

PERSOL HOLDINGS CO., LTD.

Held from 16:00 to 16:45 on Thursday, August 10, 2023

Script of Financial Results Presentation for the 1st Quarter of FY2023

Highlights



1

Summary of FY2023* Q1 (IFRS) * FY2023 is the fiscal year ending March 31, 2024 (the same applies hereinafter).

- Revenue was 328.7 billion yen (24.5% of the forecast full-year value) and adjusted EBITDA was 19.0 billion yen (25.2% as well), making steady progress.
- Year-on-year base, revenue increased 9.4% while adjusted EBITDA decreased 16.2% (by -3.6 billion yen including -1.5 billion yen related to COVID-19) as a result of strategic investments that began to be made in FY2023 Q1 for achieving mid-term growth.

2

The Long-term Issuer Rating has been raised to A+ (stable)

- Credit rating by Japan Credit Rating Agency, Ltd. (JCR) upgraded from "A/Positive" to "A+/Stable" in July 2023
- ROIC at 15% or higher and ROE at 20% or higher under IFRS have been set as targets under the Mid-term Management Plan 2026.

3

Stock Split

- A 10-for-1 stock split will be implemented with a record date of September 30, 2023
- Improving liquidity and encourage a broad range of investors to hold shares

4

Debra A. Hazelton has been newly appointed as a Board Member

- Promoting diversity. The percentage of female directors: 22%
- The percentage of female managers has been increased by 1.5 percentage points from the previous year, to 24.4% (as of April 2023). Aim to increase it to 37% by 2030.

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[Wada] Hello, I am Wada, CEO of PERSOL Holdings. Thank you very much for coming to the financial results briefing. Today, I would like to communicate the 4 highlights described here on this slide.

The first point is the Summary of the Q1 of FY2023. The second is about the credit rating. The third is the stock split which will be implemented. And the fourth is about our management structure. We have appointed a new member and I will talk about that also.

First, I'd like to start with the summary of the 1Q financial results. Revenue was 328.7 billion yen. Adjusted EBITDA was 19 billion yen. They are progressing in line with our full year forecast. Revenue's progress rate is 24.5%, adjusted EBITDA is 25.2%, both progressing smoothly. Compared to the 1Q of last fiscal year, adjusted EBITDA is a bit behind but things are in line with the plan, so please rest assured.

The second point is about credit rating. As is shown here, we have been upgraded to A+. Also, IFRS based ROIC and ROE targets have been set as described here. I will talk about this later.

The next point is the Stock split. The board meeting today approved the stock split of 10 for 1. This will improve the liquidity as well as reflect our intention to have a broader range of shareholders.

And the management structure is described here which I will be explain later.

Mr. Tokunaga will explain the details of t financial results now. Mr. Tokunaga please.

Financial Results for the Three Months Ended June 30, 2023 (Consolidated)



Steady growth in both revenue and gross profit

(million yen)	FY2022 Q1**	FY2023 Q1	YoY	FY2023 Full-Year Forecasts	Progress
Revenue	300,467	328,703	+9.4%	1,340,000	24.5%
Gross profit	69,539	75,103	+8.0%	-	-
Operating profit	17,436	14,675	△15.8%	54,500	26.9%
<i>OP margin (%)</i>	5.8%	4.5%	△1.3pt	4.1%	-
EBITDA	24,921	21,782	△12.6%	-	-
<i>EBITDA margin (%)</i>	8.3%	6.6%	△1.7pt	-	-
Adjusted EBITDA	22,678	19,014	△16.2%	75,500	25.2%
<i>Adjusted EBITDA margin (%)</i>	7.5%	5.8%	△1.8pt	5.6%	-
Profit*	11,139	9,369	△15.9%	33,500	28.0%
Adjusted profit	12,675	10,513	△17.1%	39,000	27.0%
Adjusted EPS (yen)	54.98	46.21	△15.9%	171.41	27.0%

