Consolidated Financial Results of 2nd quarter of the Fiscal Year Ending in March 2021 (FY2020 Q2)

PERSOL HOLDINGS CO., LTD.

November 10, 2020

Today's Agenda

1. Summary of the Consolidated Financial Results for the First Half of FY2020

2. Financial Forecast for FY2020

3. Shareholder Return Policy
   - Shareholder Return Policy
   - Capital Allocation of Mid-term Management Plan
   - Dividend Forecast for FY2020

Highlight

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Point 1

Financial Results for the 1st Half of FY2020

- Sales and profits were decreased year-on-year due to decreases in sales of Career SBU and APAC SBU, which were mainly affected by COVID-19.
- Operating profit was higher than the forecast announced in August 2020 owing to strong performance in Staffing SBU.

Point 2

Full-year Forecasts for FY2020

- Since the 1st quarter, which was greatly affected by COVID-19, it has been on a gradual recovery trend, and main businesses, Staffing SBU and Career SBU, have been showing stronger performance than the previous forecast. Accordingly, the full-year earnings forecast was revised upward.

Point 3

Shareholder Return Policy

- The policy has changed from stability-oriented to payout ratio-oriented.
- Strengthen shareholder returns with a payout ratio based on adjusted EPS of 25% (payout ratio was 16.6% in FY2018 and 20.2% in FY2019, respectively) .
- Interim dividend and planned year-end dividend for FY2020 are 13 yen per share each and then annual dividend per share is planned to 26 yen, a decrease by 4 yen from the previous fiscal year because this fiscal year's profits will temporarily decrease due to COVID-19.

Summary of the Consolidated Financial Results for the 1st Half of FY2020

Summary of Financial Results for the 1st Half of FY2020

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Total sales decreased mainly due to decreases in sales of Career SBU and APAC SBU, which were affected by COVID-19 although sales in Staffing SBU and Professional Outsourcing SBU increased. Operating profit declined as a result of a significant decline in profits mainly in Career SBU.

(million yen)	FY2019 1st Half	FY2020 1st Half	YoY (%)	(Reference) FY2020 1st Half Forecast
Net sales	478,956	**465,755**	-2.8%	453,100 ～ 468,000
Operating profit	20,116	**13,875**	-31.0%	9,000 ～ 10,000
OP Margin	*4.2%*	***3.0%***	*-1.2pt.*	*2.0% ～ 2.1%*
EBITDA	28,948	**22,351**	-22.8%	17,000 ～ 18,000
Net profit*	-5,177	**7,644**	-	3,800 ～ 4,500
Adjusted EPS (yen)	68.30	**52.28**	-23.5%	–

*: Net profit attributable to owners of parent company

Summary of Financial Results for the 1st Half of FY2020 (Operating Profit Upward Factors)

