




P E R S O L

Announcement of the end of “an” business

PERSOL HOLDINGS CO., LTD.

1 Aug 2019

- 
- 1. Reasons for ending the “an” business**
 - 2. Impact on results**
 - 3. Schedule from here on**
 - 4. Acquisition of treasury shares**

Background to ending the “an” business

Decision made to end the “an” business which operated within the Recruiting Segment.
Shift of management resources (including employees) of the “an” business over to the more productive “doda” business.

**From 2011
onwards**

Competitiveness declined due to an inability to cobble together a coherent strategy focused on the web/smartphone era.

**By the
previous FY
(FY Mar 2019)**

Even though there were plans to bolster the “an” business through promotions & product investments, the part-time market environment in Japan is difficult, and improving productivity would require time.

**After this
current FY:**

A decision had been made to end the “an” business and focus management resources on the more productive “doda*” business.

Relocate personnel to “doda” and accelerate “doda” growth

- The biggest bottleneck in the growth of "doda" is the increase of personnel so relocation will allow for continued growth in the future

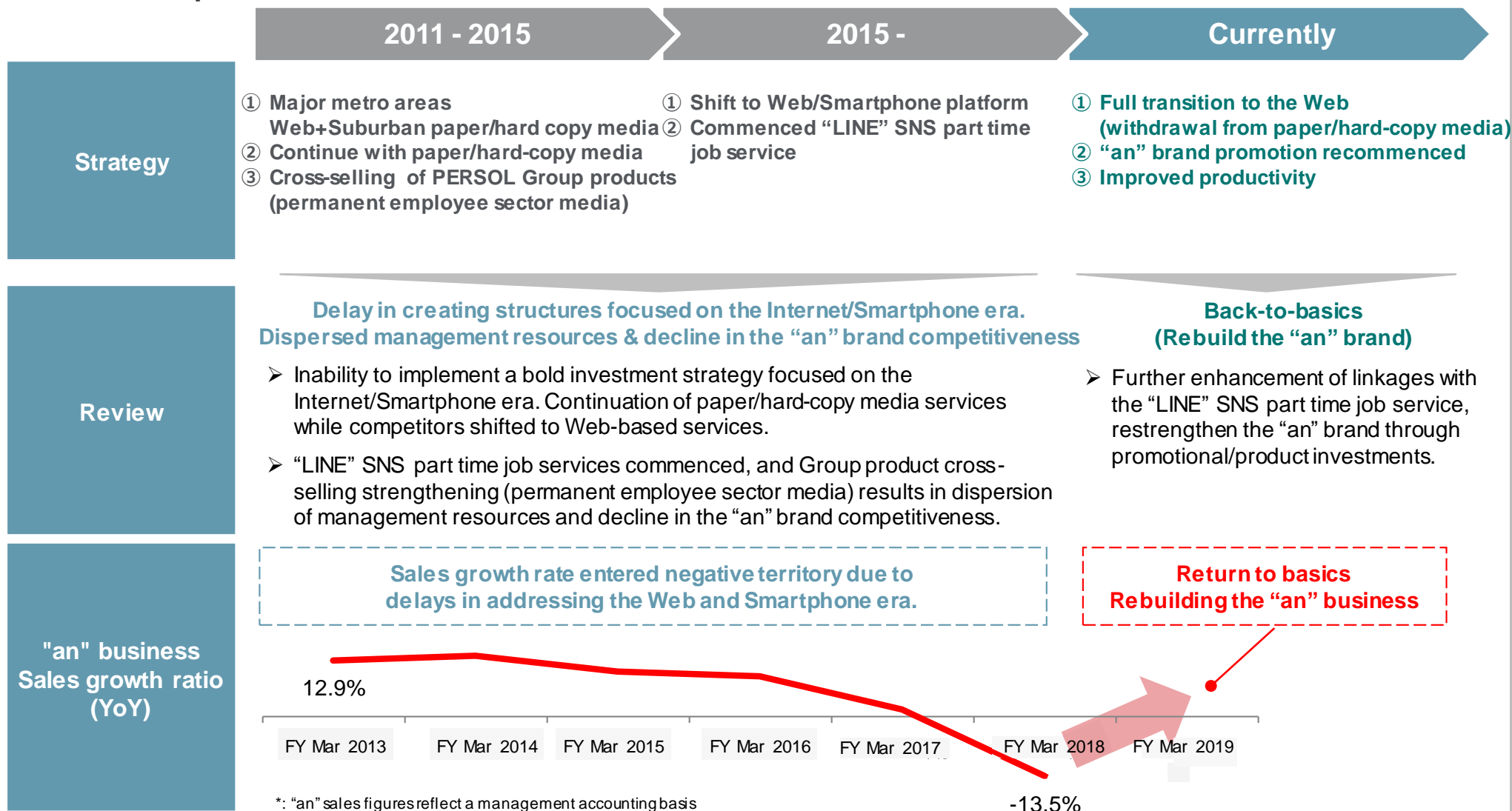
*The “doda” business offers permanent full-time employee’s placement services & job advertisement services.

