



**Consolidated Financial Results
of 3rd quarter of the Fiscal Year
Ending in March 2021
(FY2020 Q3)**

**PERSOL HOLDINGS CO., LTD.
February 12, 2021**

Today's Agenda

1. Financial Results for Nine Months Ended December 2020
2. Full-Year Financial Forecasts for FY2020

Point 1

Financial Results for Nine Months Ended December 2020

- As in the first half of FY2020, sales and operating profit of the entire Group declined because sales decreased in Career SBU under the influence of the restraint of hiring by companies due to COVID-19 although sales of Staffing SBU and Professional Outsourcing SBU increased.

Point 2

Full-Year Financial Forecasts for FY2020

- Due to unpredictable impact of a state of emergency, full year forecasts remain unchanged as follows:
 - net sales are 940 billion yen,
 - operating profit is 25 billion yen and
 - net profit attributable to owners of parent company is 14.5 billion yen.

Summary of Financial Results for Nine Months Ended December 2020

Financial Results for Nine Months Ended December 2020

As in the first half of FY2020, sales and operating profit of the entire Group declined because sales decreased in Career SBU under the influence of the restraint of hiring by companies due to COVID-19 although sales of Staffing and Professional Outsourcing SBU increased.

(million yen)	Nine Months ended December		YoY(%)	(Reference) Full-Year Forecasts
	2019	2020		
Net sales	721,160	703,838	-2.4%	940,000
Operating profit	28,403	22,308	-21.5%	25,000
OP Margin	3.9%	3.2%	-0.7pt	2.7%
EBITDA	41,358	35,119	-15.1%	41,700
Net profit*	-654	12,817	—	14,500
Adjusted EPS (yen)	95.80	81.61	-14.8%	98.66

* Net profit attributable to owners of parent company

Sales by SBU for Nine Months Ended December 2020

(million yen)	Nine Months ended December		Comment (YoY)
	2019	2020	
Staffing	379,306	394,369	<ul style="list-style-type: none"> Sales increased due to unit billing rates raised in response to “equal pay for equal work” although the number of active staffs turned to decrease. Sales in the BPO area increased as a result of an increased number of orders.
Career	63,923	43,310	<ul style="list-style-type: none"> Sales decreased significantly because companies were continuously refraining from hiring due to COVID-19, in addition to termination of “an” business (in Nov. 2019).
Professional Outsourcing	76,984	82,377	<ul style="list-style-type: none"> IT area maintained high growth with strong demand. Sales in the engineering area declined due to the impact of client companies’ cutting their development budget, but there is a recovery trend.
Solution	5,045	3,783	<ul style="list-style-type: none"> Sales decreased due to the application of the principle method for revenue recognition of job search application business (impacted amount: approx. -1 billion yen), in addition to COVID-19.
Asia Pacific (APAC)	202,837	186,789	<ul style="list-style-type: none"> Sales in Asia decreased due to COVID-19. Sales in Australia decreased due to the effects of temporary lockdown and weaker Australian dollar against Japanese yen.
Other	7,307	8,449	<ul style="list-style-type: none"> Sales increased because internal transaction business for employment of persons with disabilities increased due to insourcing.
Adjustment	-14,242	-15,240	–

