



Consolidated Financial Results of the Fiscal Year Ended in March 2021 (FY2020)

PERSOL HOLDINGS CO., LTD.

May 14, 2021

Today's Agenda

1. Financial Results for FY2020 ended March 31, 2021
2. New Management Structure
3. Financial Forecasts for FY2021 ending March 31, 2022
4. Progress of Mid-term Management Plan 2023

Point 1

Financial Results for FY2020

- Net sales and operating profit decreased year-on-year (YoY) because sales and profit dropped mainly in Career SBU due to the effects of COVID-19 despite increases in sales and profit of the core Staffing SBU.
- On the other hand, results achieved the forecast of sales and operating profit.

Point 2

New Management Structure

- New management structure has started when Takao Wada took office of Representative Director, President and CEO effective April 1, 2021.

Point 3

Financial Forecasts for FY2021

- Net sales, operating profit and net profit attributable to owners of parent company are expected to be 1 trillion yen, 35.0 billion yen, and 18.5 billion yen, respectively, all more than those of FY2020.
- Assuming recovery from the effect of COVID-19 in FY2021, steady growth is expected toward achieving the plan for the Fiscal Year ending March 2023 which is the final year of Mid-term Management Plan.

Point 4

Progress of Mid-term Management Plan 2023

- Focused on taking countermeasures against COVID-19 throughout FY2020, while promoting building foundations for achieving the Mid-term Management Plan.

Financial Results for FY2020

Financial Results for FY2020

- Net sales and operating profit decreased YoY because sales and profit dropped mainly in Career SBU due to the effects of COVID-19 despite increases in sales and profit of the core Staffing SBU.
- On the other hand, results achieved the forecast of sales and operating profit.

(million yen)	FY2019 Results	FY2020		YoY(%)	Comments
		Forecasts	Results		
Net sales	970,572	940,000	950,722	-2.0%	Net sales decreased YoY as a result of decreased sales in Career SBU and Asia Pacific SBU while results achieved the forecast.
Operating profit	39,085	25,000	26,439	-32.4%	Operating profit significantly dropped YoY due to lower sales from highly profitable Career SBU businesses.
OP Margin	4.0%	2.7%	2.8%	-1.2pt	-
EBITDA	56,356	41,700	43,911	-22.1%	-
Net profit*	7,612	14,500	15,834	108.0%	Extraordinary loss of 19.3 billion yen was recorded mainly due to goodwill impairment loss relating to overseas businesses in FY2019.
Adjusted EPS (yen)	148.44	98.66	103.12	-30.5%	-

* Net profit attributable to owners of parent company

Sales by SBU for FY2020

(million yen)	FY2019 Results	FY2020 Forecasts	FY2020 Results	YoY	Comments
Staffing	510,177	522,300	530,240	3.9%	Sales increased YoY due to raised unit billing rates in temporary staffing sector in response to “equal pay for equal work” as well as increased number of outsourced projects in BPO sector.
Career	83,449	59,300	59,568	-28.6%	Sales decreased YoY because of the termination of “an” business (in November 2019) and because companies were continuously refraining from hiring due to the effect of COVID-19.
Professional Outsourcing	105,826	112,600	113,095	6.9%	Sales increased YoY as a result of maintaining high growth in IT area with strong demand for IT engineers.
Solution	7,012	6,000	5,702	-18.7%	Sales decreased YoY due to the impact of COVID-19 and the principle method for revenue recognition being applied to job search application business (impacted amount: approx. -1.3 billion yen).
Asia Pacific (APAC)	273,241	247,400	251,447	-8.0%	Sales decreased YoY in general due to the impact of COVID-19 despite growth of staffing business in Singapore and a trend of recovery of blue-collar staffing business in Australia.
Other	10,111	11,700	11,464	13.4%	Sales increased YoY because disabled persons hiring business showed a steady growth thanks to increased internal transaction within Group and training business was also on the track of recovery.
Adjustment	-19,246	-19,300	-20,795	-	-

Operating Profit by SBU for FY2020

(million yen)	FY2019 Results	FY2020		YoY	Comments
		Forecasts	Results		
Staffing	23,869	29,100	29,123	22.0%	Profit increased YoY driven by increased sales in temporary staffing sector and in highly profitable BPO sector.
Career	13,268	0	331	-97.5%	Profit decreased significantly YoY due to decreased sales, but it has been slowly recovering after hitting bottom in Q2. The business turned to surplus in Q4, resulting in full-year surplus.
Professional Outsourcing	6,310	3,840	4,028	-36.2%	Profit decreased YoY as a result of increased labor costs-to-sales ratio due to factors including inactive engineers occurred in engineering area.
Solution	-1,619	-4,880	-4,809	-	Loss was expanded YoY as a result of continued investment including increasing headcount as well as the principle method for revenue recognition being applied to job search application business (impacted amount: approx. -1.3 billion yen).
Asia Pacific (APAC)	-408	-890	-1,520	-	Loss was expanded YoY because sales decreased mainly in highly profitable placement business due to the impact of COVID-19 despite improvement of cost structure by integration of businesses in Australia.
Other	-427	-1,110	-1,156	-	Loss was expanded due to the impact of COVID-19 in training business particularly in H1 although current business condition is on a trend of recovery.
Adjustment	-1,909	-1,060	442	-	Profit was recorded as a result of the effort of reduction of SG&A expenses and because investments in relation to the Mid-term Management Plan has not been fully used.

Consolidated Balance Sheet

- Strong financial position was maintained in FY2020 even though COVID-19 had an impact on business results.
- Maintained Long-Term Issuer Rating A as “stable”.

(million yen)	FY2019 Results	FY2020 Results	Change	Comments
Current assets	223,549	236,943	13,393	-
Cash and deposits	78,247	83,161	4,913	-
Non-current assets	147,444	146,472	-971	-
Goodwill	72,562	66,751	-5,811	Main goodwill are approx. 23.5 billion yen in relation to maintenance business in Australia and approx. 18.0 billion yen in relation to placement business in Japan.
Total assets	370,993	383,416	12,422	-
Current liabilities	140,052	145,577	5,525	-
Non-current liabilities	67,035	62,680	-4,355	Bonds of 10.0 billion yen to be redeemed in June 2021 were transferred to current liabilities.
Net assets	163,906	175,158	11,251	<ul style="list-style-type: none"> • Increased due to current net profit attributable to owners of parent company of 15.8 billion yen • Dividends of surplus
Liabilities and net assets	370,993	383,416	12,422	-

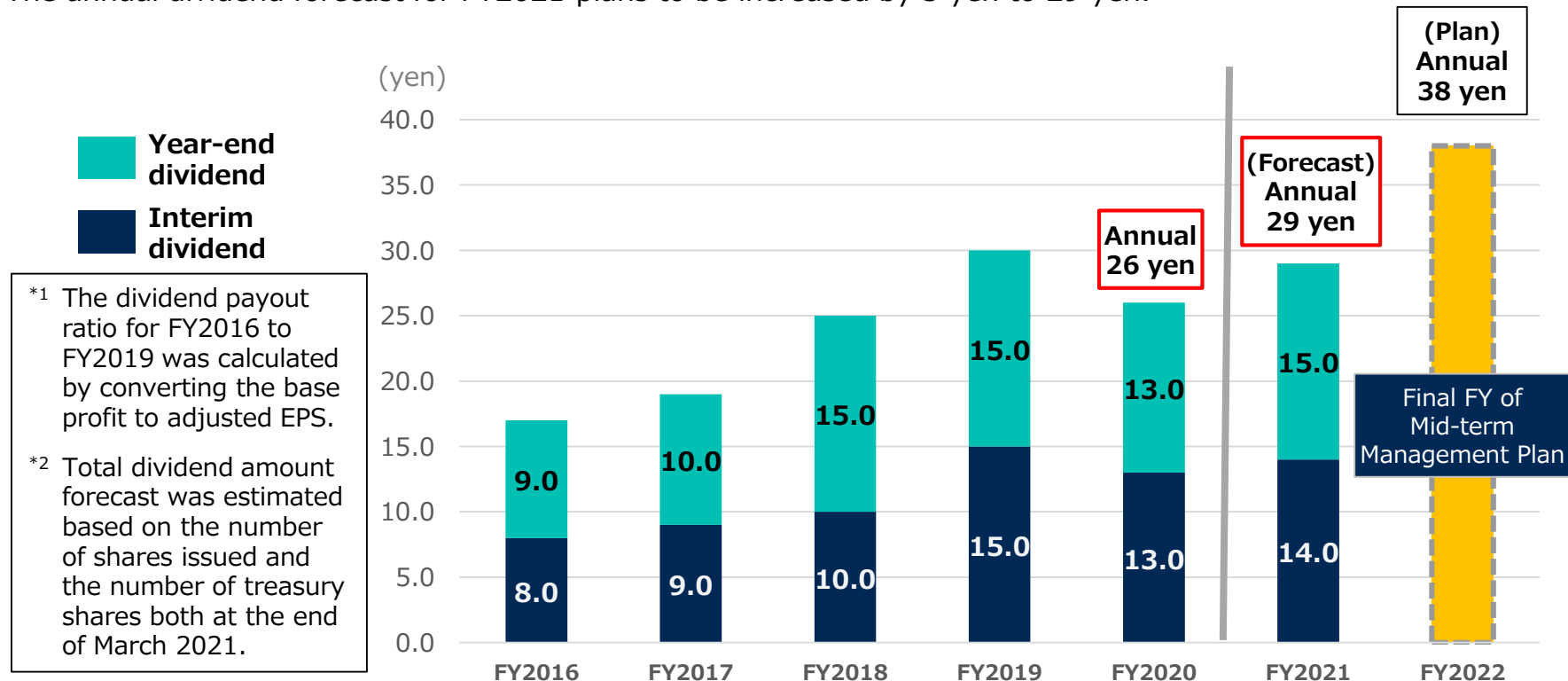
Consolidated Cash Flow Statement

- Free cash flow increased YoY significantly to approx. 23.5 billion yen due to increased cash flow from operating activities.