Review of the “an” business up to now

[Republished] FY Mar 2019
1st half results briefing material
(12 Nov 2018)



Competitiveness declined due to an inability to cobble together a coherent strategy focused on the web/smartphone era.

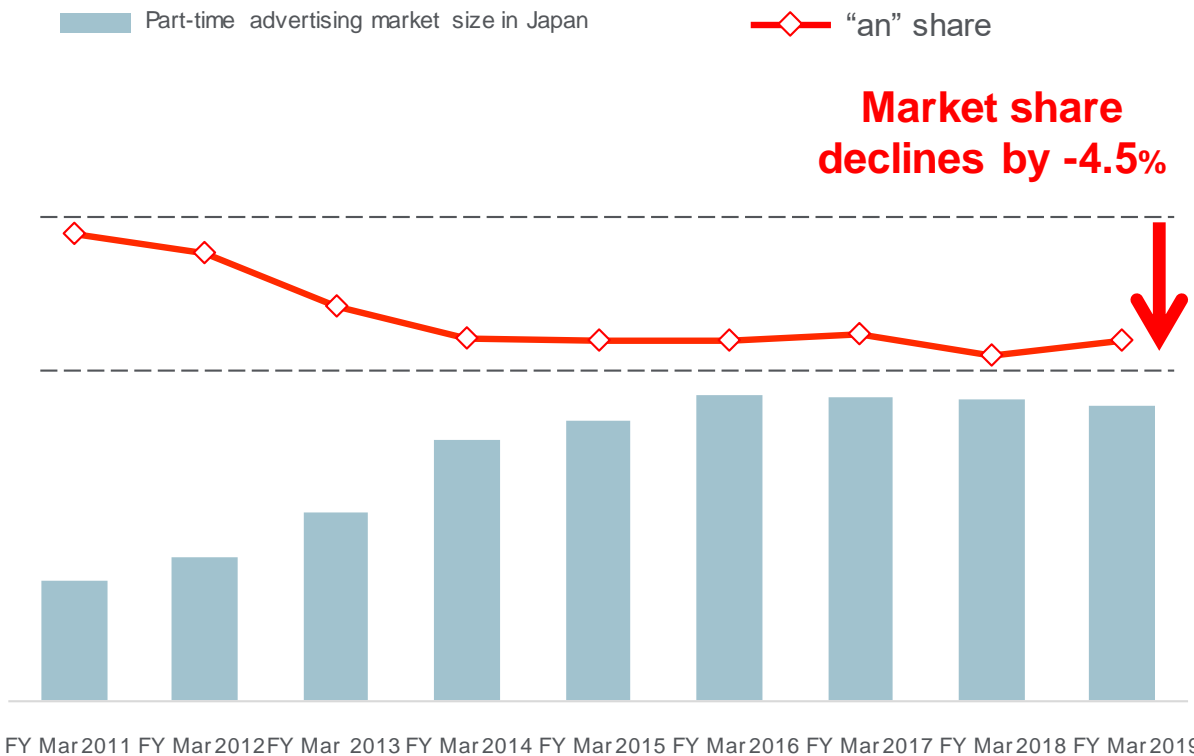


*: “an” sales figures reflect a management accounting basis

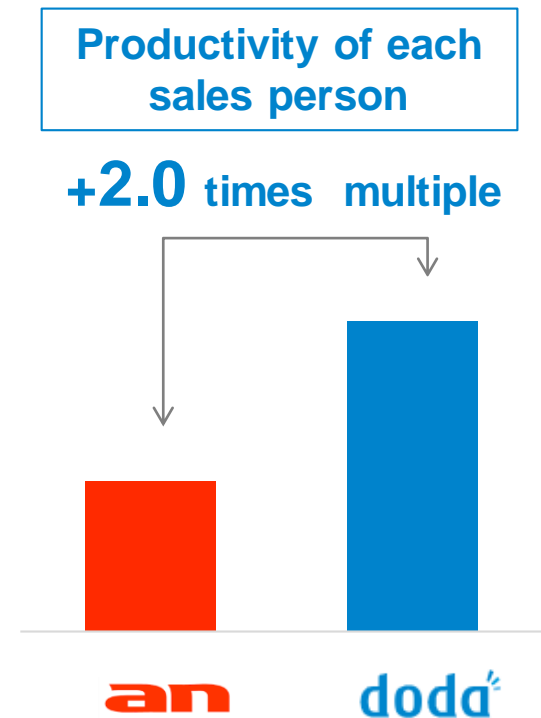
Reasons for ending the “an” business

The market size of part-time market slowed down from FY2016/3.
A decision was made to consolidate management resources in the “doda” business.

Harsh market environment*1



High productivity in the “doda” business*2



*1: Market size & “an” market share based on PHD research

*2: Comparison of management accounting results in FY2019/3

Lan productivity: sales per sales person

Ldoda productivity: Average productivity of career consultants for placement and sales person for advertising business

Impact on results due to the end of the “an” business (FY Mar 2020)

We anticipate an operating loss of JPY-5 billion and an extraordinary loss of JPY-3.5 billion due to a temporary decline in sales due to the end of the “an” business and the relocation of personnel, as well as the payment of transition operation support funds in extraordinary losses and other losses

(JPY Billion)	Monetary Impact (Compared to original forecasts)					Details
	an	doda	ITO	Adjustment	TOTAL	