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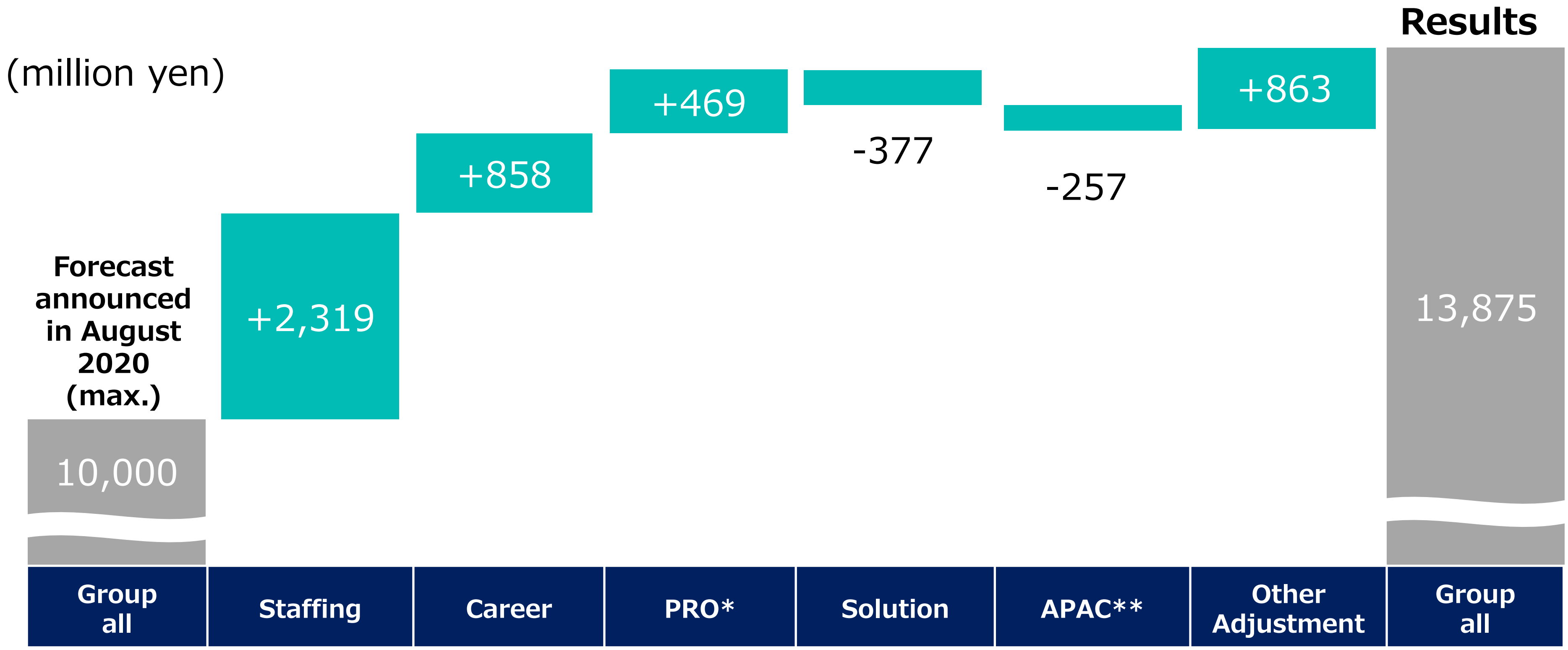
- Operating profit resulted 13.8 billion yen, which was higher than the forecast of 9 to 10 billion yen.
- Main factors were i) in Staffing SBU, operating profit was significantly higher by approx. 2.3 billion yen due to increased operating hours in Q2 than expected, and ii) higher result in Career SBU by approx. 0.9 billion yen as a result of cost reduction.



＊ : Professional Outsourcing
＊＊ : Asia Pacific

Sales by each SBU for the 1st Half of FY2020

(million yen)	FY2019 1st Half	FY2020 1st Half Forecast	FY2020 1st Half	Comments (YoY)
Staffing	248,320	**254,800 ～ 257,800**	**260,283**	• Sales increased because the unit billing rates were raised as a result of "equal pay for equal work". • Successfully acquired new projects in the BPO sector.
Career	45,808	**29,400 ～ 29,600**	**29,715**	• Termination of "an" business (Nov. 2019) was a factor of sales decrease. • Sales decreased significantly in 1st Half because a large decrease in orders in Apr. to June 2020 was recorded in Q2 although business was on a recovery trend in July to Sep.
Professional Outsourcing	50,134	**54,300 ～ 54,800**	**53,696**	• Double-digit sales increase was achieved in IT area where there was continued strong demand. • Sales decreased in the engineering area due to the impact of client companies' cutting their development budget.
Solution	3,188	**2,300 ～ 2,500**	**2,190**	• Sales decreased due to the application of the principle method for revenue recognition of job search application business (impacted amount: -0.78 billion yen), in addition to the impact of COVID-19.
Asia Pacific (APAC)	136,597	**116,900 ～ 127,900**	**124,664**	• Sales declined mainly due to the impact of COVID-19 on the temporary staffing business in Australia and the weakening of the Australian dollar.
Other	4,317	**5,200 ～ 5,300**	**5,020**	• Sales increased due to the M&A effect of the training business acquired in July 2019 and an increase in sales of the internal transaction business for employment of persons with disabilities.
Adjustment	-9,409	**-9,900 ～ -9,800**	**-9,815**	－