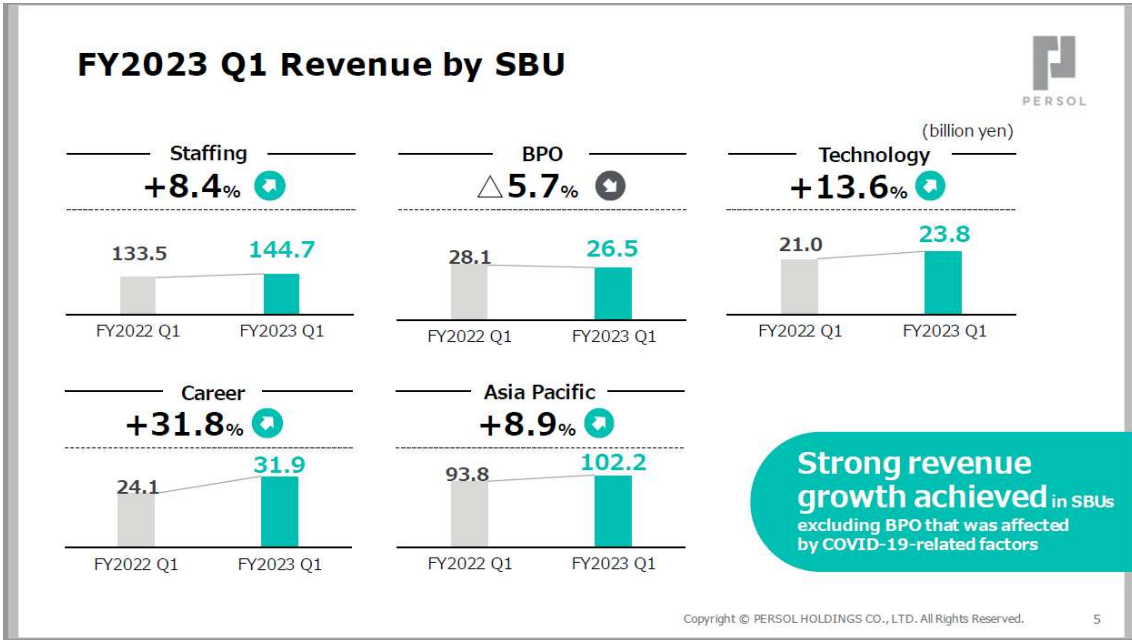
*Profit for the quarter attributable to owners of the parent
**FY2022Q1 results are based on IFRS

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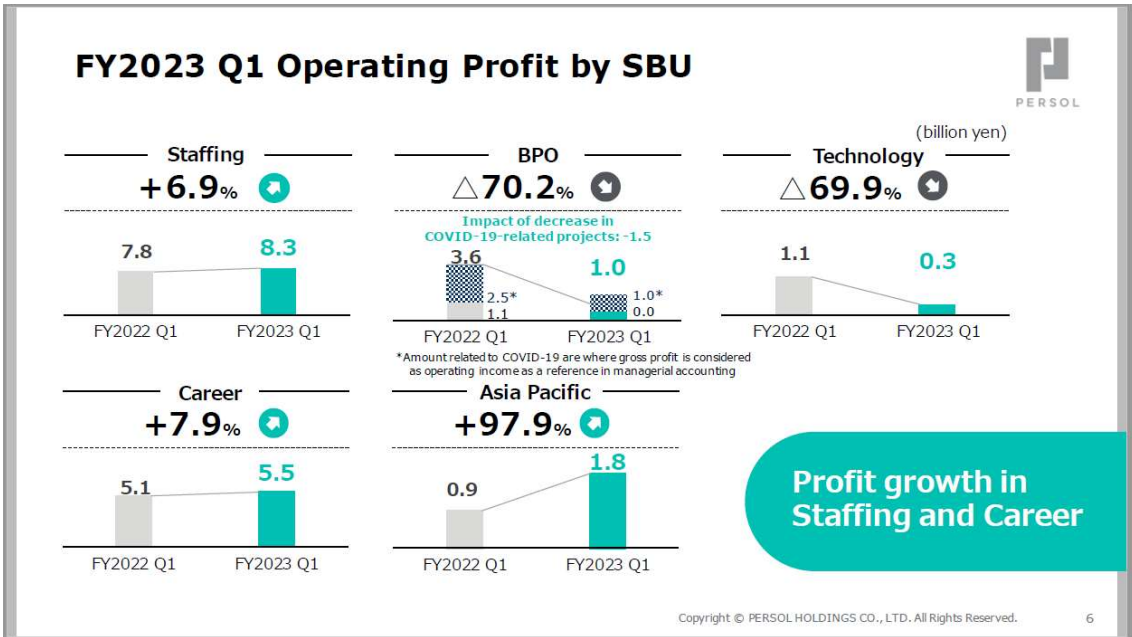
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[Tokunaga]Hello, I am Tokunaga, CFO of PERSOL Holdings. I will explain the summary of financial results for 1Q. As has been informed already, we shifted to IFRS from this fiscal year. And this year is also the first year of the new mid-term management plan and we have disclosure based on new segments. I would also like to touch on that in my briefing today.