(million yen)	FY2019 Results	FY2020 Results	Change	Comments
Cash flow from operating activities	28,592	37,574	8,981	•Increased accrued liabilities.
Cash flow from investing activities	-17,576	-14,022	3,554	-
M&A	-2,328	-224	2,103	In FY2019, acquired shares of Fuji Xerox's training business.
Others	-15,248	-13,798	1,450	-
Free cash flow	11,015	23,552	12,536	•Cash flow from operating activities + cash flow from investing activities. •Free cash flow increased due to increase cash flow from operating activities.
Cash flow from financing activities	-1,987	-17,973	-15,985	In FY2019, bank loan of 20 billion yen was made in the end of March 2020.
Balance of cash and cash equivalent at end of period	78,037	82,991	4,953	-

Trend and Forecast of Dividend Per Share

- The annual dividend in FY2020 decreased due to lower adjusted EPS compared to FY2019. The year-end dividend is 13 yen per share as forecasted.
- The annual dividend forecast for FY2021 plans to be increased by 3 yen to 29 yen.

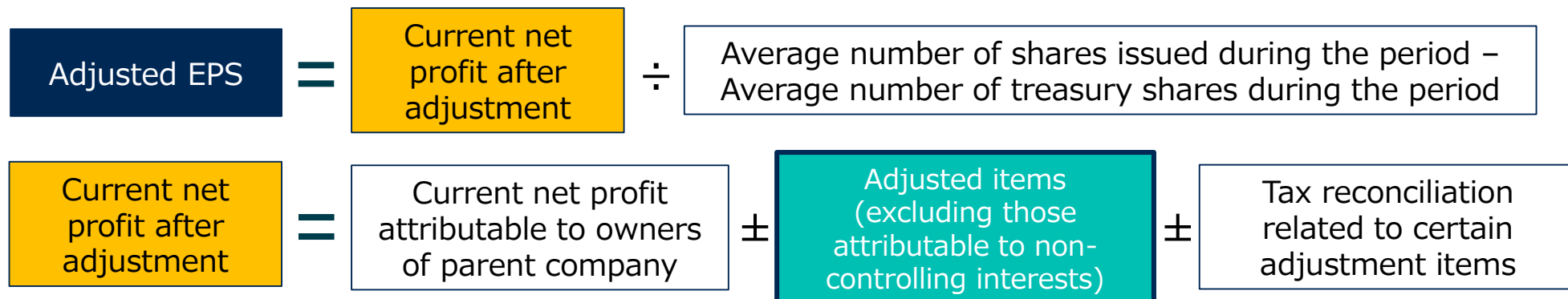


	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Adjusted EPS (yen)	114.27	115.70	150.26	148.44	103.12	113.19	147.76
Dividend payout ratio (%) ^{*1} based on adjusted EPS	14.9	16.4	16.6	20.2	25.2	25.6	Approx. 25.0
Total dividend amount (million yen) ^{*2}	3,985	4,443	5,849	6,967	6,022	6,716	Approx. 8,800

Adjusted items = amortization of intangible assets except goodwill by acquisition + amortization of goodwill ± extraordinary income/losses

Adjusted EPS (Reference)

- Shifted to a dividend policy that focuses on dividend payout ratio (25% of adjusted EPS) in FY2020 .
- Adjusted EPS is calculated excluding the effects of goodwill amortization and extraordinary income and loss amounts, etc.



(million yen)	FY2018	FY2019	FY2020
Current net profit attributable to owners of parent company	24,361	7,612	15,834
Adjusted items	11,308	28,486	8,582
Tax reconciliation related to certain adjustment items	-604	-1,604	-627
Current net profit after adjustment	35,065	34,494	23,789
Number of shares (share)*	233,358,246	232,381,682	230,706,879
Adjusted EPS (yen)	150.26	148.44	103.12

Details of adjusted items

- Amortization of intangible assets except goodwill by acquisitions
- Amortization of goodwill
- Extraordinary income/losses

* Number of shares = average number of shares issued during the period - average number of treasury shares during the period

New Management Structure

New Management Structure (Effective April 1, 2021)

- The PERSOL Group changed the management structure effective April 1, 2021.
- Takao Wada and Hirotoishi Takahashi take office of Representative Director, President and CEO, and Representative Director and Deputy President, respectively.
- Masamichi Mizuta, former Representative Director, President and CEO is committed to the corporate governance reinforcement as Director and Chairman.



Takao Wada, Representative Director, President and CEO

Born in 1962 in Kyoto (58 years old)
Graduated from Ritsumeikan University, Faculty of Law

1991: Joined Tempstaff Co., Ltd.
(currently PERSOL TEMPSTAFF CO., LTD.)

In charge of: Engineer dispatching → Clerical and administrative staffing → IT Management Department → Outsourcing → Planning Department

2006: Director of Tempstaff Co., Ltd.

2016: President and Representative Director of Tempstaff Co., Ltd.

2020: Representative Director and Deputy President of PERSOL HOLDINGS CO., LTD.

New CEO Wada's Policy

“Fueki - Ryuko”

Fueki (Being Eternal)

- **Corporate Philosophy:**

“Providing Opportunity,” “Individual Growth” and “Social Contribution”

- **Five Core Principles:**

“Authentic,” “Customer-Focus,” “Professional,” “Teamwork,” and “Innovative”

- **Group Vision:** “Work, and Smile”

Ryuko (Being Open to New Changes)

- **Flexibly respond to society under the influence of the COVID-19 and to changes of working environment to continue providing values that exceed customers' expectation.**

- Responding to remote activities in society
- Taking measures of risk management and risk mitigation
- Accelerating the renewal of the company, etc.

Major Policies of the Group

Promotion of “Mid-term Management Plan 2023”

Social value

Maximizing “Work, and Smile”

- **Start of a global research of “Work, and Smile”**
 - Adding a questionnaire about “Work, and Smile” to the Gallup World Poll, the most comprehensive and farthest-reaching survey of the world, targeting approx. 120,000 people in 118 countries in the world. The results of the survey is scheduled to be announced in September 2021.
 - Creating indicators for measuring the level of achieving “Work, and Smile,” aspiring to instill it in society.
- **Measurement of the level of achieving “Work, and Smile” among people receiving our services and employees within the Group**
 - Starting the measurement of the level of achieving “Work, and Smile” among people receiving each of the services by introducing a new indicator in each SBU.
 - Starting the measurement of “Work, and Smile” among our employees to enhance their work engagement.

Economic value

Growth of existing businesses and development of new businesses

- **Steadily growing the existing core businesses (Staffing SBU and Career SBU) through improvement of profitability.**
- **Focusing efforts on development of new businesses for future growth.**
- **Setting up a technological strategy and strengthening the investments in the areas of IT and DX.**

Financial Forecasts for FY2021

Financial Forecast for FY2021

Concerning the forecast for FY2021, operating profit will increase YoY significantly, mainly in Career SBU, from the prospect that the highly profitable placement business will recover. In addition, since the recovery of the market condition is expected to accelerate in the second half, profit recovery is also expected to be bigger in the second half.