Operating Profit by each SBU for the 1st Half of FY2020

(million yen)	FY2019 1st Half	FY2020 1st Half Forecast	FY2020 1st Half	Comments (YoY)
Staffing	11,157	**13,590 ～ 13,990**	**16,309**	• Profits increased due to increased sales and growth in highly profitable BPO sector.
Career	9,096	**-790 ～ -720**	**138**	• Although cost reduction measures were implemented focusing on marketing costs and personnel optimization, profits declined due to the impact of COVID-19.
Professional Outsourcing	1,720	**430 ～ 520**	**989**	• Profit decreased due to the occurrence of non-operating engineers in the engineering area.
Solution	-474	**-2,820 ～ -2,320**	**-2,697**	• Deficit was recorded due to the impact of COVID-19 and the application of the principle method for revenue recognition of job search application business (impacted amount: -0.76 billion yen) .
Asia Pacific (APAC)	-283	**-460 ～ -420**	**-677**	• Deficit expanded due to the effect of COVID-19 throughout APAC despite cost reduction by decreases of HC and bonus.
Other	-206	**-1,050 ～ -1,020**	**-860**	• Deficit expanded mainly as a result of operating loss caused by the training business due to the effect of COVID-19.
Adjustment	-893	**-30 ～ 100**	**674**	• Profits recorded as a result of reducing SG&A expenses in addition to the delay in investment related to the Mid-term Management Plan due to COVID-19.

(Reference)
Summary of the Financial Results for Q2 of FY2020

Consolidated Quarterly Results

In Q2, sales of Career SBU and APAC SBU decreased significantly due to the termination of the "an" business and the impact of COVID-19, which resulted in decreased sales and profits.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**232,971**	**240,586**	**235,218**	**243,738**	**242,204**	**249,411**	**238,222**	**227,533**
YoY (%)	*36.8%*	*5.9%*	*4.1%*	*7.7%*	*4.0%*	*3.7%*	*1.3%*	*-6.6%*
Operating profit	**11,620**	**12,036**	**10,057**	**10,058**	**8,287**	**10,681**	**9,115**	**4,760**
OPM (%)	*5.0%*	*5.0%*	*4.3%*	*4.1%*	*3.4%*	*4.3%*	*3.8%*	*2.1%*
EBITDA	**15,533**	**16,242**	**14,416**	**14,532**	**12,410**	**14,997**	**13,389**	**8,962**
EBITDA Margin (%)	*6.7%*	*6.8%*	*6.1%*	*6.0%*	*5.1%*	*6.0%*	*5.6%*	*3.9%*
Net Profit*	**6,750**	**5,622**	**5,466**	**-10,643**	**4,522**	**8,266**	**4,670**	**2,974**

* Net profit attributable to owners of parent company

Staffing

Staffing SBU

Sales and profits increased in Q2 because the clerical and administrative area showed a firm business trend and BPO grew significantly.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**120,592**	**122,101**	**122,189**	**126,130**	**130,986**	**130,871**	**130,678**	**129,605**
YoY (%)	*-*	*-*	*5.5%*	*10.0%*	*8.6%*	*7.2%*	*6.9%*	*2.8%*
Operating profit	**6,114**	**5,343**	**5,823**	**5,333**	**6,806**	**5,905**	**8,921**	**7,387**
OPM (%)	*5.1%*	*4.4%*	*4.8%*	*4.2%*	*5.2%*	*4.5%*	*6.8%*	*5.7%*
EBITDA	**6,996**	**6,334**	**6,765**	**6,298**	**7,759**	**6,885**	**9,914**	**8,283**
EBITDA margin (%)	*5.8%*	*5.2%*	*5.5%*	*5.0%*	*5.9%*	*5.3%*	*7.6%*	*6.4%*
Working days	**62**	**57**	**59**	**59**	**61**	**58**	**61**	**58**

Qualitative analysis on Q2

- Sales increased by 2.8% YoY. In detail, billing rates increased by 5.2%, operating hours increased by 2.3%, no. of operating days decreased by 1 day, down 1.7%, no. of active workers decreased by 2.9%.
- Although the no. of contract terminations decreased by 10.6% YoY, the no. of confirmed contracts decreased as the no. of orders decreased, and the no. of operators is on a downward trend.
- Gross profit margin of Q2 improved by 1.4pt. YoY whereas improved by 1.9pt. in Q1 because social insurance premiums for dispatched staffs have increased due to "equal pay for equal work" and extra paid leave expenses were recorded as extraordinary losses in Q1.
- BPO's full-year sales and profits will increase significantly YoY and profitability will be also improved. Expected to contribute to the growth of SBU in the future.

*YoY for FY2018 is stated as "-" because there are no restated figures for FY2017 reflecting segment changes effective FY2020. (same applies hereinafter.)