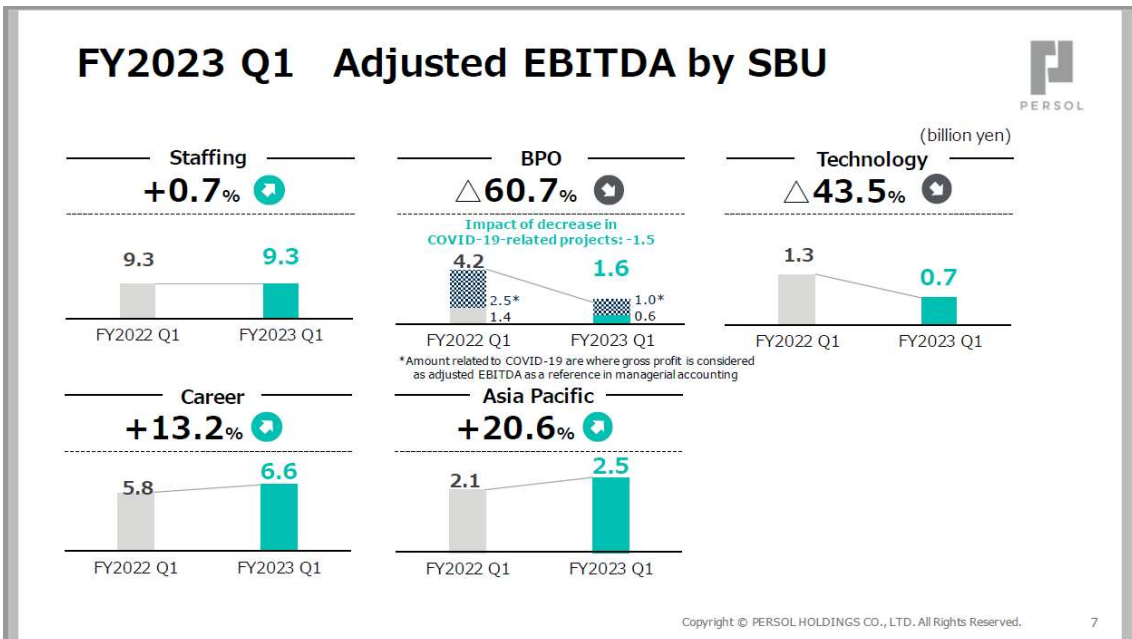
Revenue grew 9.4% yoy and gross profit grew 8.0% yoy. Operating profit decreased 15%, adjusted EBITDA fell 16% but, as CEO Wada mentioned earlier, we are making good progress against the full year Forecast for all of revenue, operating profit, and adjusted EBITDA.



Next is on revenue by SBU. For BPO SBU in the middle, with dissipating impact of COVID 19, COVID related work decreased, pushing down BPO revenue slightly. But on the other hand, centering around Staffing SBU, Career SBU and others, as you can see, we enjoyed strong revenue growth.



Next is operating profit by SBU. Our core businesses of Staffing SBU and Career SBU increased profits by 6.9% and 7.9% respectively. BPO, as I explained earlier decreased due to the impact of COVID-19.



This is adjusted EBITDA by SBU. The trend is very similar to operating profit.