(million yen)	FY2021 (Forecast)			FY2020 (Actual)			YoY(%)		
	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year
Consolidated sales	481,500	518,500	1,000,000	465,755	484,966	950,722	3.4%	6.9%	5.2%
Operating profit	15,100	19,900	35,000	13,875	12,563	26,439	8.8%	58.4%	32.4%
EBITDA	24,160	29,340	53,500	22,351	21,559	43,911	8.1%	36.1%	21.8%
Net profit*	7,900	10,600	18,500	7,644	8,190	15,834	3.3%	29.4%	16.8%
Adjusted EPS(yen)	50.59	62.60	113.19	52.28	50.84	103.12	-3.2%	23.1%	9.8%

*Net profit attributable to owners of parent company

Sales Forecast by SBU for FY2021

(million yen)	FY2021 (Forecast)			FY2020 (Actual)			YoY(%)		
	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year
Consolidated	481,500	518,500	1,000,000	465,755	484,966	950,722	3.4%	6.9%	5.2%
Staffing	259,800	273,000	532,800	260,283	269,956	530,240	-0.2%	1.1%	0.5%
Career	33,100	36,000	69,100	29,715	29,853	59,568	11.4%	20.6%	16.0%
Professional Outsourcing	57,300	62,400	119,700	53,696	59,398	113,095	6.7%	5.1%	5.8%
Solution	4,400	5,600	10,000	2,190	3,511	5,702	100.9%	59.5%	75.4%
Asia Pacific (APAC)	132,000	146,300	278,300	124,664	126,782	251,447	5.9%	15.4%	10.7%
Others	6,400	7,100	13,500	5,020	6,443	11,464	27.5%	10.2%	17.8%
Adjustment	-11,500	-11,900	-23,400	-9,815	-10,980	-20,795	-	-	-

Operating Profit Forecast by SBU for FY2021

(million yen)	FY2021 (Forecast)			FY2020 (Actual)			YoY(%)		
	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year
Consolidated	15,100	19,900	35,000	13,875	12,563	26,439	8.8%	58.4%	32.4%
Staffing	15,350	14,150	29,500	16,309	12,813	29,123	-5.9%	10.4%	1.3%
Career	1,430	3,170	4,600	138	193	331	934.3%	1,537.4%	1,286.1%
Professional Outsourcing	1,520	3,680	5,200	989	3,038	4,028	53.6%	21.1%	29.1%
Solution	-1,990	-1,260	-3,250	-2,697	-2,112	-4,809	-	-	-
Asia Pacific (APAC)	-180	1,330	1,150	-677	-842	-1,520	-	-	-
Others	-210	150	-60	-860	-295	-1,156	-	-	-
Adjustment	-820	-1,320	-2,140	674	-231	442	-	-	-

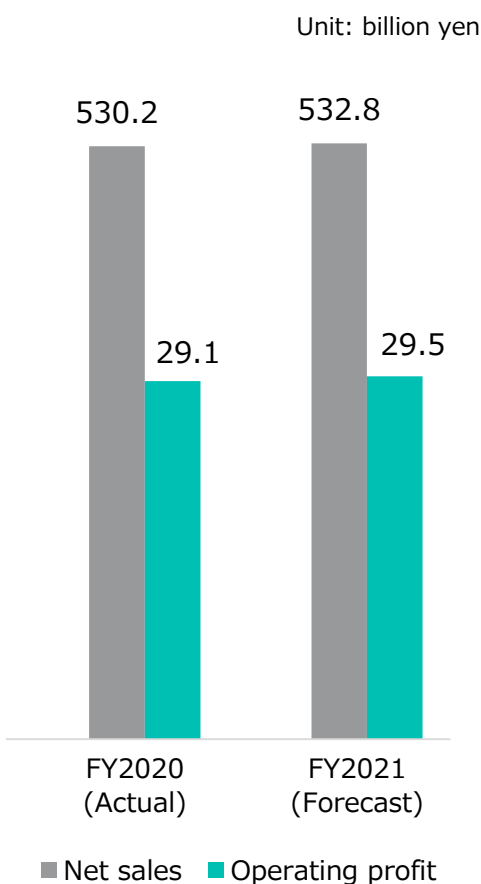
EBITDA Forecast by SBU for FY2021

(million yen)	FY2021 (Forecast)			FY2020 (Actual)			YoY(%)		
	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year	1 st Half	2 nd Half	Full year
Consolidated	24,160	29,340	53,500	22,351	21,559	43,911	8.1%	36.1%	21.8%
Staffing	17,250	16,200	33,450	18,197	14,653	32,851	-5.2%	10.6%	1.8%
Career	3,170	5,080	8,250	1,789	1,934	3,724	77.1%	162.6%	121.5%
Professional Outsourcing	2,260	4,440	6,700	1,733	3,820	5,554	30.4%	16.2%	20.6%
Solution	-1,270	-430	-1,700	-2,223	-1,444	-3,668	-	-	-
Asia Pacific (APAC)	3,000	4,370	7,370	2,338	2,345	4,683	28.3%	86.3%	57.3%
Others	0	370	370	-710	-112	-822	-	-	-
Adjustment	-250	-690	-940	1,226	361	1,587	-	-	-

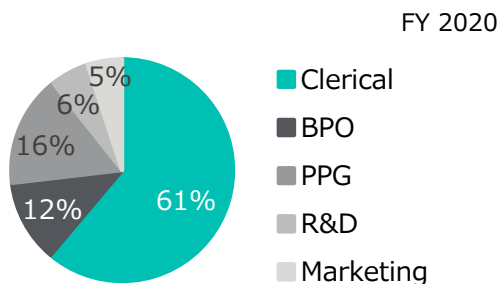
Staffing SBU

- Promoting “Providing Opportunity = Creation of Fans” to increase employment opportunities for staffs and strengthen engagement.
- Enhancing sales quality and quantity in clerical area and challenging to gain 40% share in the clerical staffing market.
- Maintaining a high growth rate in BPO sector and strengthening the business foundation

Business results trends



Composition of sales



Competitive advantages

- No. 1 market share in clerical staffing (18%)*
 - Solid business foundation and trust
 - High ability to solve issues through collaboration between staffing and outsourcing businesses
 - Launching the best strategy in each area by leveraging the business scale
- * A survey by PERSOL

◆ Business growth under COVID-19

- In FY2020, the number of active staffs was maintained as termination was significantly less than expected due to an all-out effort to secure employment for staffs under COVID-19. New service to respond to remote work were also launched.
- BPO sector achieved a sales growth ratio of 23% for FY2020 as a result of the collaboration with clerical sector to promote sales activities as an initiative of whole-of-SBU.

◆ Reinforcement of business using technologies

- Modifying mission-critical system, GENESIS, for enabling provision of services to customers and staffs while ensuring the security even under the pandemic.
- Starting operation of the mission-critical system of BPO sector by investing approx. 470 million yen. Expanding BPO sector and improving profitability.
- “Temp App”, application to ensure stable operation and convenience for staffs installed by 47,000* staffs.

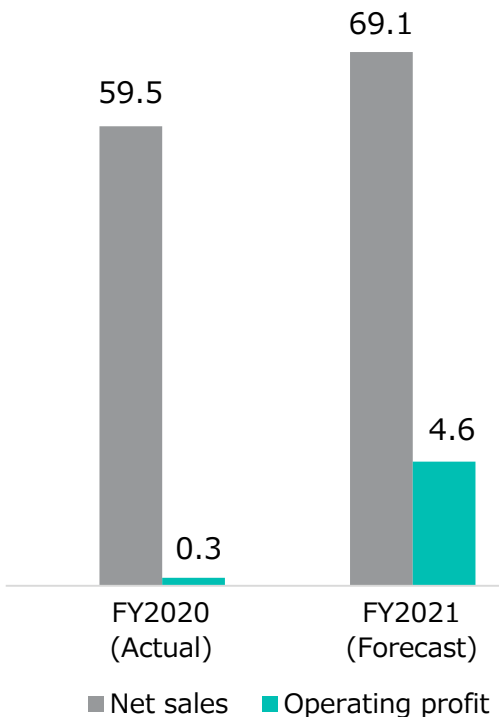
* Including 26,000 active staffs

Career SBU

- Placement business is expected to recover steadily in FY2021 driven by appropriate and well-balanced investments and sales enforcement. We will improve productivity and will return business to recovery.
- To respond to current recovery of the market, quickly expanding the business structure to increase job search service business for permanent employees and increase investment in technologies aiming to enhance mid- to long-term competitive strength.

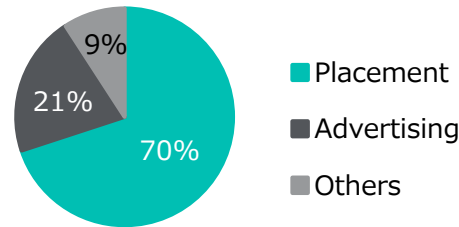
Business results trends

Unit: billion yen



Composition of sales

FY 2020



Competitive advantages

- Wide client contact (the number of corporate clients is 29,000 over)
- High brand recognition
- The second largest* business size in the placement business market
- High profitability and investment capability in normal time

* A survey by PERSOL

◆ Expansion of business structure in preparation for current market recovery

- To meet the increasing needs for hiring in current recovery of the market, expanding the workforce structure by resuming mid-career hiring.
- Increasing investment in marketing while keeping appropriate efficiency to promote gathering individual customers stably.

◆ Increasing investment in technologies to enhance mid-term competitive strength

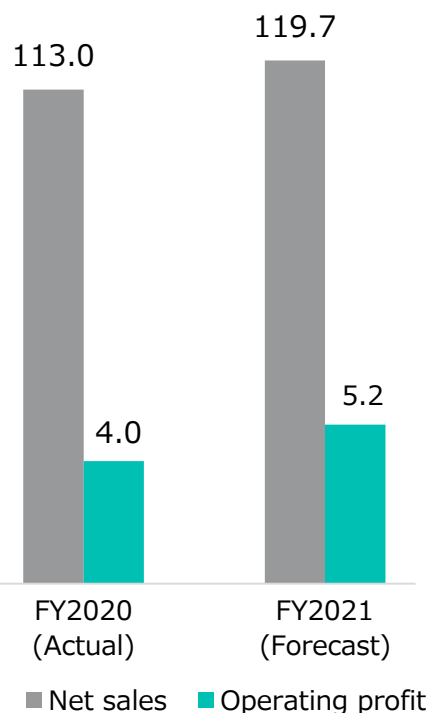
- Increasing investment in technologies to improve matching accuracy and promote non-face-to-face support.
- Setting up a digital organization in main business units to promote digitization of business.
- Having many experts including AI engineers to build a structure that enables in-house manufacturing.