Operating Profit by SBU for Nine Months Ended December 2020

(million yen)	Nine Months ended December		Comment (YoY)
	2019	2020	
Staffing	17,964	24,670	<ul style="list-style-type: none"> Profit increased due to the effect of increased sales in temporary staffing and BPO areas.
Career	10,367	-328	<ul style="list-style-type: none"> Loss was recorded as a result of decreased sales despite the efforts to reduce SG&A expenses including marketing costs and personnel expenses due to reassignment of employees. Deficit of Q3 has narrowed compared to Q2 and it is on a recovery trend.
Professional Outsourcing	3,240	2,471	<ul style="list-style-type: none"> Profit was decreased as a result of increased ratio of labor costs to sales due to an increase of headcount and inactive engineers occurred in engineering area.
Solution	-851	-3,793	<ul style="list-style-type: none"> Loss was recorded as a result of continued investment including increasing headcount as well as the application of the principle method for revenue recognition of job search application business (impacted amount: approx. -1 billion yen).
Asia Pacific (APAC)	-859	-980	<ul style="list-style-type: none"> Loss was recorded because sales in highly profitable placement business decreased in APAC and temporary lockdown had a negative impact on business in Australia.
Other	-151	-597	<ul style="list-style-type: none"> Deficit was enlarged mainly in training business due to COVID-19.
Adjustment	-1,306	866	<ul style="list-style-type: none"> Turned to profitability as a result of reduction of SG&A expenses and the delay in investments in relation to the mid-term management plan due to COVID-19.

**(Reference)
Summary of Financial Results
for 3Q of FY2020**

Consolidated Quarterly Results

Sales increased in Staffing SBU and Professional Outsourcing SBU, but sales in Career SBU and APAC SBU decreased significantly due to the impact of COVID-19, which resulted in decrease in total sales from the same period of previous fiscal year. Operating profit was better after hitting bottom in Q2.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	240,586	235,218	243,738	242,204	249,411	238,222	227,533	238,083
YoY (%)	5.9%	4.1%	7.7%	4.0%	3.7%	1.3%	-6.6%	-1.7%
Operating profit	12,036	10,057	10,058	8,287	10,681	9,115	4,760	8,432
OPM (%)	5.0%	4.3%	4.1%	3.4%	4.3%	3.8%	2.1%	3.5%
EBITDA	16,242	14,416	14,532	12,410	14,997	13,389	8,962	12,767
EBITDA Margin (%)	6.8%	6.1%	6.0%	5.1%	6.0%	5.6%	3.9%	5.4%
Net Profit*	5,622	5,466	-10,643	4,522	8,266	4,670	2,974	5,173

*Net profit attributable to owner of parent company

Staffing SBU

Staffing



BPO area continuously showed a remarkable growth and clerical and administrative area maintained robust business, resulting in increases in sales and operating profit of the SBU.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	122,101	122,189	126,130	130,986	130,871	130,678	129,605	134,086
YoY (%)	-	5.5%	10.0%	8.6%	7.2%	6.9%	2.8%	2.4%
Operating profit	5,343	5,823	5,333	6,806	5,905	8,921	7,387	8,361
OPM (%)	4.4%	4.8%	4.2%	5.2%	4.5%	6.8%	5.7%	6.2%
EBITDA	6,334	6,765	6,298	7,759	6,885	9,914	8,283	9,265
EBITDA margin (%)	5.2%	5.5%	5.0%	5.9%	5.3%	7.6%	6.4%	6.9%
Working days	57	59	59	61	58	61	58	61

Qualitative analysis on Q3

- Sales increased by 2.4% YoY. In detail, billing rates raised by 5.0%, operating hours increased by 1.9% and the no. of active staffs decreased by 5.4% (no. of operating days is the same as Q3 of FY2019), and other contributions such as sales increase of BPO area were up by 0.9%.
- Although the no. of confirmed contracts was below the level of Q3 of FY2019 due to decrease of new orders, the no. of active staffs remained almost the same as that of Q2 of FY2020 because the no. of terminated contracts decreased by 22% YoY.
- The no. of orders received in Q3 showed a gradual recovery to approx. 70% YoY from the significant decrease recorded in Q1 due to COVID-19.
- Gross profit margin was improved by 1.5pt YoY because of an improved earning rate in BPO area while social insurance premiums increased as a result of increased commuting expenses, etc. for temporary staffs in response to “equal pay for equal work”.
- As BPO area will show a significant full-year growth in both sales and operating profit and its earning rate be also increased. As a result, BPO is expected to contribute to future growth of this SBU.