Career SBU

Career

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In Q2, both placement business and advertising business were affected by COVID-19, resulting in decreased sales and profits.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**21,207**	**23,577**	**23,549**	**22,259**	**18,114**	**19,526**	**16,827**	**12,887**
YoY (%)	-	-	*13.6%*	*9.6%*	*-14.6%*	*-17.2%*	*-28.5%*	*-42.1%*
Operating profit	**3,210**	**4,784**	**4,703**	**4,393**	**1,271**	**2,900**	**1,505**	**-1,367**
OPM (%)	*15.1%*	*20.3%*	*20.0%*	*19.7%*	*7.0%*	*14.9%*	*8.9%*	*-10.6%*
EBITDA	**3,920**	**5,521**	**5,414**	**5,146**	**2,047**	**3,697**	**2,316**	**-526**
EBITDA margin (%)	*18.5%*	*23.4%*	*23.0%*	*23.1%*	*11.3%*	*18.9%*	*13.8%*	*-4.1%*

Qualitative analysis on Q2

- Orders for both placement business and advertising business bottomed out in Q1 (sales bottomed out in Q2 due to the impact of sales conversion gaps), and although they are currently recovering, it will take some time to recover to the level before the spread of COVID-19 infection.
- Sales in placement business decreased by approx. 36% YoY due to a significant decrease in orders in Q1, but orders in Q2 recovered to approx. 75% YoY.
- Advertising business sales decreased by approx. 35%. Orders received in Q2 recovered to approx. 70% YoY, better than the orders in Q1 which were halved YoY. However, the recovery is gradual compared to the placement business.
- Cost reduction efforts are continued including marketing costs and labor costs through redeployment of headcount.

Professional Outsourcing SBU

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In Q2, total sales were favorable because there was strong demand in the IT area, but profits declined due to the occurrence of non-operating engineers in the engineering area.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**25,056**	**26,194**	**24,008**	**26,126**	**26,850**	**28,842**	**26,415**	**27,281**
YoY (%)	-	-	*8.2%*	*9.7%*	*7.2%*	*10.1%*	*10.0%*	*4.4%*
Operating profit	**2,108**	**2,440**	**271**	**1,449**	**1,519**	**3,070**	**315**	**674**
OPM (%)	*8.4%*	*9.3%*	*1.1%*	*5.5%*	*5.7%*	*10.6%*	*1.2%*	*2.5%*
EBITDA	**2,551**	**2,901**	**677**	**1,866**	**1,982**	**3,216**	**683**	**1,049**
EBITDA margin (%)	*10.2%*	*11.1%*	*2.8%*	*7.1%*	*7.4%*	*11.2%*	*2.6%*	*3.8%*

Qualitative analysis on Q2

- Demand for IT engineers is generally strong, and sales in the former ITO segment steadily increased by approx. 20%.
- Sales in the former engineering segment decreased by a little less than 10%, and operating profit turned into a slight deficit. Especially the automobile-related area was struggling. It is expected to take some time to improve, considering the existence of non-operating engineers and delay in the assignment of new graduates.

Solution SBU

Solution

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In Q2, sales decreased due to factors including sales and operating profit decrease partly due to impacted amount of 0.4 billion yen and 0.39 billion yen each as a result of the application of the principle method for revenue recognition of job search application business from this fiscal year. In addition, the business was in the red due to increased costs incurred for investment expansion from the previous fiscal year.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**487**	**478**	**1,351**	**1,837**	**1,856**	**1,967**	**952**	**1,237**
YoY (%)	-	-	*213.8%*	*392.9%*	*281.2%*	*310.8%*	*-29.5%*	*-32.6%*
Operating profit	**-18**	**-114**	**-299**	**-175**	**-376**	**-768**	**-1,437**	**-1,260**
OPM (%)	*-3.9%*	*-23.9%*	*-22.1%*	*-9.6%*	*-20.3%*	*-39.0%*	*-150.8%*	*-101.8%*
EBITDA	**-18**	**-112**	**-248**	**-111**	**-302**	**-340**	**-1,204**	**-1,018**
EBITDA margin (%)	*-3.8%*	*-23.4%*	*-18.4%*	*-6.1%*	*-16.3%*	*-17.3%*	*-126.4%*	*-82.3%*

Qualitative analysis on Q2

- In the job search application business, orders were on a recovery trend as corporate human resources demand returned, and if the effects of the principle method for revenue recognition are excluded, sales increased substantially. On the other hand, sales in the cloud POS business continued to decrease because of worsening business sentiment of restaurants.
- Despite this environment, the cumulative number of account companies increased 2.8 times YoY in job search application business. In the cloud POS business, the cumulative number of stores that introduced the service expanded 1.25 times YoY. As a result, KPI for business scale expansion showed a robust results.