Professional Outsourcing SBU

- There was strong demand in IT area even under COVID-19, and sales growth ratio for FY2020 was over 20%. Aiming at achieving a sales growth ratio of high single digits by continuing to secure engineers in FY2021.
- In engineering area, recovery of the market affected by the effect of COVID-19 is expected and the measures including SBU-wide collaboration in sales activities will be implemented to reduce the number of inactive engineers and aim to achieve an increase in sales and profit by 10% or higher.

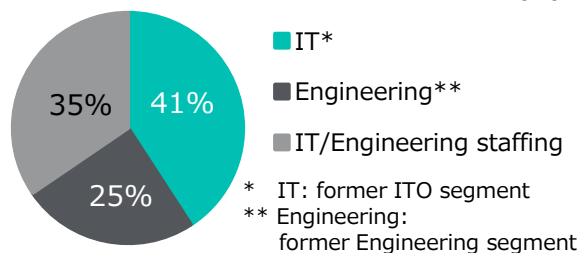
Business results trends

Unit: billion yen



Composition of sales

FY 2020



Competitive advantages

- More than 13,000 engineers (experts and technicians) in a wide range of areas from manufacturing to IT/NW
- Strong customer base with 1,700 companies
- Covering a wide range of solutions from consulting, development, production support to maintenance.

◆ Role as the third pillar of the Group

- Accelerating internal collaborations and standardization in order to achieve high growth and profitability as the third pillar business of the Group.
- Strengthened sales and marketing activities because companies were still careful in their business activities although the demand was on a trend of recovery toward the end of FY2020 after the temporary decrease of demand due to COVID-19.
- As a group of experts of IT/engineering, proposing innovative work styles to manufacturing and construction industries in addition to white-collar area by capturing needs for remote control and development, which are increasing acceleratingly due to COVID-19.

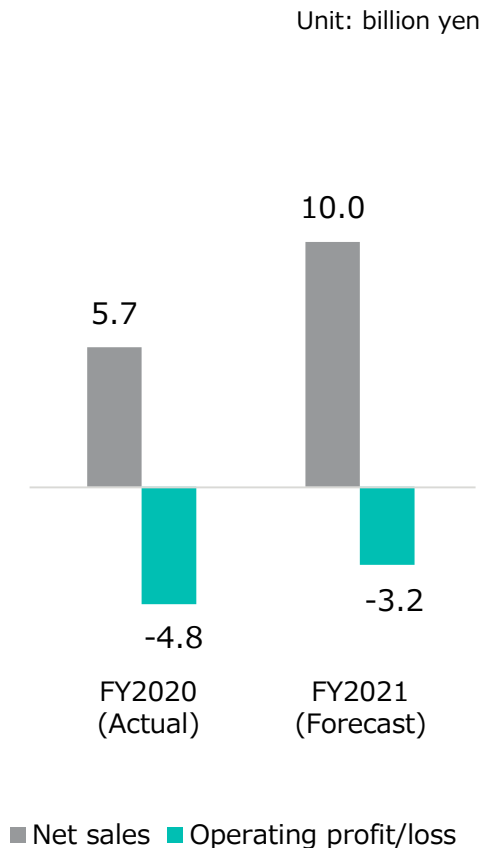
◆ Activities responding business circumstances

- Toward full-scale entry into IoT business, strengthening collaborations also involving external partners based on the strength of each company within SBU.
- Providing new services that meet needs of customer, such as complete remote staff dispatching and remote development.
- Strengthening support for digitization in government offices and educational institutions.

Solution SBU

- Aiming at establishment and growth of business for new solutions by using cutting-edge technologies and new trends in society including work styles.
- Continuing active entry in new areas.

Business results trends



Main progress of business

Job search application business “Miidas”
Introduced by 230,000 companies in 6 years after the service started.

Incubation program “Drit”
After the program was renewed in Oct. 2019 and invited applicants outside the company, a total of 5 business concepts have been passed the assessment and established as business in sequence. Currently, the third round is open for entry.

Competitive advantages

- Knowledge of HR business through existing businesses
- Culture that encourages new challenge
- Contact with various corporations and individuals as an integrated HR services provider, ability to provide all kinds of human resources, etc.

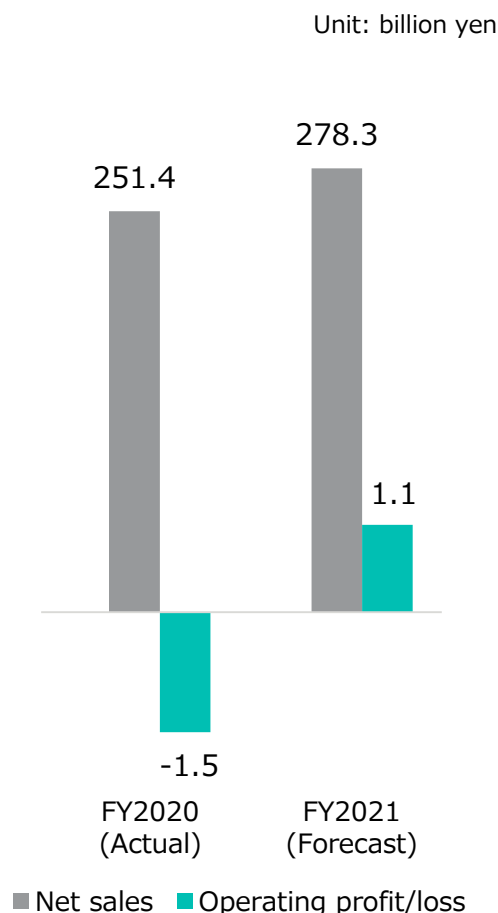
Business direction of Solution SBU

- ◆ **Business investment and development that is a prospective new pillar of the Group**
 - **Creation of new markets through digitization of base businesses**
 - Job search application business “Miidas”: Planning, development and operation of assessment recruiting platform
 - Short-term HR utilization platform business “Sharefull”: Provision of an on-demand staffing, placement service and labor-related outsourcing business including payroll calculation
 - **Proposal of new workforce by merging human and technologies (Digital Workforce)**
 - Cloud POS business “POS+”: Provision of mobile POS services
 - Dot Homes: Support to acquire guests by utilizing DX of accommodation facilities and data
 - **Challenge to new areas to realize “Work, and Smile”**
 - Creating new businesses under the incubation program “Drit”
 - Entering into new areas through M&A and alliances

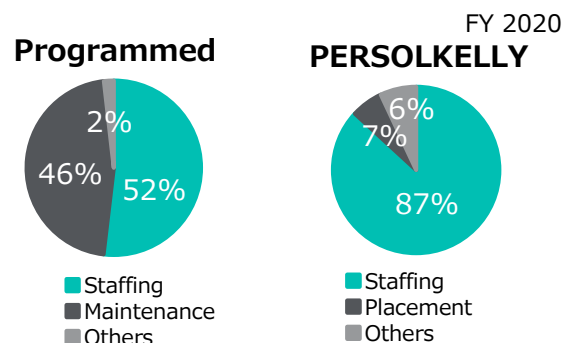
Asia Pacific SBU

- Aiming to increase sales and improve profitability by increasing sales staffs adequately in China, Singapore and Australia where economy is quickly recovering while maintaining the efficient and lean cost structure established under the influence of COVID-19.

Business results trends



Composition of sales



Competitive advantages

Programmed

- Stable maintenance business
- No. 1 market share in blue-collar staffing*

PERSOLKELLY

- Operating in the largest* number of regions among HR service
- Top market share* in staffing in Singapore and Malaysia
- Top market share* in placement in Vietnam and Japanese firms located in China

* A survey by PERSOL

◆ Reinforcement of integrated management by establishing Regional Headquarters

- Establishing PERSOL Asia Pacific Pte. Ltd. as RHQ and promoting integration of back office functions.
- Establishing an optimum business portfolio of the entire APAC.

◆ Acceleration of investment in HR technology

- Establishing a technology division in RHQ.
- Invested in "Glints," a technology-driven placement firm that realizes a rapid growth in several countries in Asia. Plan to promote collaboration with Glints throughout Asia in near future.