Sales	-8	-2	-0.5	+0.5	-10	an: Decline in sales due to the end of business <ul style="list-style-type: none"> - Decreased sales due to the end of business on September 27, 2019 - End of "an" business as of November 25, 2019 doda: Decline in sales due to relocation of personnel <ul style="list-style-type: none"> - Relocation of personnel including existing personnel of "doda" in consideration of medium- to long-term growth - Decreased productivity due to customer relocation, and education of personnel ITO: Decrease in internal orders related to an <ul style="list-style-type: none"> - Decreased internal orders from the an business
Operating Profit	-1	-3.8	-0.2	-	-5	an: Impact of revenue decline due to the end of business <ul style="list-style-type: none"> - Headcount will be deployed internally to the "doda" business. doda: Increased personnel & training etc. related costs <ul style="list-style-type: none"> - Increased personnel costs due to taking on of headcount from the "an" business, and costs associated with training related to enhancing capabilities etc. ITO: Increased personnel costs <ul style="list-style-type: none"> - Increased personnel costs due to taking on of headcount from the "an" business
Extraordinary Losses	-3.5	-	-	-	-3.5	Operation support fund to shift to "doda" for agencies <ul style="list-style-type: none"> - operation support fund to shift the sales system to "doda" after the "an" business is over. Other losses <ul style="list-style-type: none"> - Impairment loss on software assets acquired this year - Losses that occur with the end of business other than above

Effect of improving business results in the future

Sales growth and contribution to profit is anticipated to arise from enhanced capabilities linked to personnel that are transferred from the “an” business.