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Asia Pacific (APAC) SBU

Sales of both PERSOLKELLY and PROGRAMMED decreased in Q2 due to a large impact of COVID-19.
(APAC is consolidated with a delay of 3 months, so the results correspond to a period from Apr. to June 2020.)

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**68,239**	**70,756**	**67,012**	**69,584**	**66,240**	**70,403**	**65,980**	**58,684**
YoY (%)	-	-	*-2.5%*	*-0.4%*	*-2.9%*	*-0.5%*	*-1.5%*	*-15.7%*
Operating profit	**308**	**505**	**-156**	**-126**	**-575**	**451**	**-116**	**-561**
OPM (%)	*0.5%*	*0.7%*	*-0.2%*	*-0.2%*	*-0.9%*	*0.6%*	*-0.2%*	*-1.0%*
EBITDA	**1,943**	**2,210**	**1,874**	**1,868**	**960**	**2,060**	**1,390**	**947**
EBITDA margin (%)	*2.8%*	*3.1%*	*2.8%*	*2.7%*	*1.4%*	*2.9%*	*2.1%*	*1.6%*
AU GDP growth(%)	**2.6%**	**2.2%**	**1.7%**	**1.4%**	**1.7%**	**2.2%**	**1.4%**	**-7.0%**
JYP/USD	**109.6**	**110.4**	**110.2**	**110.1**	**109.1**	**109.0**	**108.9**	**108.2**
JYP/AUD	**83.1**	**82.6**	**78.5**	**77.7**	**76.3**	**75.8**	**71.6**	**71.1**

Qualitative analysis on Q2

- In PERSOLKELLY, temporary staffing business in Singapore steadily expanded and sales increased by approx. 20%. However, temporary staffing business and placement business were struggling in major countries due to COVID-19. Although the current situation is gradually recovering and cost reduced by decreases of HC and bonus, business in India and Indonesia continued to be in a difficult situation. In Australia where business was in the red in the previous fiscal year, profit and loss improved to near zero as a result of carrying out restructuring and business integration to PROGRAMMED.
- In PROGRAMMED, sales and profits decreased due to the weakening of Australian dollar by approx. 8% and strong influence of COVID-19. In the blue-collar staffing business, profits decreased by approx. 30% due to a decreased number of highly profitable SME customers, however no. of active workers is on a recovery trend currently. In the Maintenance business as well, each business including painting struggled, resulting in lower sales and profits.

Others

In Q2, sales increased because sales of the internal transaction business for employment of persons with disabilities increased, while the deficit expanded due to a decrease in demand for the training business affected by COVID-19.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**1,600**	**1,531**	**1,731**	**2,585**	**2,989**	**2,803**	**2,364**	**2,656**
YoY (%)	*-*	*-*	*22.0%*	*115.5%*	*86.8%*	*83.1%*	*36.5%*	*2.7%*
Operating profit	**2**	**-273**	**-3**	**-202**	**54**	**-275**	**-455**	**-405**
OPM (%)	*0.2%*	*-17.8%*	*-0.2%*	*-7.8%*	*1.8%*	*-9.8%*	*-19.3%*	*-15.3%*
EBITDA	**23**	**-251**	**0**	**-131**	**148**	**-197**	**-380**	**-329**
EBITDA margin (%)	*1.5%*	*-16.5%*	*0.0%*	*-5.1%*	*5.0%*	*-7.0%*	*-16.1%*	*-12.4%*

Qualitative analysis on Q2

- Sales increased mainly as a result of an increase of business for employment of persons with disabilities in transactions within the group.
- On the other hand, operating loss in Q2 was decreased from the level in Q1 as a result of reduction of SG&A expenses, etc. to deal with the impact of COVID-19.

Adjustments (corporate and reconciliation)

Operating profit turned positive in Q2 following Q1.