◆ Programmed

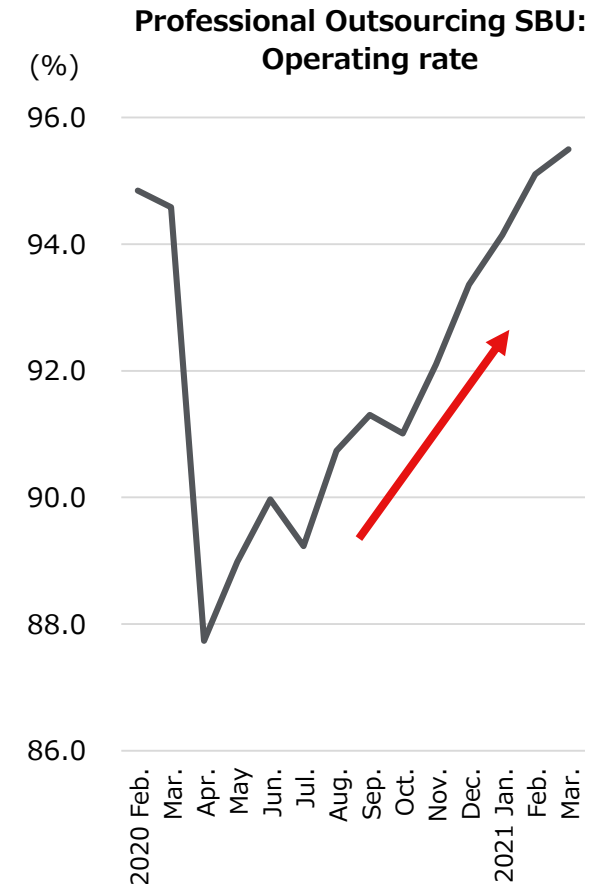
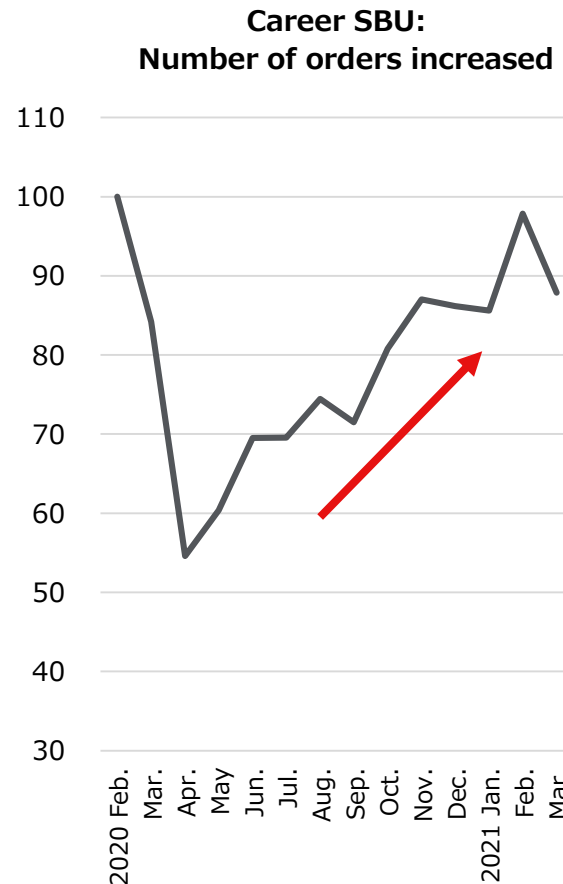
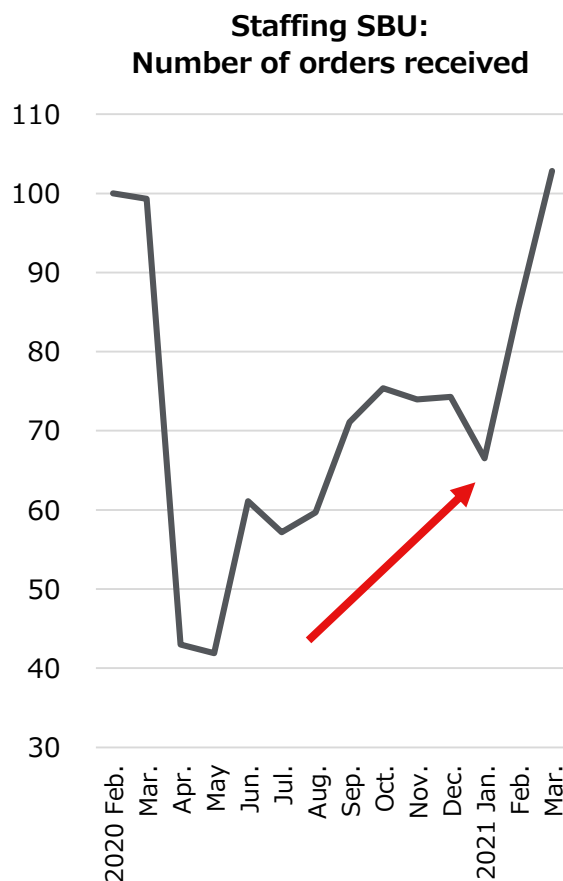
- Strengthening white-collar staffing service and health care areas where the market is steadily recovering.

◆ PERSOLKELLY

- Focusing on China where economy has quickly come back to the level before the outbreak of COVID-19.
- Increasing market share in Singapore where growing stably and enjoying top market share.

PERSOL's Status of Corporate Demand Recovery

- As the benchmark indicating the status of corporate demand recovery in Staffing SBU, Career SBU and Professional Outsourcing SBU, the trends of the number of orders received, the number of orders increased and operating rate are shown, respectively (trends of the number of orders received in Staffing SBU and the number of orders increased in Career SBU are based on the value as 100 as of February 2020 before the influence of COVID-19 became conspicuous).
- All the benchmarks dropped significantly around April 2020 when COVID-19 began to spread, but thereafter gradually recovered.



Progress of Mid-term Management Plan 2023

Numerical Target for FY2022

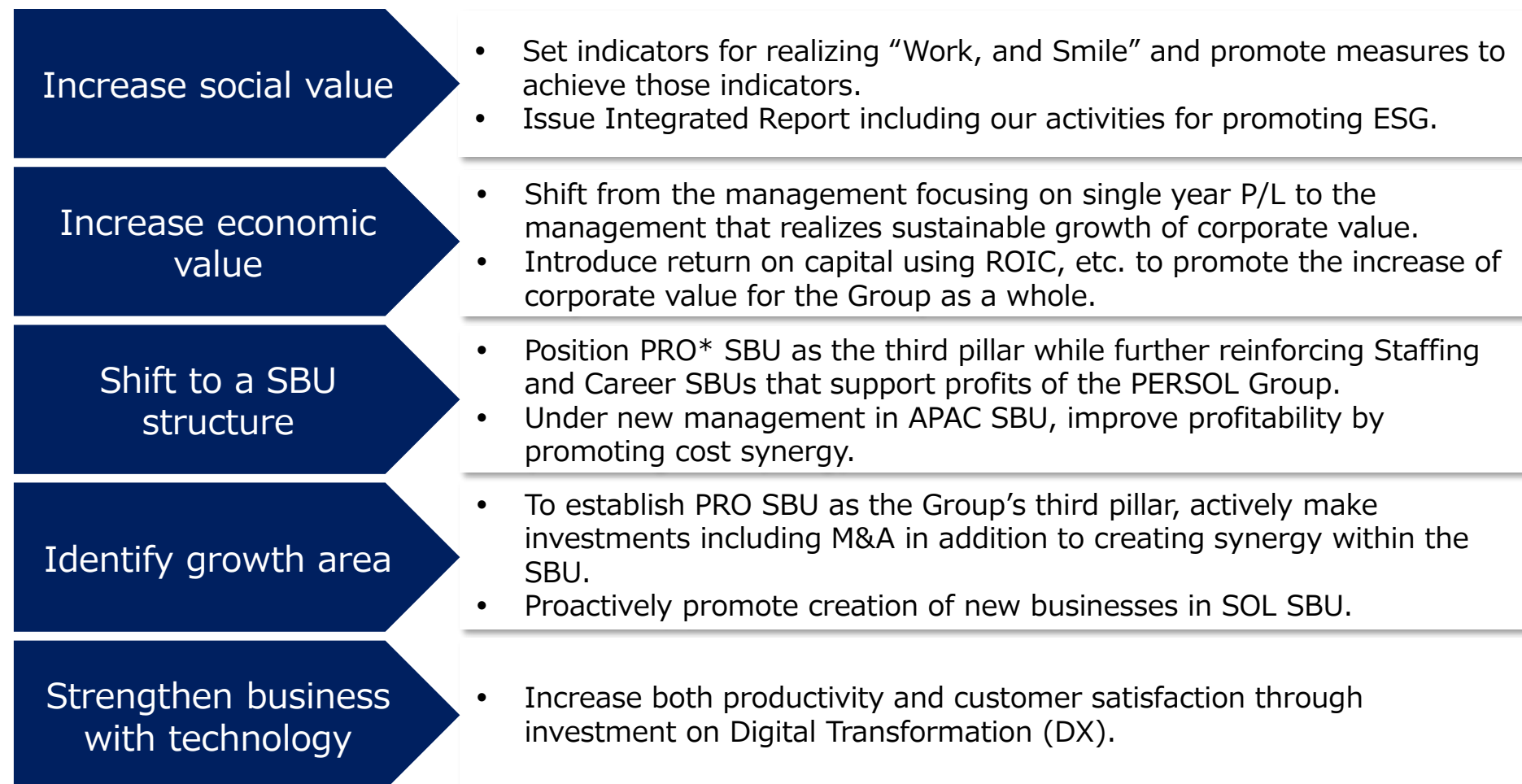
As the Australian dollar exchange rate has been strengthening since the time of the formulation of the Mid-term Management Plan, sales forecast for FY2021 will be 1 trillion yen, the same level for those of FY2022 plan. We consider reviewing the target figures of FY2022 reflecting business progress.