Sales effect

Enhancing the capabilities of personnel is anticipated to lead to growth in the sales of each business.

Related to the rapid growth in the Recruiting Segment seen very recently (expansion in the scale of the business) while the future rate of sales growth is predicted to gradually slow down, at the same time the monetary base is anticipated to experience high growth.

Placement

Job advertising

(Aimed at full-time employees)

Revenue growth effect
(Cumulative)

Approx. +JPY 15 billion

Cumulative amounts over a 3 year period (FY Mar 2021 ~ FY Mar 2023)

Revenue growth effect
(Cumulative)

Approx. +JPY 9 billion

Cumulative amounts over a 3 year period (FY Mar 2021 ~ FY Mar 2023)

Profit effect

It is expected that in 3 years time, losses related to end of “an” business (including extraordinary losses) will be recovered on the operating profit base.

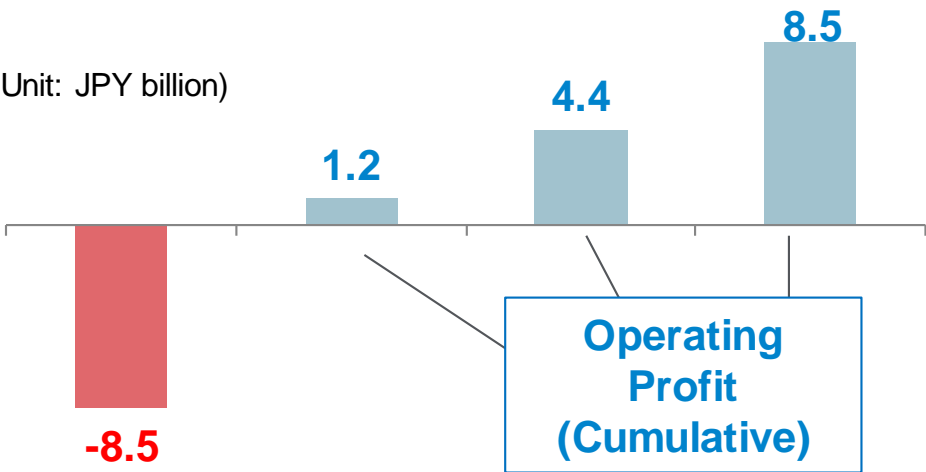
Current Year
(FY Mar 2020)

1st Year
(FY Mar 2021)

2nd Year
(FY Mar 2022)

3rd Year
(FY Mar 2023)

(Unit: JPY billion)



Revised (Full Year) Consolidated Financial Results Forecasts

It reflects only the impact of the end of the "an" business and has not reviewed the performance of existing businesses.

(Unit: JPY billion)	Forecast released last year ^{*1} (A)	Amount of increase or decrease (B)	Forecast revisions at this time (A - B)	Ratio % of increase (decrease) (%)
Sales	1,000	-10	990	-1.0%
EBITDA	66	-5	61	-7.6%
Operating Profit	48	-5	43	-10.4%
Ordinary Profit	48	-5	43	-10.4%
Current period net profit attributable to parent company shareholders	27.5	-5.8	21.7	-21.1%
Current period net profit per share (JPY)	117.80	-24.85	92.95	-21.1%
<hr/>				
[Reference] Net profit prior to amortization of goodwill ^{*2}	36.1	-5.8	30.3	-16.1%
[Reference] Adjusted EPS (JPY) ^{*3}	158.51	-14.80	143.71	-9.3%

^{*1}: Announced on 15 May 2019

^{*2}: Net profit prior to amortization of goodwill: Profit attributable to owners of parent company + amortization of goodwill

^{*3}: Adjusted EPS: adjusted net income / (number of shares issued at the end of the period - number of treasury stock at the end of the period)

Adjusted net income: net income attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to adjustment items

Adjustment items: amortization of goodwill and other intangible assets arising due to business combinations ± extraordinary income/losses

Future schedule

On 25 Nov 2019 the “an” advertising business is scheduled to end.