(million yen)	FY2018		FY2019				FY2020	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	**-4,212**	**-4,054**	**-4,624**	**-4,785**	**-4,833**	**-5,003**	**-4,995**	**-4,819**
YoY (%)	-	-	-	-	-	-	-	-
Operating profit	**-106**	**-649**	**-281**	**-612**	**-413**	**-602**	**382**	**292**
OPM (%)	-	-	-	-	-	-	-	-
EBITDA	**117**	**-361**	**-66**	**-404**	**-184**	**-325**	**669**	**556**
EBITDA margin (%)	-	-	-	-	-	-	-	-

Qualitative analysis on Q2

- Profits recorded because of the delay of investment related to the Mid-term Management Plan due to the impact of COVID-19 as well as reductions in various SG&A expenses at the parent company.
- Since common expenses such as IT are settled once every half year, profits in Q2 usually decrease from the figure in Q1.

Financial Forecast for FY2020

Financial Forecast for FY2020

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◆ In the situation where the market was on a trend of gradual recovery from the effect of COVID-19, full-year profit forecast was revised upward because both temporary staffing business and placement business, the core ones, showed a stronger performance than the plan.

(million yen)	(Reference) FY2019	FY2020 Previous Forecast	FY2020 Revised Forecast	YoY (%)
Consolidated sales	970,572	913,400 ～945,800	**940,000**	**-3.1%**
Operating profit	39,085	18,000 ～22,000	**25,000**	**-36.0%**
EBITDA	56,356	34,000 ～38,000	**41,700**※	**-26.0%**※
Net profit*	7,612	8,300 ～11,100	**14,500**	**90.5%**
Adjusted EPS (yen)	148.44	72.51 ～84.46	**98.58**	**-33.6%**

* Net profit attributable to owners of parent company

Note : ※ EBITDA figures of “FY2020 Revised Forecast” were corrected.

Sales Forecast by SBU for FY2020

(million yen)	FY2020 1st Half (Actual)	FY2020 2nd Half (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 2nd Half	(Reference) FY2019 Full year	Comments on 2nd Half of FY2020
Net Sales	**465,755**	**474,244**	**940,000**	491,615	970,572	–
Staffing	**260,283**	**262,016**	**522,300**	261,857	510,177	Compensating for the decrease in the number of employees by increasing the unit price.
Career	**29,715**	**29,584**	**59,300**	37,640	83,449	With a recovery trend, expected to return to approx. 20% decrease YoY.
Professional Outsourcing	**53,696**	**58,903**	**112,600**	55,692	105,826	Steady growth centered on the IT area.
Solution	**2,190**	**3,809**	**6,000**	3,823	7,012	Although partly affected by COVID-19, the job search application business grew.
Asia Pacific (APAC)	**124,664**	**122,735**	**247,400**	136,643	273,241	Staffing and maintenance businesses struggled under the influence of COVID-19.
Others	**5,020**	**6,679**	**11,700**	5,793	10,111	Increased sales due to the acquisition of a training company last fiscal year.
Adjustment	**-9,815**	**-9,484**	**-19,300**	-9,836	-19,246	Due to a decrease in internal transactions.

Operating Profit Forecast by SBU for FY2020

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(million yen)	FY2020 1st Half (Actual)	FY2020 2nd Half (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 2nd Half	(Reference) FY2019 Full year	Comments on 2nd Half of FY2020
Operating Profit	**13,875**	**11,124**	**25,000**	18,969	39,085	–
Staffing	**16,309**	**12,790**	**29,100**	12,712	23,869	Increases in social insurance premiums and costs of advanced investment, resulting in almost same profit compared to last 2nd Half.
Career	**138**	**-138**	**0**	4,172	13,268	Demand is on a recovery trend. Revise forecasts upwards by cost reduction and improve to break even in the full year.
Professional Outsourcing	**989**	**2,850**	**3,840**	4,589	6,310	Decreased in profits because of increased costs due to active hiring in the IT area and continued unemployed personnel.
Solution	**-2,697**	**-2,182**	**-4,880**	-1,144	-1,619	Deficit due to the application of the principle method for revenue recognition of job search application business. (impacted amount: -0.53 billion yen)
Asia Pacific (APAC)	**-677**	**-212**	**-890**	-124	-408	Loss recorded as placement business sales decreased due to COVID-19 despite const reduction of decreases of HC and bonus.
Others	**-860**	**-249**	**-1,110**	-220	-427	Loss recorded due to struggling training business.
Adjustment	**674**	**-1,734**	**-1,060**	-1,015	-1,909	Unexecuted strategic investment in 1st Half is planned to be implemented in 2nd Half.