*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



Although both placement business and advertising business were continuously affected by COVID-19, resulting in decreased sales and recorded operating loss, the deficit has narrowed and it is on a recovery trend.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	23,577	23,549	22,259	18,114	19,526	16,827	12,887	13,595
YoY (%)	-	13.6%	9.6%	-14.6%	-17.2%	-28.5%	-42.1%	-24.9%
Operating profit	4,784	4,703	4,393	1,271	2,900	1,505	-1,367	-466
OPM (%)	20.3%	20.0%	19.7%	7.0%	14.9%	8.9%	-10.6%	-3.4%
EBITDA	5,521	5,414	5,146	2,047	3,697	2,316	-526	395
EBITDA margin (%)	23.4%	23.0%	23.1%	11.3%	18.9%	13.8%	-4.1%	2.9%

Qualitative analysis on Q3

- Although a decrease in the number of orders received in both placement and advertising businesses bottomed out, it is expected to take a certain period of time to recover to the level before the outbreak of COVID-19.
- Orders received in placement business have recovered from the level in Q1 where the business suffered tremendous effect of COVID-19, and it recovered to approx. 75% YoY in Q3 .
- Orders received in advertising business also recovered to approx. 75% YoY in Q3. Gradual recovery is expected toward the end of FY2020.
- Personnel expenses were reduced remarkably in Q3 as a result of reassignment of employees carried out in H1. Reduction of costs were implemented continuously including marketing cost.

Professional Outsourcing SBU

Overall sales remained robust with strong demand in IT area, while operating profit was maintained at the same level compared to the same period of previous year as a result of recovery of the ratio of active engineers in the engineering area.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	26,194	24,008	26,126	26,850	28,842	26,415	27,281	28,680
YoY (%)	-	8.2%	9.7%	7.2%	10.1%	10.0%	4.4%	6.8%
Operating profit	2,440	271	1,449	1,519	3,070	315	674	1,481
OPM (%)	9.3%	1.1%	5.5%	5.7%	10.6%	1.2%	2.5%	5.2%
EBITDA	2,901	677	1,866	1,982	3,216	683	1,049	1,861
EBITDA margin (%)	11.1%	2.8%	7.1%	7.4%	11.2%	2.6%	3.8%	6.5%

Qualitative analysis on Q3

- Sales increased YoY because demand for IT engineers was strong as a whole and sales in the former ITO segment maintained a high growth rate with an increase of approx. 20%.
- Operating profit was maintained at the same level compared to the same period of previous year as a result of smooth assignment of new-graduate engineers and the inactive engineers in former engineering segment which struggled in mainly automobile industry.
- The ratio of active engineers in IT area exceeded 95% and remained stable as normal. On the other hand, in engineering area, the ratio of active engineers has recovered to a level exceeding 90% due to new orders received by strengthening sales cooperation within the Group.

Solution SBU

Solution



Impacted amount of the principle method for revenue recognition of job search application business applied since this fiscal year was -0.29 billion yen for sales and -0.28 billion yen for operating profit. Loss was recorded as a result of increased investments including increasing headcount.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	478	1,351	1,837	1,856	1,967	952	1,237	1,593
YoY (%)	-	213.8%	392.9%	281.2%	310.8%	-29.5%	-32.6%	-14.2%
Operating profit	-114	-299	-175	-376	-768	-1,437	-1,260	-1,095
OPM (%)	-23.9%	-22.1%	-9.6%	-20.3%	-39.0%	-150.8%	-101.8%	-68.8%
EBITDA	-112	-248	-111	-302	-340	-1,204	-1,018	-781
EBITDA margin (%)	-23.4%	-18.4%	-6.1%	-16.3%	-17.3%	-126.4%	-82.3%	-49.0%

Qualitative analysis on Q3

- In the job search application business, sales excluding the effect of application of the principle method for revenue recognition increased as a result of aggressive sales activities despite a continuing trend among companies to cut down recruiting expenses.
- In cloud POS business, sales slightly increased YoY because the cumulative number of stores introduced increased, although it was difficult to install new stores mainly under the tough business situation of restaurants due to the influence of COVID-19.
- Under severe market conditions, KPI of business scale expansion showed a continued trend of increase.
 - L In job search application business, the cumulative number of corporate accounts increased significantly approx. 2.4 times YoY.
 - L In cloud POS business, the cumulative number of stores that introduced POS increased approx. 1.1 times YoY.