(Unit: billion yen)	FY2020 Results	FY2021 Forecast	FY2022 Plan
Net sales	950.7	1,000	1,000
Operating profit (OP Margin)	26.4 (2.8%)	35.0 (3.5%)	45.0 (4.5%)
EBITDA (EBITDA Margin)	43.9 (4.6%)	53.5 (5.4%)	61.0 (6.1%)
Net profit*	15.8	18.5	26.8
Adjusted EPS	103.12 yen	113.19 yen	147.76 yen
Applicable exchange rate	106.76 yen/USD 73.69 yen/AUD	105.00 yen/USD 81.00 yen/AUD	108.00 yen/USD 67.00 yen/AUD

*Net profit attributable to owners of parent company

Overall Strategy of Mid-term Management Plan 2023

- ◆ Promote provision of social value by realizing “Work, and Smile”.
- ◆ Commit to early recovery from significant adverse effects of COVID-19 to the level before pandemic while maintaining necessary investments in the Mid-term Management Plan 2023.
- ◆ It is positioned as the three years to establish a basis for growth by deepening business and developing the management foundation.



Progress of Mid-term Management Plan 2023

The progress in FY2020 as the first year of the Mid-term Management Plan 2023 is as follows:

Increase social value

- In cooperation with Gallup, Inc. ,the U.S. based company, conducted a survey to measure the level of accomplishment of “Work, and Smile” in 118 countries in the world as well as a survey of engagement of PERSOL’s employees.
- Issued PERSOL’s first integrated report in November 2020.

Increase economic value

- Carrying out discussion and monitoring based on ROIC at BOD meetings.

Shift to a SBU structure

- As optimum organizational restructure, PERSPKELLY’s business in Australia was transferred to Programmed and the business turned into surplus.
- Established Investment Committee and other committees to increase the effectiveness of corporate governance.

Identify growth areas

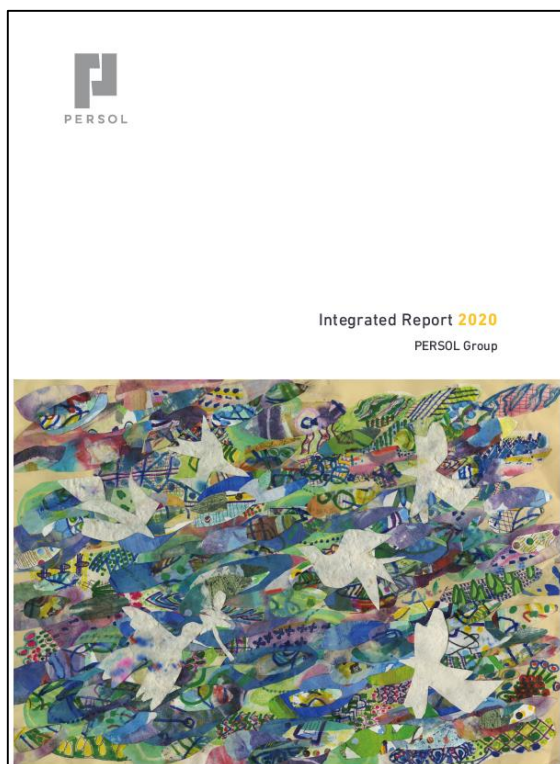
- Through drastic business review reflecting the world after COVID-19, we will start establishing next Mid-term Management Plan.

Strengthen business with technology

- Established a technological strategy and strengthen investment in technologies which promotes building foundations for utilizing personal data beyond the borders of SBU.

Increase Social Value – PERSOL's First Integrated Report-

- Issuing of our first integrated report in November 2020.
- Planning to issue second integrated report with more detailed information around September 2021.
- Aiming to realize the group vision "Work, and Smile" through various initiatives such as sustainability activities and promotion of new ways of working.



Diversity, Inclusion & Equality

Turning all kinds of differences into future potential

Building the PERSOL DI&E SPIRAL from perspectives of attributes, a sense of values and capabilities
To create a society in which everyone fully embraces the "Work, and Smile" concept, we ourselves must accept and acknowledge diversity in our own actions and know that employees' activities brimming with diversity are indispensable to our future.

To draw on the strengths of employees with all their diversity, we looked at diversity from three perspectives—attributes, a sense of values and capabilities—and launched DI&E actions to promote progress in "Work, and Smile." This basic concept is expressed as "PERSOL DI&E SPIRAL," and we intend to create a corporate culture that generates a positive cycle.

Implementing literacy training to instill idea of DI&E
All employees who work within the PERSOL Group need to understand the concept and possess basic knowledge about DI&E, and we conduct literacy training that hinges on the four points described below. In the fiscal year ending March 2021, we used an e-learning program to offer literacy training involving 25,000 employees at 30 Group companies in Japan. Employee satisfaction, understanding and resonance with the Company's stance on the DI&E concept exceeded 85% when the e-learning program was completed.

Four key points in training

- Understand the concept of PERSOL Group's DI&E
- Understand diverse attributes and diverse values
- Understand unconscious bias and be aware of possible personal unconscious bias
- Using this above, develop skill—mobility, communication and leadership—to facilitate cooperation with diverse people

*Unconscious bias is an underlying prejudice or belief that an individual unconsciously has.

PERSOL DI&E SPIRAL

Understand diversity correctly
Through literacy training that provides a basis for understanding diversity in attributes, we will enhance the level of basic knowledge of teams and organizations.

Accept diversity in a sense of values
Recognize unconscious bias & avoid it
By enabling teams and organizations to recognize the existence of unconscious bias, we will turn awareness into a common approach to eliminate the bias.

Promote individuality
We will support our employees in their continuing growth by continuing to reflect their personal skills through their own development.

Create opportunities
We will improve the work atmosphere, add diverse capabilities, create environments that easily generate synergy and integrate the corporate culture.

Realize vision
Embed corporate philosophy

Strengthen existing services
Create new services

Revitalize new relations

Notes: DI&E: Diversity, Inclusion & Equality

Interview

Chisa Enomoto
Independent Director
(Member of Supervisory Committee)

Diversity, Inclusion & Equality in the PERSOL Group
Dating back to its earliest days, the PERSOL Group, including its founder, has been a portal for empowering women in the workplace. To date, the Company has spearheaded many opportunities for training related to DI&E as well as opportunities for dialogue. However, activities must be repeated and executed widely, inside and outside the Company, with an understanding of DI&E. In addition, I look forward to seeing a higher ratio of women in management positions. As of June 2020, most of the directors on the Board at PERSOL were composed of Independent Directors, and I appreciate the Board's effectiveness in participating in deliberations and decisions from an independent standpoint based on diverse perspectives and backgrounds, as well as the management's openness to different ideas.

I plan to be involved in helping each and every employee gain a deep awareness of the Group Vision "Work, and Smile" and the Group's policy on DI&E, and I will help PERSOL contribute to realizing a sustainable society.



Art work created by a paralympic artist who is an employee of PERSOL. THANKS of the Group is used on the cover.

Disclosed case examples of "Diversity, Inclusion & Equality" that is actively promoted.

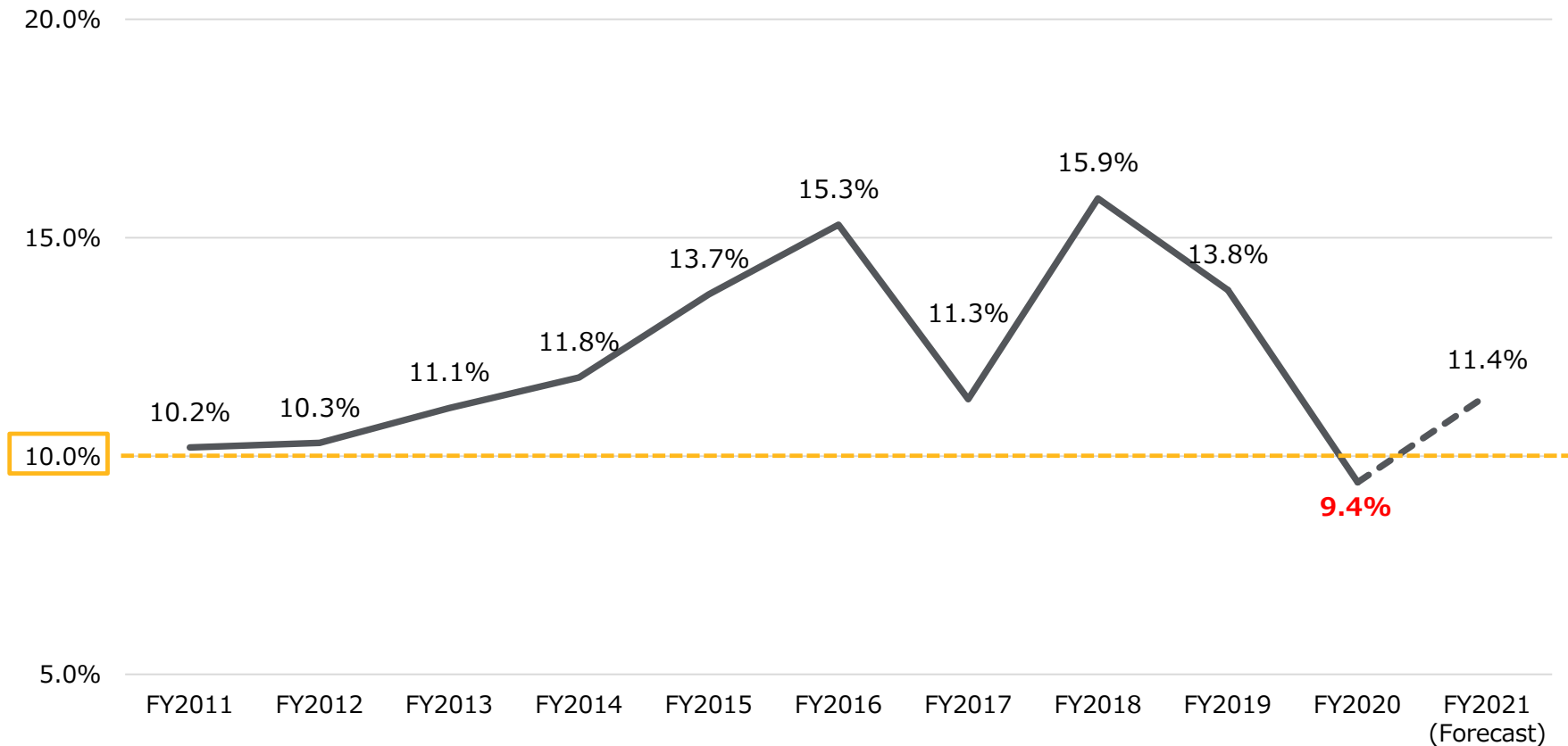
Also disclosed financial and non-financial data.