Progress in Operating Profit



**In FY2022, strategic investments began from the 2nd half.
In FY2023, strategic investments began from Q1, with a good start
being made toward achieving the full-year forecast.**



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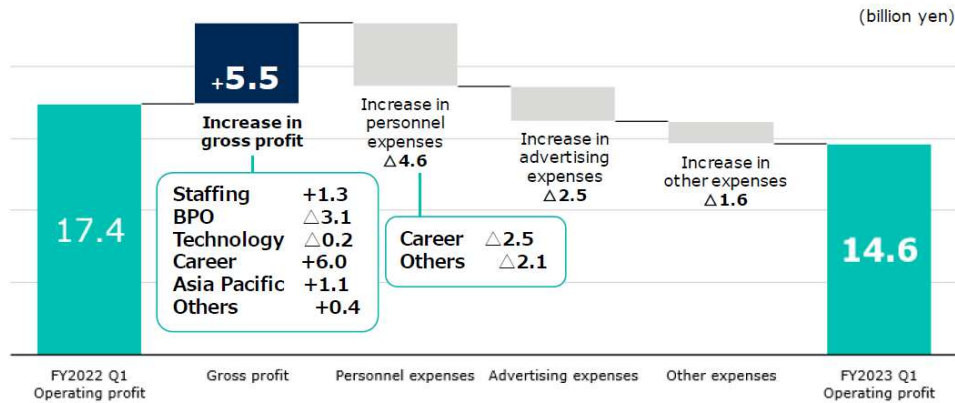
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As was mentioned at the beginning, this fiscal year is different from last fiscal year in that we have started making strategic investments from the 1Q. Last year, as is shown in the graph, we made strategic investments in the 3Q and the 4Q, but this fiscal year, we started making investments from the 1Q and are planning to generate similar level of profit throughout the quarters.

Analysis of Increase/Decrease in Operating Profit in FY2023 Q1



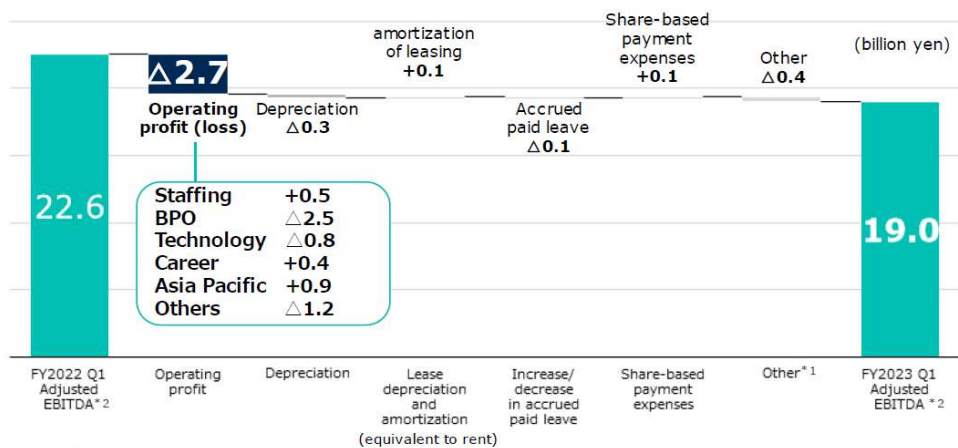
**Gross profit grew steadily.
Strategic investments were made in human capital & marketing.**



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This is an analysis of increase/decrease in operating profit. First, gross profit increased 5.5 billion yen compared to the last fiscal year, Career SBU performed well and marked an increase of 6 billion yen. Staffing and Asia Pacific also performed well. On the other hand, as I explained earlier, Career SBU has made personnel investment and spent on advertising expenses from the 1Q and overall, operating profit decreased yoy.

Analysis of Increase/Decrease in Adjusted EBITDA in FY2023 Q1



*1 other revenues and expenses as well as other non-recurring profit/loss (including impairment loss)
 *2 Adjusted EBITDA = operating profit + depreciation (excluding lease depreciation and amortization) + (-) increase/decrease in accrued paid leave + share-based payment expenses + (-) other revenues and expenses + (-) other non-recurring profit/loss

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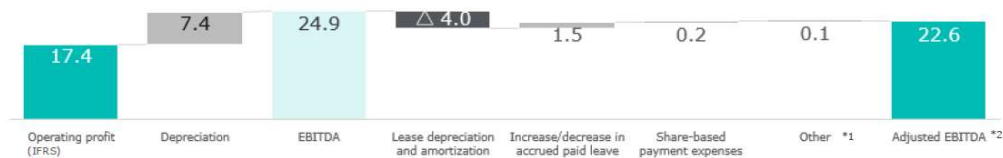
Similarly, this is analysis of increase / decrease in adjusted EBITDA yoy. Other than on operating profit, there was no major impact on depreciation and amortization cost or accrued paid leave.