		Period	Details etc.
1	External releases about the end of the “an” business	On this day (1 August)	-
2	Explanation given to clients	On this day (1 August) ~ 27 September	Briefings commence today
3	Briefings given to agencies		
4	Briefing given to www site users	On this day (1 August) ~ ~ 25 Nov	Notification at “an” www site
5	Sales activity of “an” halts	27 September	-
6	The “an” business ends	25 November	“an” www site closed the same day

Details of treasury share purchases

Acquisition of treasury shares to the total value of JPY 5 billion will take place.

1. Reasons for acquisition of treasury shares

Acquisition of treasury shares to enable the execution of an agile capital strategy that aims to enhance capital efficiency while addressing changes to the future management environment.

2. Details of matters related to the acquisition

(1)	Type of shares forming the target for acquisition:	PERSOL HOLDINGS ordinary shares
(2)	Number of shares able to be acquired:	3,500,000 shares (upper limit) (Proportion of total number of fully issued shares (excluding treasury shares): 1.5%)
(3)	Total cost of acquiring the shares:	JPY 5 billion (upper limit)
(4)	Acquisition period:	2 Aug 2019 ~ 30 Dec 2019

Reference: Treasury shares held as at 31 Mar 2019

Number of fully issued shares (excluding treasury shares)	233,448,545 shares
No. of treasury shares	3,256,316 shares

Appendix

Revised (Half Year) Consolidated Financial Results Forecasts

It reflects only the impact of the end of the "an" business and has not reviewed the performance of existing businesses.

(Unit: JPY billion)	Forecast released last year ^{*1} (A)		Amount of increase or decrease (B)		Forecast revisions at this time (A - B)		Ratio % of increase (decrease) (%)	
	1 st half	Full year	1 st half	Full year	1 st half	Full year	上期	通期
Sales	483.5	1,000	-1	-10	482.5	990	-0.2%	-1.0%
EBITDA	30.2	66	-0.5	-5	29.7	61	-1.7%	-7.6%
Operating Profit	21.3	48	-0.5	-5	20.8	43	-2.3%	-10.4%
Ordinary Profit	21.3	48	-0.5	-5	20.8	43	-2.3%	-10.4%
Current period net profit attributable to parent company shareholders	12.0	27.5	-2.4	-5.8	9.6	21.7	-20.0%	-21.1%
Current period net profit per share (JPY)	51.40	117.80	-10.28	-24.85	41.12	92.95	-20.0%	-21.1%
[Reference] Net profit prior to amortization of goodwill ^{*2}	16.3	36.1	-2.4	-5.8	13.9	30.3	-14.7%	-16.1%

^{*1}: Announced on 15 May 2019

^{*2}: Net profit prior to amortization of goodwill: Profit attributable to owners of parent company + amortization of goodwill

Attention: Note Regarding Handling of this Material

Results forecasts etc. used in this material contain forward-looking statements which are based on a certain number of assumptions PHD deems rational, and the information at hand as of 1 Aug 2019 which are not meant in any way by PHD to be assurances that plans will be realized. Actual results etc. may vary greatly due to various causes.

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



August 2014: Selected as one stock forming the JPX-Nikkei 400 Index composition

What is the JPX-Nikkei 400?

The index is a new share price index composed of corporations that aim to satisfy the various requirements of global investment standards for the purpose of highlighting etc. in Japan and overseas the appeal of Japanese firms from a management view point of efficient application of capital and investor awareness etc.