Increase Economic Value -Trend of ROIC-

ROIC dropped in FY2020 due to the effect of COVID-19, but it is expected to recover in FY2021.

ROIC is calculated by "net operating profit after tax before amortization of goodwill / invested capital (= interest-bearing liabilities + equity capital)"

■ Trend of ROIC



Strengthen Business with Technology

-Technological Strategy-

Outline of strategy

- Improvement of profitability through digitalization
- Work operation innovation using advanced technologies
- Creation of new businesses/services using advanced technologies
- Recruitment/development of technological human resources



Future vision

- Raising barriers to entry by business transformation (BT) and demonstrating overwhelming competitive strength
- Growing into business of high capital efficiency and high profitability through digitalization

■ Progress in FY2020

- Announced “Future Vision of Work Initiative” that provides support so that all individuals can work in the way they desire and can envision their future by realizing collaborations in data and services beyond the border of HR service and in cooperation with outside partners.
- Promoting building foundations for utilizing personal data beyond the borders of SBU.
- Promoting investment in various technologies in each SBU.
 - 【Staffing SBU】
 - Employed a cloud ERP for project management in BPO sector. Strategic business management will be realized through real time visualization and analysis of approx. 2,000 projects in BPO sector with the aim of expanding BPO sector and increasing profitability.
 - Realizing labor-hour reduction of approx. 328,000 hours per year by active introduction of RPA.
 - 【Career SBU】
 - Promoting in-house manufacturing as having technology-related personnel of over 400 with expertise, including AI engineers. Planning to further increase the number of headcount.

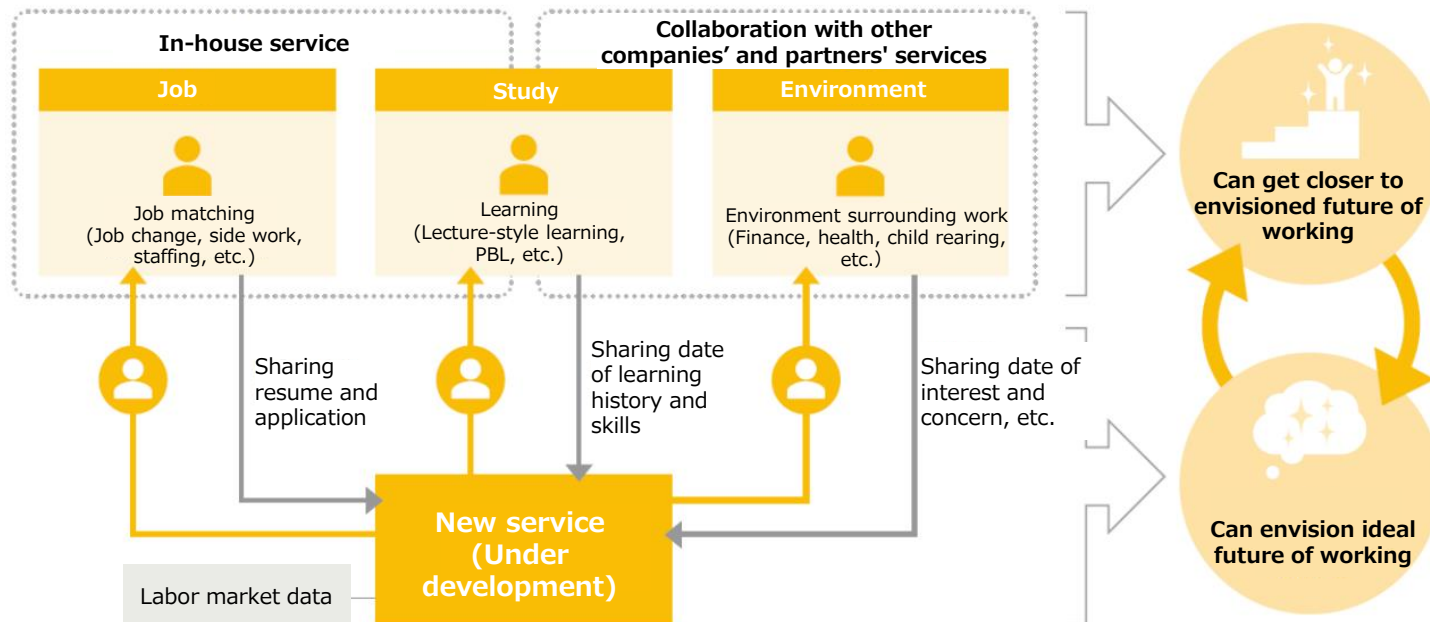
Future Vision of Work Initiative

Providing support for individuals to realize their “Future Vision of Work” so that each individual can have their “Future Vision of Work” and act for realization of their vision, aiming at the embodiment of “Work, and Smile.”

[Mechanism of “Future Vision of Work Initiative”]

- (1) Envision an ideal future of work through analysis of labor market data and individual data.
- (2) Get closer to the envisioned future of work by using services including jobs, learning and environment surrounding work.
- (3) Obtain experience best suited to each user by continuously using the services in cycles as above.

The more continue to use it, the more enable to provide the experience value suitable for that user.



(Reference)
**Summary of the Financial
Results for Q4 of FY2020**

Consolidated Quarterly Results

In Q4, sales in Staffing SBU and Professional Outsourcing SBU increased, but sales in Career SBU and APAC SBU decreased significantly due to the impact of COVID-19, which resulted in decrease in net sales from the same period of previous year. Operating profit decreased from the same period of previous year because profit decreased in Career SBU and investments, etc. were made in Staffing SBU.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	235,218	243,738	242,204	249,411	238,222	227,533	238,083	246,883
YoY (%)	4.1%	7.7%	4.0%	3.7%	1.3%	-6.6%	-1.7%	-1.0%
Operating profit	10,057	10,058	8,287	10,681	9,115	4,760	8,432	4,131
OPM (%)	4.3%	4.1%	3.4%	4.3%	3.8%	2.1%	3.5%	1.7%
EBITDA	14,416	14,532	12,410	14,997	13,389	8,962	12,767	8,791
EBITDA margin (%)	6.1%	6.0%	5.1%	6.0%	5.6%	3.9%	5.4%	3.6%
Net profit*	5,466	-10,643	4,522	8,266	4,670	2,974	5,173	3,016

*Net profit attributable to owners of parent company

Staffing SBU

Staffing



In Q4, profit decreased as a result of making marketing investments for growth in the next fiscal year despite increased sales driven by continued remarkable growth of BPO sector and robust business in clerical and administrative sector.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	122,189	126,130	130,986	130,871	130,678	129,605	134,086	135,870
YoY (%)	5.5%	10.0%	8.6%	7.2%	6.9%	2.8%	2.4%	3.8%
Operating profit	5,823	5,333	6,806	5,905	8,921	7,387	8,361	4,452
OPM (%)	4.8%	4.2%	5.2%	4.5%	6.8%	5.7%	6.2%	3.3%
EBITDA	6,765	6,298	7,759	6,885	9,914	8,283	9,265	5,387
EBITDA margin (%)	5.5%	5.0%	5.9%	5.3%	7.6%	6.4%	6.9%	4.0%
Working days	59	59	61	58	61	58	61	60

Qualitative analysis on Q4

- Sales increased by 3.8% YoY. Main factors of the increase were: unit billing rates increased by 4.8%, operating hours increased by 1.4%, the number of active staffs decreased by 6.0%, operating days increased by 2 and 3.4% and other contributions such as sale increase of BPO sector were up by 0.2%.
- The number of confirmed contracts gradually increased and the number of terminated contracts in Q4 decreased by approx. 20% YoY. The number of active staffs increased from Q3.
- The number of orders received showed a recovery in Q4 to almost 90% of the level in the same period of previous year from the significant drop in Q1 due to the impact of COVID-19.
- OPM for FY2020 was 5.5%, increased by 0.8pt YoY although OPM in Q4 decreased due to resumed investments in marketing, etc. in Q4 which were postponed in H1 because of the concerns about the impact of COVID-19, as well as a special issue of provision for performance-linked bonus.
- As BPO sector showed a significant full-year growth in both sales and profit and its profitability was also increased. BPO sector is expected to continuously contribute to future growth of this SBU.