Breakdown of Adjustment of Operating Profit → Adjusted EBITDA



(billion yen)

FY2022 Q1



FY2023 Q1



*1 other revenues and expenses as well as other non-recurring profit/loss (including impairment loss)
 *2 Adjusted EBITDA = operating profit + depreciation (excluding lease depreciation and amortization) + (-) increase/decrease in accrued paid leave + share-based payment expenses + (-) other revenues and expenses + (-) other non-recurring profit/loss

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Next, I would like to explain about the adjustments made from IFRS based operating profit to adjusted EBITDA. The upper part is last fiscal year. The lower part is this fiscal year. First, depreciation cost is added to IFRS based operating profit, then lease depreciation and amortization are deducted, shown in the black box, which is equivalent to rent, and accrued paid leave is adjusted, then share-based payment expenses are adjusted. This is how adjusted EBITDA is calculated. There is not much of a difference in adjustments last fiscal year and this fiscal year.

(Reference) FY2023 Q1 Revenue by SBU



(IFRS, million yen)

	FY22 Q1 Results	FY23 Q1 Results	YoY	FY23 Full-Year Forecasts	Progress Rate
Consolidated	300,467	328,703	+9.4%	1,340,000	24.5%
Staffing	133,530	144,793	+8.4%	597,000	24.3%
BPO	28,132	26,520	Δ5.7%	104,000	25.5%
Technology	21,006	23,861	+13.6%	102,000	23.4%
Career	24,198	31,902	+31.8%	137,000	23.3%
Asia Pacific*	93,891	102,269	+8.9%	399,000	25.6%
Others	7,373	8,036	+9.0%	39,000	20.6%
Adjusted	Δ7,664	Δ8,679	-	Δ38,000	-

Exchange rates [USD (PERSOLKELLY)] FY2022 Q1: 129.7 yen, FY2023: Q1: 137.5yen/ [AUD (Programmed)] FY2022 Q1: 92.7yen, FY2023 Q1: 91.9yen

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This is a slide on revenue by SBU. Progress rate against the full year forecast at all SBUs are about 25%.

(Reference) FY2023 Q1 Operating Profit and OP Margin by SBU



(IFRS, million yen)

	FY22 Q1 Results	FY23 Q1 Results	YoY	FY23 Full-Year Forecasts	Progress Rate
Consolidated	17,436	14,675	△15.8%	54,500	26.9%
	5.8%	4.5%	△1.3pt	4.1%	-
Staffing	7,843	8,386	+6.9%	26,800	31.3%
	5.9%	5.8%	△0.1pt	4.5%	-
BPO	3,671	1,093	△70.2%	7,200	15.2%
	13.1%	4.1%	△8.9pt	6.9%	-
Technology	1,159	348	△69.9%	5,200	6.7%
	5.5%	1.5%	△4.1pt	5.1%	-
Career	5,179	5,590	+7.9%	21,800	25.6%
	21.4%	17.5%	△3.9pt	15.9%	-
Asia Pacific*	930	1,840	+97.9%	6,800	27.1%
	1.0%	1.8%	+0.8pt	1.7%	-
Others	△736	△646	-	△2,900	-
Adjusted	△611	△1,937	-	△10,400	-

Exchange rates [USD (PERSOLKELLY)] FY2022 Q1: 129.7 yen, FY2023: Q1 : 137.5yen/ [AUD (P programmed)] FY2022 Q1 : 92.7yen, FY2023 Q1 : 91.9yen

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Next is operating profit by SBU. For Staffing, Career SBUs and Asia Pacific, progress rate exceeded 25%. For BPO and Technology, their profits tend to be higher towards the end of the fiscal year because of the characteristics of the businesses. Despite BPO progress rate being 15% and Technology 6.7%, we believe we will be able to achieve the annual profit targets of each SBU for the full year.