EBITDA Forecast by SBU for FY2020

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(million yen)	FY2020 1st Half (Actual)	FY2020 2nd Half (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 2nd Half	(Reference) FY2019 Full year
Consolidated EBITDA	**22,351**	**19,348**※	**41,700**※	27,407	56,356
Staffing	**18,197**	**14,682**	**32,880**	14,644	27,709
Career	**1,789**	**1,510**	**3,300**	5,745	16,305
Professional Outsourcing	**1,733**	**3,596**	**5,330**	5,199	7,744
Solution	**-2,223**	**-1,706**	**-3,930**	-643	-1,003
Asia Pacific (APAC)	**2,338**	**2,791**※	**5,130**※	3,020	6,763
Others	**-710**	**-329**	**-1,040**	-49	-181
Adjustment	**1,226**	**-1,196**	**30**	-510	-981

Note: ※ EBITDA forecasts of “FY2020 2nd Half“ and “FY2020 Full year” were corrected.

Shareholder Return Policy

Basic Policy for Shareholder Return

- ◆ In view of the future introduction of IFRS, the basic policy changed to a dividend payout ratio of 25% based on the adjusted EPS.
- ◆ Judging the acquisition of treasury stock, considering the situation where the stock price is below the appropriate level and the investment execution status comprehensively.
- ◆ Both cash and debt are managed collectively to control an optimum cash position on a net basis.

Shareholder Return Basic Policy	• **Basic policy is a dividend payout ratio of 25% of the adjusted EPS. (Payout ratio was 16.6% in FY2018 and 20.2% in FY2019, respectively.)** • Adjusted EPS is based on net profit before amortization of goodwill excluding effects of extraordinary income/loss. It is therefore expected to be able to provide dividend at a relatively stable level.
Cash Position Policy	• The Group’s optimum cash position is defined as a net cash/debt within 1.0 time of EBITDA. • In case of an excessive cash as a result of investments not implemented as planned or excessive debts as a result of implemented investments, the Group’s policy is as follows: ✓ If a net cash exceeds 1.0 time of consolidated EBITDA, measures of strengthening shareholder return such as acquisition of treasury stock will be considered. ✓ If a net debt is exceeds 1.0 time of consolidated EBITDA, measures to strengthen capital such as equity finance will be considered.

Numerical target for FY2022

PERSOL

Promote building foundation for remarkable growth after 2023 by recovering of profitability to the level of before COVID-19. Restore the profitability **to the level of renewing the highest record of operating profit in FY2018 (44.1 billion yen).**

(Unit: billion yen)	FY2019 Result	FY2020 Forecast (Revised)	Plan for FY2022
Net sales	970.5	940.0	1,000
Operating profit (OP Margin)	39.0 (4.0%)	25.0 (2.7%)	45.0 (4.5%)
EBITDA (EBITDA Margin)	56.3 (5.8%)	41.7※ (4.4%※)	61.0 (6.1%)
Net profit	7.6*	14.5	26.8
Adjusted EPS	148.44 yen	98.58 yen	147.76 yen

* Booked impairment loss mainly on overseas business in FY2019.

Note: ※ EBITDA figures of “FY2020 Forecast (Revised) ” were corrected.

