

**Q&A at the Briefing of the Financial Results of the Fiscal Year Ended
March 31, 2023 (Including the Announcement of the Mid-term
Management Plan 2026)**

Questioner 1:

I have a question about the 'Others/Adjusted segment' figures under the mid-term management plan (the Plan 2026), which are also related to the plan for the current fiscal year (the Plan 2023). Under the adjusted EBITDA on page 23 of the briefing materials on the Plan 2026, "Others/Adjusted," which is -3.3 billion yen in FY2022, is expected to be -15.0 billion yen in FY2025. I think that you expect relatively large growth of the negative value, or by 11.7 billion yen. At the same time, regarding the Plan 2023, the value for "Adjusted" on page 33 of the briefing material, which is -1.9 billion yen in FY2022, is expected to be -8.6 billion yen, which means an increase in deficit by 6.7 billion yen. I would like to ask you to explain factors for those increases in the adjusted amounts in the Plan 2026 and the Plan 2023, as well as the details of the investment.

CFO Tokunaga:

A factor for the increases in the adjusted amounts is that PERSOL HOLDINGS will pursue a number of corporate measures, such as advertising. The other factor is that we have slightly reduced the management fee, which we imposed on each SBU. It therefore does not mean that we are doing something special in business. The increases are attributed to the adjustment of the management fee and a slight increase in expenses for corporate measures.

Questioner 1:

Does this mean that the adjusted amount will basically not increase significantly in FY2022 or under the Plan 2026, either; that is, the overall company costs will not increase significantly?

CFO Tokunaga:

Yes, it does.

Questioner 2:

While I don't understand everything about the Plan 2026, I have a question about page 23 that you are indicating now, or about Career SBU in particular. You said that this will be the driver. Looking at the profit margin, however, it is 20% in terms of adjusted EBITDA in both FY2022 and FY2025, which means that you expect it to remain almost unchanged. In my understanding, both career change media and permanent placement operate under a model in which gearing or marginal profit is extremely high. I therefore have the impression that a certain amount of sales will lead to profit. So I infer that something like investment will be continued not only under the Plan 2023 but for the overall three-year period. I understand very well your ideas on the profit margin and your intention to increase sales, but I would like to ask you to give a supplementary explanation about the profit margin.

CSO Mineo :

As you mentioned, we plan to continue making a certain amount of investment during the three-year period. Above all, we will invest in the high-career domain that President Wada mentioned earlier today. To name specific services, they are dodaX and HiPro domains. We assume that we will continue to invest in measures to attract customers to these services, as well as product development, and the establishment of organizations to be involved in them. Therefore, you are right. While their profitability should improve under ordinary circumstances, the profit margin will turn out to remain flat because we will be making continuous investments.

CEO Wada:

Let me add that enhancing our database will be extremely important for increasing corporate value for the future, which is true of both the high-career domain and dodaX. We will be making investments for this purpose. In addition, sooner or later, we will need to create a state where an inflow of human resources will occur naturally, in the aspect of data management. We will therefore start making aggressive investments in this area at the outset. This is what we think.

Questioner 2:

While you intend to almost double sales in this Career SBU, to 210.0 billion yen, to what extent will you try to increase the portion of sales of this high-career

domain, in which you will invest? Could you give a supplementary explanation about this, if any and if possible? You don't need to clarify numerical values.

CSO Mineo :

We would like to refrain from giving specific details at the moment, but we intend to focus a great deal of effort to achieve growth.

CEO Wada:

We are still an underdog in the high-career domain, and the major key point is to be able to catch up on it. As such, we don't have any information worth disclosing yet, but we will be making every effort to achieve this objective.

Questioner 3:

I would like to ask you about the cash allocation under the Plan 2026. You explained that you will create EBITDA of around 200.0 billion yen in three years, and based on this, you will allocate half of the cash to shareholder return and the other half to investment in growth and the repayment of borrowings. What do you think you will do if this target value of 200 billion yen is exceeded? If the excess amount results in a change to this ratio, I would like you to explain about it. And if you allocate it to investment in growth, will you be able to make the investments within a range that the ROIC of 15% and ROE of 18% will surely be achieved every fiscal year? I would like to ask you to explain the scenario about these points which will apply where the target is exceeded.

CFO Tokunaga:

First of all, as this chart shows, we will pay 60.0 billion yen in tax assuming 260.0 billion yen in adjusted EBITDA before tax and a tax rate at around 30%. Adjusted EBITDA after tax will be 200.0 billion yen. I will explain what we will do if this target amount of 200.0 billion yen is exceeded. Regarding the investment in software, which is indicated at right, we now invest 12.0 billion to 13.0 billion yen annually, which is assumed to amount to 50.0 billion yen for the coming three years. We will keep this amount, which is 50.0 billion yen, unchanged in principle. We will keep it unchanged at 50.0 billion yen even if 200.0 billion yen is exceeded. Therefore, regarding the 150.0 billion yen that will remain after the investment in software, which is shown at far right, we plan to allocate the cash to shareholder returns and growth investment at a

ratio of 50% to 50%, even if 150.0 billion yen is exceeded.

Questioner 3:

Am I correct in understanding that you will aim to keep the levels of ROIC and ROE at a certain level every year, or at least 15% and 18%, respectively, without fluctuations?

CFO Tokunaga:

That is correct. The target ROIC of 15% and target ROE of 18% are based on the Japanese GAAP. We will begin to create BS under IFRS this fiscal year, so we plan to announce new values under IFRS when we announce the financial results for Q1 in August. To explain in terms of the Japanese GAAP, we position 15% and 18% as lower limits and aim to achieve higher values.

Questioner 4:

Looking at the structure and overall picture of the Plan 2026 that you presented this time, you will aim to achieve growth with a focus on Staffing SBU and Career SBU. You also said you would work hard on BPO or you would also focus on Technology. Am I right in understanding that these three years will be years for preparations for the other sectors?

Also, concerning this point in temporary staffing, I think there are already various scenarios in which growth is possible due to a rise in the unit price of temporary staffing services. Is it correct to conclude that this point is basically not reflected in the Plan 2026 yet?

CEO Wada:

First, regarding the price revision of temporary staff described at the last part, we are developing a plan by reflecting this to a certain extent. And, to describe the present situation, we are continuing negotiations, but we think it will take considerably more time.

Moreover, regarding the growth of BPO SBU in the earlier section, it looks as if growth was not achieved because there were projects related to COVID-19 and so on, but we would like to achieve double-digit growth. We will aim to do this by making a number of preparations during the three years. Then, moving forward, we would also like to take initiatives such as looking for targets for M&A. So we believe that the theme will be making sure that we take these

initiatives. This applies to BPO SBU, and we have completely the same idea about Technology SBU as well. We will achieve double-digit growth in Technology SBU as well, and we will also continue to look for a way to conduct M&A. This is what the situation we're in.