(Reference) FY2023 Q1 Adjusted EBITDA and Adjusted EBITDA Margin by SBU



(IFRS, million yen)

	FY22 Q1 Results	FY23 Q1 Results	YoY	FY23 Full-Year Forecasts	Progress Rate
Consolidated	22,678	19,014	△16.2%	75,500	25.2%
	7.5%	5.8%	△1.8pt	5.6%	-
Staffing	9,319	9,385	+0.7%	31,100	30.2%
	7.0%	6.5%	△0.5pt	5.2%	-
BPO	4,216	1,657	△60.7%	9,600	17.3%
	15.0%	6.2%	△8.7pt	9.2%	-
Technology	1,343	759	△43.5%	6,800	11.2%
	6.4%	3.2%	△3.2pt	6.7%	-
Career	5,872	6,645	+13.2%	27,100	24.5%
	24.3%	20.8%	△3.4pt	19.8%	-
Asia Pacific*	2,152	2,595	+20.6%	10,200	25.4%
	2.3%	2.5%	+0.2pt	2.6%	-
Others	△206	△502	-	△600	-
Adjusted	△19	△1,525	-	△8,600	-

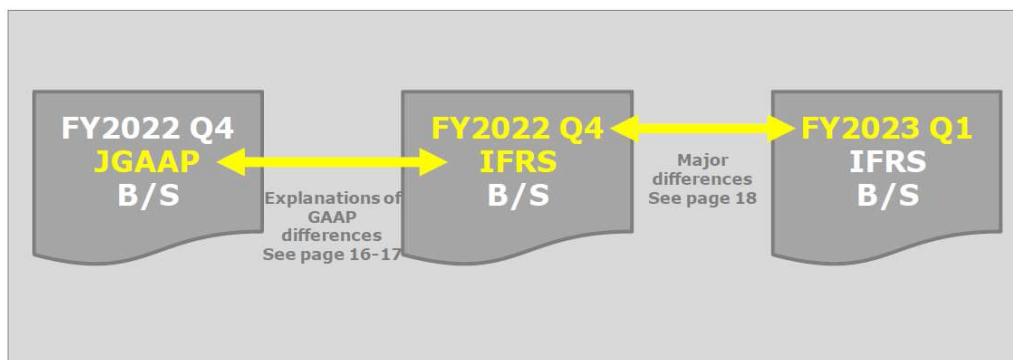
Exchange rates [USD (PERSOLKELLY)] FY2022 Q1 : 129.7 yen, FY2023: Q1 : 137.5yen/ [AUD (P programmed)] FY2022 Q1 : 92.7yen, FY2023 Q1 : 91.9yen

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We expect EBITDA to be the same, so I would like to omit explaining about it.

Impact of the Introduction of IFRS - B/S



* FY2022 is the fiscal year ended March 31, 2023, and FY2023 is the fiscal year ending March 31, 2024.

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We shifted to IFRS from this fiscal year, so, I would like to compare the differences with JGAAP, and also explain the changes on the IFRS based Balance Sheet comparing the end of 4Q of last fiscal year and the end of the 1Q of this fiscal year.

FY2022 Q4 Statement of Financial Position JGAAP⇔IFRS



Important Differences from JGAAP : leases and paid leave

Assets	(IFRS, billion yen)			Main Differences
	JGAAP	IFRS	difference	
Current assets				■ Current assets: Mainly due to unification of fiscal periods
Cash and cash equivalents	99.7	101.2	1.4	
Trade and other receivables	160.9	162.8	1.8	
Contract asset	25.9	23.5	△ 2.4	
Other	17.5	13.8	△ 3.7	
Total current assets	304.2	301.4	△ 2.8	
Non-current assets				■ Non-current assets:
Property, plant and equipment	9.5	9.2	△ 0.3	• Right-of-use assets: +¥22.9B due to the adoption of lease standards
Right-of-use asset	5.2	28.1	22.9	• Goodwill: Amortization of goodwill will be suspended after April 1, 2022.
Goodwill	52.3	58.4	6.1	• Deferred tax assets: mainly tax effect on accrued vacation
Intangible assets	33.9	35.2	1.2	• Other non-current assets: Unrealized gains on unlisted equity securities +¥6.2B
Deferred tax asset	13.7	23.4	9.6	
Other	22.9	32.7	9.7	
Total non-current assets	137.8	187.2	49.4	
Total assets	442.1	488.7	46.5	

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First, I will explain the differences between JGAAP and IFRS as of the end of March 2023. A big change is shown in the middle, where there is an increase in right of use asset. This is an increase equivalent to rent increase. Compared to JGAAP, it is an increase of 22.9 billion yen.