Asia Pacific (APAC) SBU

APAC



Sales decreased partly due to the effect of lockdown in some regions despite a trend of recovery.
(APAC is consolidated with a delay of 3 months, so the results correspond to a period from July to September 2020.)

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	70,756	67,012	69,584	66,240	70,403	65,980	58,684	62,124
YoY (%)	-	-2.5%	-0.4%	-2.9%	-0.5%	-1.5%	-15.7%	-6.2%
Operating profit	505	-156	-126	-575	451	-116	-561	-303
OPM (%)	0.7%	-0.2%	-0.2%	-0.9%	0.6%	-0.2%	-1.0%	-0.5%
EBITDA	2,210	1,874	1,868	960	2,060	1,390	947	1,217
EBITDA margin (%)	3.1%	2.8%	2.7%	1.4%	2.9%	2.1%	1.6%	2.0%
AU GDP growth (%)	2.2%	1.7%	1.4%	1.7%	2.2%	1.4%	-7.0%	-3.8%
JPY /USD	110.4	110.2	110.1	109.1	109.0	108.9	108.2	107.5
JPY /AUD	82.6	78.5	77.7	76.3	75.8	71.6	71.1	72.8

Qualitative analysis on Q3

- Results in Q2 and Q3 (from Apr. to Sep., 2020) are the bottom and expected to recover after Q4 (from Oct. to Dec., 2020).
- In PERSOLKELLY, despite robust staffing business in Singapore and recovery of placement business in China, sales decreased because sales in other regions declined. On the other hand, operating profit increased due to transfer of the business in Australia to PROGRAMMED and the effect of reduction of costs including personnel expenses.
- PROGRAMMED's sales decreased due to factors including slow recovery of blue-collar staffing business and weaker Australian dollars against Japanese yen by almost 5%. Profit was decreased because highly profitable painting service in Maintenance business was affected by the lockdown in the state of Victoria in August and September 2020, although the business based in Australia that was transferred from PERSOLKELLY returned to profitability.

Others

Operating profit was recorded as a result of robust sales in disabled persons hiring business which is mostly internal transaction and a trend of recovery shown in training business that was affected by COVID-19.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	1,531	1,731	2,585	2,989	2,803	2,364	2,656	3,428
YoY (%)	-	22.0%	115.5%	86.8%	83.1%	36.5%	2.7%	14.7%
Operating profit	-273	-3	-202	54	-275	-455	-405	263
OPM (%)	-17.8%	-0.2%	-7.8%	1.8%	-9.8%	-19.3%	-15.3%	7.7%
EBITDA	-251	0	-131	148	-197	-380	-329	350
EBITDA margin (%)	-16.5%	0.0%	-5.1%	5.0%	-7.0%	-16.1%	-12.4%	10.2%

Qualitative analysis on Q3

- Sales increased because internal transaction within the Group increased due to insourcing, which led to robustness of disabled persons hiring business.
- Operating profit increased YoY due to the effect of increased sales in disabled persons hiring business and a trend of recovery shown in training business that was affected by COVID-19.

Adjustments

(Corporate and reconciliation Adjustments)

Operating profit was recorded as a result of reduction of SG&A expenses and the delay in investments in relation to the mid-term management plan.

