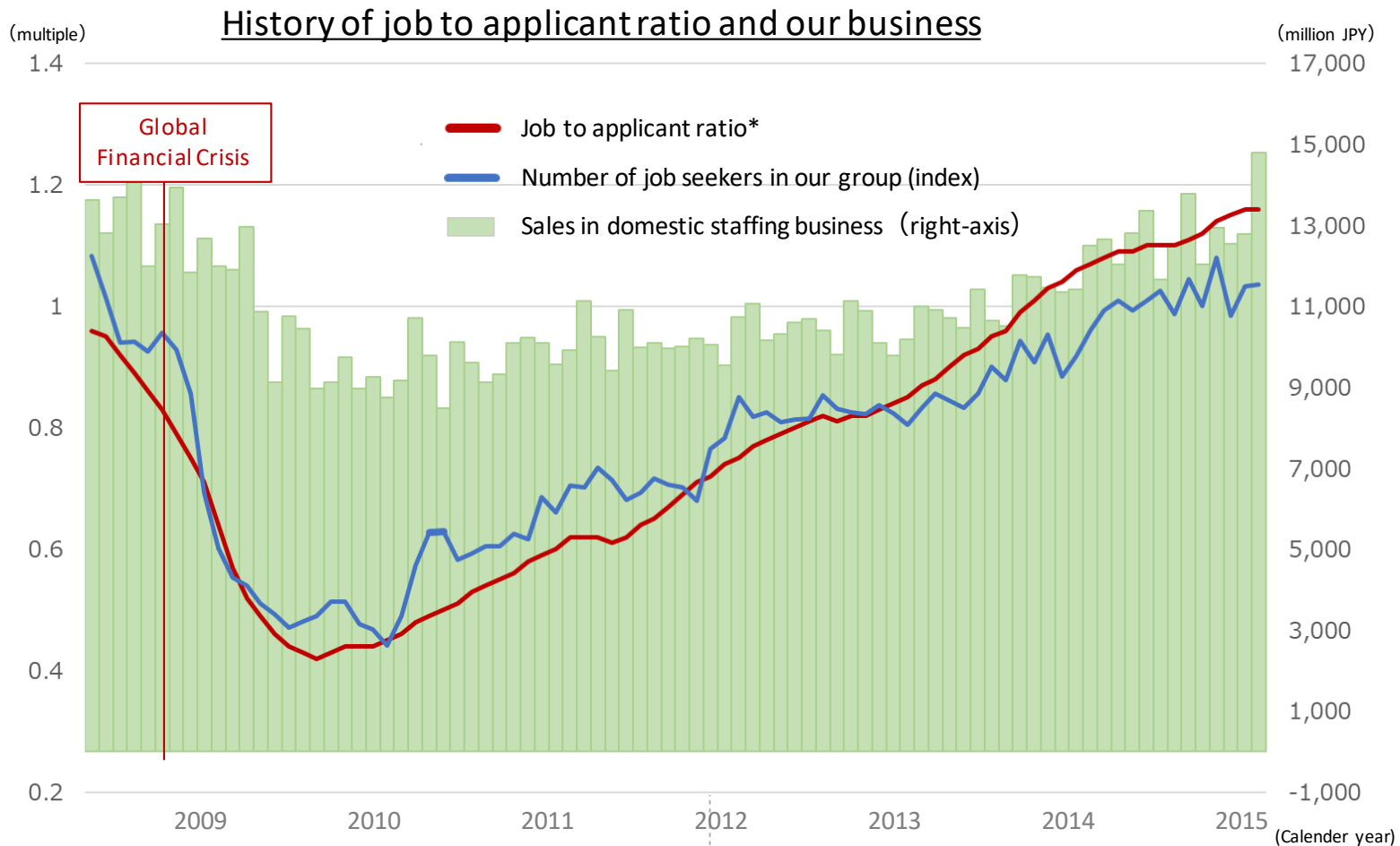
Status of overseas business is different by countries, but the temporary staffing business is stable in general while demands for the placement business are expected to decrease significantly. On the other hand, businesses in China and Hong Kong are gradually coming back to normal.

	Region	Status	Business Trends
PERSOLKELLY	Singapore	Restrictions on outings	Temporary staffing: working normally (work from home). Placement: the number of orders decreased YoY.
	Malaysia	Restrictions on outings	Temporary staffing: working normally (work from home). Placement: the number of orders decreased YoY.
	China	Almost came back to normal	Placement: Staff are working in normal operation, but the number of orders has been decreasing continuously mainly from Japanese client companies.
	Hong Kong	Almost came back to normal	Temporary staffing: working normally (work from home). Placement: Transitioned to normal work operation.
PROGRAMMED	Australia	Relaxation of restrictions on outings in some areas	Staffing: Orders from SMC decrease.
	New Zealand		Temporary demand is expected from logistics sector.
			Maintenance: Demands in property services, which has high profitability, has been decreasing. Other businesses has been remaining steady since most of contracts are based on mid- to long-term.

Mid- to Long-term Role in HR Sector

HR market significantly affected by the global financial crisis occurred in 2008, but, after that, each business (Staffing, Career, Professional etc.) has been growing due to structural shortage of labor.

Although this sector is now affected by COVID-19 in short-term, importance of taking appropriate actions to labor shortage and optimal job assignment will grow in mid- to long-term period.



*Ministry of Health, Labor and Welfare (General for Statistics and Information Policy)

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 May 15, 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.