FY2022 Q4 Statement of Financial Position JGAAP⇌IFRS



Numerical change in equity and equity ratio mainly due to GAAP change

Liabilities and Equity	(IFRS, billion yen)			Main Differences
	JGAAP	IFRS	difference	
Liabilities				<ul style="list-style-type: none"> Liabilities Lease liabilities (current/non-current): Leasing standards applied Other current liabilities: Accrued vacation +¥39.6B
Bonds and loans payable	21.4	21.1	△0.2	
Lease liabilities	1.9	14.0	12.0	
Trade and other payables	92.5	93.6	1.1	
Other current liabilities	79.5	120.6	41.1	
Total current liabilities	195.4	249.5	54.1	
Bonds and loans payable	30.1	30.1	0.0	
Lease liabilities	3.4	12.8	9.3	
Deferred tax liabilities	4.0	4.3	0.3	
Other	8.4	8.3	△0.1	
Total non-current liabilities	46.0	55.6	9.6	
total liabilities	241.4	305.1	63.7	
Parent company's equity	185.5	169.6	△15.8	
Noncontrolling interest	15.2	13.8	△1.3	
Net assets	200.7	183.5	△17.2	
Total liabilities and equity	442.1	488.7	46.5	

	JGAAP	IFRS
Equity Ratio	42.0%	34.7%

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This is the liabilities side against the increase in right of use assets I just explained about. For Lease liabilities, both current liabilities and non-current liabilities increased. Accrued vacation of ¥ 39.6 billion yen has been posted based on IFRS. These are the major gaps between JGAAP and IFRS.

FY2023 Q1 Consolidated Statement of Financial Position



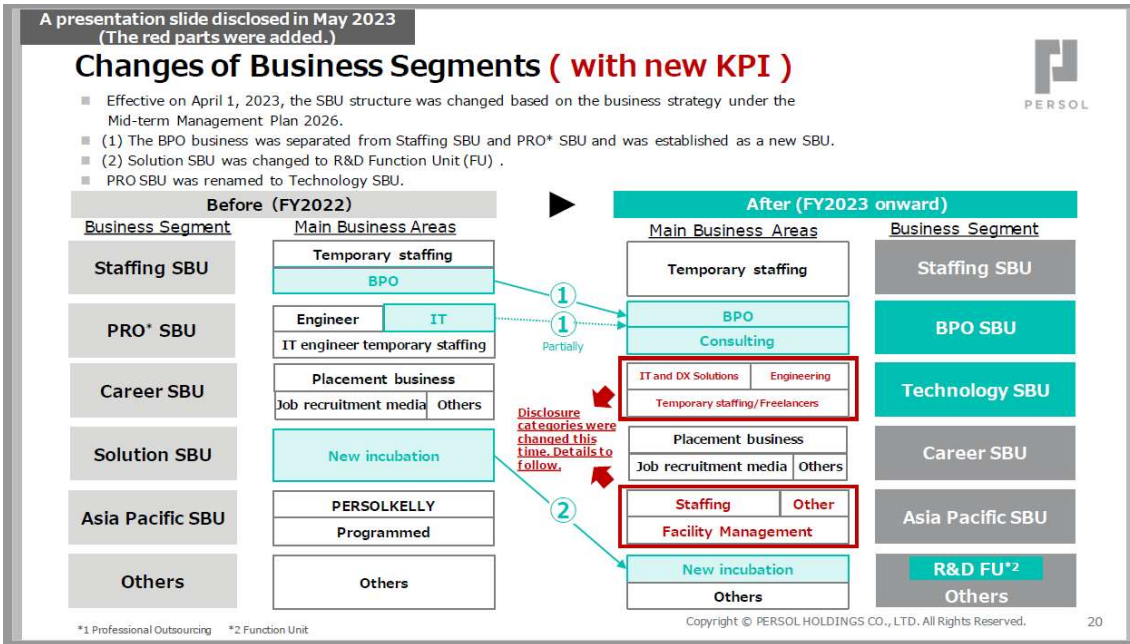
A firm financial status was maintained, with the change of credit rating by JCR upgraded from A (Positive) to A+ (Stable)

(IFRS, million yen)