(million yen)	FY 2018	FY 2019				FY2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	-4,054	-4,624	-4,785	-4,833	-5,003	-4,995	-4,819	-5,425
<i>YoY (%)</i>	-	-	-	-	-	-	-	-
Operating profit	-649	-281	-612	-413	-602	382	292	191
<i>OPM (%)</i>	-	-	-	-	-	-	-	-
EBITDA	-361	-66	-404	-184	-325	669	556	457
<i>EBITDA margin (%)</i>	-	-	-	-	-	-	-	-

Qualitative analysis on Q3

- Profit was recorded YoY as a result of delayed investments in relation to the mid-term management plan because of the impact of COVID-19.

Full-Year Financial Forecasts for FY2020

Financial Forecast for FY2020

- ◆ Due to unpredictable impact of a state of emergency, full year forecasts remain unchanged.

(million yen)	(Reference) FY2019	FY2020 forecast	YoY (%)
Consolidated sales	970,572	940,000	-3.1%
Operating profit	39,085	25,000	-36.0%
EBITDA	56,356	41,700	-26.0%
Net profit*	7,612	14,500	90.5%
Adjusted EPS (yen)	148.44	98.66	-33.5%

*Net profit attributable to owner of parent company

Sales Forecast by SBU for FY2020

(million yen)	FY2020 Q1 to Q3 (Actual)	FY2020 Q4 (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 Q1 to Q3	(Reference) FY2019 4Q	(Reference) FY2019 Full year
Consolidated sales	703,838	236,161	940,000	721,160	249,411	970,572
Staffing	394,369	127,930	522,300	379,306	130,871	510,177
Career	43,310	15,989	59,300	63,923	19,526	83,449
Professional Outsourcing	82,377	30,222	112,600	76,984	28,842	105,826
Solution	3,783	2,216	6,000	5,045	1,967	7,012
Asia Pacific (APAC)	186,789	60,610	247,400	202,837	70,403	273,241
Others	8,449	3,250	11,700	7,307	2,803	10,111
Adjustment	-15,240	-4,059	-19,300	-14,242	-5,003	-19,246

Operating Profit Forecast by SBU for FY2020

(million yen)	FY2020 Q1 to Q3 (Actual)	FY2020 Q4 (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 Q1 to Q3	(Reference) FY2019 4Q	(Reference) FY2019 Full year
Consolidated operating profit	22,308	2,691	25,000	28,403	10,681	39,085
Staffing	24,670	4,429	29,100	17,964	5,905	23,869
Career	-328	328	0	10,367	2,900	13,268
Professional Outsourcing	2,471	1,368	3,840	3,240	3,070	6,310
Solution	-3,793	-1,086	-4,880	-851	-768	-1,619
Asia Pacific (APAC)	-980	90	-890	-859	451	-408
Others	-597	-512	-1,110	-151	-275	-427
Adjustment	866	-1,926	-1,060	-1,306	-602	-1,909

EBITDA Forecast by SBU for FY2020

(million yen)	FY2020 Q1 to Q3 (Actual)	FY2020 Q4 (Forecast)	FY2020 Full year (Forecast)	(Reference) FY2019 Q1 to Q3	(Reference) FY2019 4Q	(Reference) FY2019 Full year
Consolidated EBITDA	35,119	6,580	41,700	41,358	14,997	56,356
Staffing	27,463	5,416	32,880	20,823	6,885	27,709
Career	2,185	1,114	3,300	12,607	3,697	16,305
Professional Outsourcing	3,595	1,734	5,330	4,527	3,216	7,744
Solution	-3,004	-925	-3,930	-663	-340	-1,003
Asia Pacific (APAC)	3,555	1,574	5,130	4,702	2,060	6,763
Others	-359	-680	-1,040	16	-197	-181
Adjustment	1,683	-1,653	30	-655	-325	-981

Disclaimer

The statements concerning PERSOL HOLDINGS's future business performances in this material such as earnings forecasts are based on information available as of February 12, 2021 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.