Capital Allocation in Mid-term Management Plan 2023

PERSOL

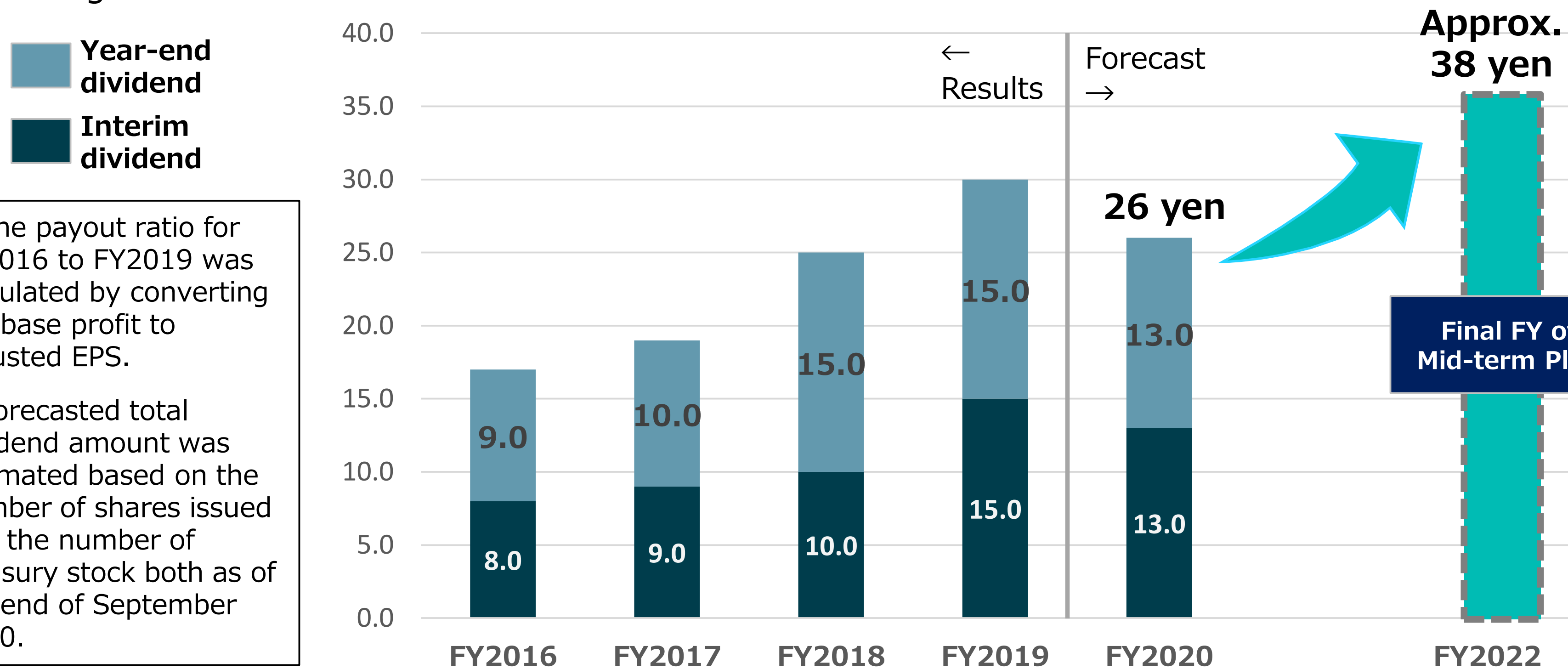
◆ Of the cash amount to be generated in the coming 3 years (including excess funds at the end of previous fiscal year), 110 billion yen will be allocated to growth investments and 20 billion yen to dividends.

(billion yen)	Previous Mid-term Plan (cumulative 4 years)		Mid-term Management Plan 2023 (cumulative 3 years)	
Sales Cash Flow	Approx. 152		**Approx. 130**	Including excess cash as of end of March 2020
Growth Investments	Approx. 133 (approx. 33/year)		**Approx. 110** (approx. **37**/year)	**M&A: Approx. 80 billion yen** Investments specifically in growth sector (PRO). **CAPEX: Approx. 30 billion yen** Mainly DX-related investments. Additionally approx. 60 billion yen will be paid out as expenses for IT/DX.
Shareholder Return	Approx. 19 (approx. 5/year)	**Approx. +40%** (Annual basis)	**Approx. 20** (approx. **7**/year)	**Dividends** Shift to a payout ratio-oriented dividend policy. Raise the payout ratio to 25% of the adjusted EPS .

Dividend Per Share History and Plan

PERSOL

- Shift to payout ratio-oriented dividend policy and raise the payout ratio.
- Full-year dividend of FY2020 will be 26 yen because profits decreased temporarily due to COVID-19.
- The highest ever return to shareholders will be expected in the final fiscal year of the Mid-term Management Plan 2023.



*1 The payout ratio for FY2016 to FY2019 was calculated by converting the base profit to adjusted EPS.

*2 Forecasted total dividend amount was estimated based on the number of shares issued and the number of treasury stock both as of the end of September 2020.

	FY16	FY17	FY18	FY19	FY20	FY22
Adjusted EPS (yen)	114.27	115.70	150.26	148.44	*98.58*	*147.76*
Payout ratio based on adjusted EPS (%)*1	14.9	16.4	16.6	20.2	**Apply 25%, basically**	
Total dividend amount (million yen)*2	3,985	4,443	5,849	6,967	*6,022*	*Approx. 8,800*

Disclaimer

The statements concerning PERSOL HOLDINGS's future business performances in this material such as earnings forecasts are based on information available as of November 11, 2020 and certain assumptions deemed to be reasonable by PERSOL HOLDINGS, and do not mean that PERSOL HOLDINGS promises to achieve these figures. Actual results may differ materially from the statements due to a variety of factors.

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