In Q4, operating profit turned around as the business was on a trend of recovery although sales decreased continuously both in placement business and advertising business due to the impact of COVID-19.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	23,549	22,259	18,114	19,526	16,827	12,887	13,595	16,258
YoY (%)	13.6%	9.6%	-14.6%	-17.2%	-28.5%	-42.1%	-24.9%	-16.7%
Operating profit	4,703	4,393	1,271	2,900	1,505	-1,367	-466	660
OPM (%)	20.0%	19.7%	7.0%	14.9%	8.9%	-10.6%	-3.4%	4.1%
EBITDA	5,414	5,146	2,047	3,697	2,316	-526	395	1,538
EBITDA margin (%)	23.0%	23.1%	11.3%	18.9%	13.8%	-4.1%	2.9%	9.5%

Qualitative analysis on Q4

- Operating profit turned around in Q4 because both placement business and advertising business showed a gradual recovery toward the end of the fiscal year after hitting bottom in Q2 in which the businesses were most significantly affected by COVID-19.
- The number of informal appointments of workers in placement business was on a trend of recovery from the level in Q1 that the business suffered tremendous effect of COVID-19, and it has recovered in Q4 to over 80% YoY. In addition, the increased number of orders from client companies recovered to approx. 95% YoY.
- The number of orders received in advertising business was also on a trend of recovery, and it has recovered in Q4 over 90% YoY.
- Efforts of cost reduction including marketing costs should continue while investment activities which were postponed in H1 because of the impact of COVID-19 have been resumed to some extent in Q4.

Professional Outsourcing SBU

PRO



In Q4, overall sales were continuously robust due to strong demand in IT area. Operating profit increased from Q3 of FY2020 due to an increased operating rate in engineering area, etc.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	24,008	26,126	26,850	28,842	26,415	27,281	28,680	30,718
YoY (%)	8.2%	9.7%	7.2%	10.1%	10.0%	4.4%	6.8%	6.5%
Operating profit	271	1,449	1,519	3,070	315	674	1,481	1,556
OPM (%)	1.1%	5.5%	5.7%	10.6%	1.2%	2.5%	5.2%	5.1%
EBITDA	677	1,866	1,982	3,216	683	1,049	1,861	1,958
EBITDA margin (%)	2.8%	7.1%	7.4%	11.2%	2.6%	3.8%	6.5%	6.4%

Qualitative analysis on Q4

- Overall sales increased YoY because demand for IT engineers was strong as a whole and sales in IT area increased by more than 20%, maintaining a high growth rate.
- Operating profit was decreased YoY due to increased labor costs-to-sales ratio as a result of expansion of personnel in IT area as well as decreased number of outsourcing orders in engineering area, while it showed a recovery trend.
- Operating rate was stable as it exceeded 97% in IT area at the end of the fiscal year. Additionally, operating rate in engineering area recovered to around 94% at the end of the fiscal year after hitting bottom in Q2 as a result of the efforts to increase the number of new orders received through reinforcement of collaborations in sales activities within the Group.

In Q4, impacted amount of the principle method for revenue recognition of job search application business applied since this fiscal year was -0.31 billion yen for sales and -0.32 billion yen for operating profit. Operating loss was recorded as a result of increased investments including increasing headcount.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,351	1,837	1,856	1,967	952	1,237	1,593	1,918
YoY (%)	213.8%	392.9%	281.2%	310.8%	-29.5%	-32.6%	-14.2%	-2.5%
Operating profit	-299	-175	-376	-768	-1,437	-1,260	-1,095	-1,016
OPM (%)	-22.1%	-9.6%	-20.3%	-39.0%	-150.8%	-101.8%	-68.8%	-53.0%
EBITDA	-248	-111	-302	-340	-1,204	-1,018	-781	-663
EBITDA margin (%)	-18.4%	-6.1%	-16.3%	-17.3%	-126.4%	-82.3%	-49.0%	-34.6%

Qualitative analysis on Q4

- Decrease in sales was shrinking after hitting bottom in Q2 because job search application business has driven growth even under the circumstances with a trend of companies to cut recruitment costs and deteriorated economic confidence in restaurant business due to the impact of COVID-19. Sales excluding the effect of application of principle method for revenue recognition increased in Q4 YoY.
- Under severe market conditions, KPI of business size expansion showed a continued trend of increase.
 - L In job search application business, the cumulative number of corporate accounts increased significantly approx. 2.1 times YoY.
 - L In cloud POS business, the cumulative number of stores that introduced POS increased approx. 1.1 times YoY even under the influence of deteriorated economic confidence in restaurant business.

Asia Pacific (APAC) SBU

APAC



In Q4, sales decreased and operating loss was recorded because of delayed economic recovery in some regions although a trend of recovery was seen in general.

(APAC is consolidated with a delay of 3 months, so the results correspond to a period from October to December 2020.)

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	67,012	69,584	66,240	70,403	65,980	58,684	62,124	64,657
YoY (%)	-2.5%	-0.4%	-2.9%	-0.5%	-1.5%	-15.7%	-6.2%	-8.2%
Operating profit	-156	-126	-575	451	-116	-561	-303	-539
OPM (%)	-0.2%	-0.2%	-0.9%	0.6%	-0.2%	-1.0%	-0.5%	-0.8%
EBITDA	1,874	1,868	960	2,060	1,390	947	1,217	1,128
EBITDA margin (%)	2.8%	2.7%	1.4%	2.9%	2.1%	1.6%	2.0%	1.7%
AU GDP growth (%)	1.7%	1.4%	1.7%	2.2%	1.4%	-7.0%	-3.8%	-1.1%
Yen / USD	110.2	110.1	109.1	109.0	108.9	108.2	107.5	106.8
Yen / AUD	78.5	77.7	76.3	75.8	71.6	71.1	72.8	73.7

Qualitative analysis on Q4

- In PERSOLKELLY, sales decreased YoY due to delayed economic recovery in APAC regions due to the effect of spreading COVID-19 except Singapore that showed a robust growth of temporary staffing business and China where recovery of placement business was seen. Loss was recorded due to decreased sales despite improvement of cost structure including transfer of businesses to Programmed in Australia.
- In Programmed, sales decreased YoY resulting from decreased sales in facility management business although blue-collar staffing business and painting service in maintenance business showed a recovery. Loss was recorded because recovery was sluggish in business with highly profitable SME customers despite surplus driven by the integration of businesses in Australia transferred from PERSOLKELLY.

Others

In Q4, sales increased as a result of robust sales in disabled persons hiring business which is mostly internal transaction continuing from Q3. However, operating loss was recorded due to the effect of the settlement at the end of the fiscal year of hiring management expenses for special subsidiaries.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,731	2,585	2,989	2,803	2,364	2,656	3,428	3,015
YoY (%)	22.0%	115.5%	86.8%	83.1%	36.5%	2.7%	14.7%	-7.5%
Operating profit	-3	-202	54	-275	-455	-405	263	-558
OPM (%)	-0.2%	-7.8%	1.8%	-9.8%	-19.3%	-15.3%	7.7%	-18.5%
EBITDA	0	-131	148	-197	-380	-329	350	-462
EBITDA margin (%)	0.0%	-5.1%	5.0%	-7.0%	-16.1%	-12.4%	10.2%	-15.3%

Qualitative analysis on Q4

- Sales increased YoY because disabled persons hiring business showed a steady growth thanks to increased internal transaction within Group. Training business was on a recovery trend after hitting bottom in Q2.
- On the profit side, loss was recorded due to the effect of the settlement of hiring management expenses for special subsidiaries.

Adjustments

(Corporate and reconciliation adjustments)

In Q4, operating loss was recorded due to the implementation of investments in relation to the Mid-term Management Plan, which had been delayed so far because of the impact of COVID-19 although continued to reduce SG&A expenses.

(million yen)	FY2019				FY2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	-4,624	-4,785	-4,833	-5,003	-4,995	-4,819	-5,425	-5,555
YoY (%)	-	-	-	-	-	-	-	-
Operating profit	-281	-612	-413	-602	382	292	191	-423
OPM (%)	-	-	-	-	-	-	-	-
EBITDA	-66	-404	-184	-325	669	556	457	-96
EBITDA margin (%)	-	-	-	-	-	-	-	-

Disclaimer

The statements concerning PERSOL HOLDINGS's future business performances in this material such as earnings forecasts are based on information available as of May 14, 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.