	FY2022 Q4	FY2023 Q1	Change		FY2022 Q4	FY2023 Q1	Change
Current assets	301,445	302,713	+1,267	Current liabilities	249,552	258,774	+9,222
(Details)				(Details)			
Cash and deposits	101,233	88,854	△12,378	Borrowings	93,688	97,552	+3,864
Accounts receivable - trade	162,853	172,968	+10,115	Accounts payable - other	21,174	39,985	+18,810
Non-current assets	187,283	192,429	+5,146	Non-current liabilities	55,647	46,608	△9,038
(Details)				(Details)			
Goodwill	58,465	60,088	+1,623	Bonds payable and borrowings	30,117	20,001	△10,116
Software	35,250	36,814	+1,564	Total liabilities	305,199	305,383	+183
Investments and other assets	28,168	28,032	△135	Net assets	183,529	189,759	+6,230
Total assets	488,728	495,142	+6,413	Liabilities and net assets	488,728	495,142	+6,413

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Next is a comparison between IFRS based balance sheet as of the end of March and end of June. Current assets increased 1.2 billion yen. Non-current assets increased 5.1 billion yen. Please take a look at liabilities side. Borrowings to be repaid next fiscal year has moved from non-current or fixed, to current liabilities. But there are no major changes as total liabilities.



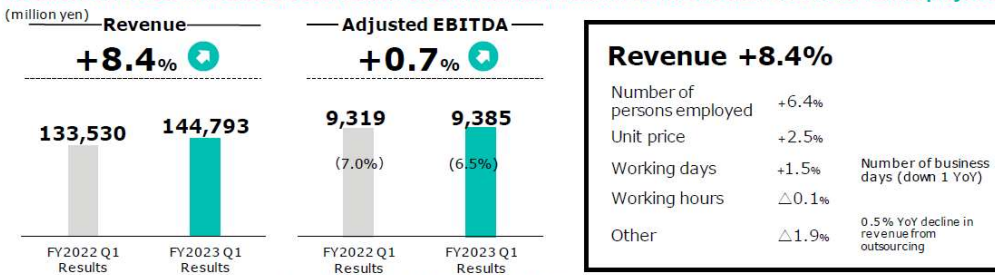
Next is the financial results by SBU.

As was mentioned at the beginning, this is the first year of the new mid-term management plan and we changed the segments. Please take a look at the very right. We newly added the second from the top segment, BPO segment. This SBU was separated from Staffing SBU and Professional Outsourcing SBU and was newly added. And former Professional Outsourcing SBU changed its name to Technology SBU. Technology SBU and Asia Pacific SBU changed the disclosure of sub segments from the previous disclosure based on each company to based on each business. I will explain about this later also. With the segment changes this time, we enhanced the disclosure of KPIs.

Q1 Financial Results by SBU –Staffing SBU–



Both revenue and profit increased. Revenue increased 8.4% year on year. Adjusted EBITDA only increased slightly, despite an increase in gross profit, offset by an increase in costs that resulted from a rise in the rate of social insurance contributions in addition to a decrease in COVID-19-related projects.



* Figures in the parentheses indicate adjusted EBITDA margin.

Comments on the quarter (April to June 2023)

SBU	Market	KPI																																								
Businesses in the BPO area, which previously belonged to Staffing, have been transferred to the BPO SBU.	<ul style="list-style-type: none"> No. of orders: Δ 5.1% YoY No. of confirmed contracts: Δ 2.8% YoY No. of contract terminations: Δ 3.6% YoY 	<p>Number of persons employed: + 7.0% YoY</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>FY2022 Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> <th>FY2023 Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Working days</td> <td>Day</td> <td>61</td> <td>59</td> <td>60</td> <td>60</td> <td>62</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Number of persons employed</td> <td>Thousand people</td> <td>113</td> <td>116</td> <td>119</td> <td>121</td> <td>121</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Average billing rates</td> <td>Yen</td> <td>2,201</td> <td>2,202</td> <td>2,204</td> <td>2,215</td> <td>2,262</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Item	Unit	FY2022 Q1	Q2	Q3	Q4	FY2023 Q1	Q2	Q3	Q4	Working days	Day	61	59	60	60	62				Number of persons employed	Thousand people	113	116	119	121	121				Average billing rates	Yen	2,201	2,202	2,204	2,215	2,262			
Item	Unit	FY2022 Q1	Q2	Q3	Q4	FY2023 Q1	Q2	Q3	Q4																																	
Working days	Day	61	59	60	60	62																																				
Number of persons employed	Thousand people	113	116	119	121	121																																				
Average billing rates	Yen	2,201	2,202	2,204	2,215	2,262																																				

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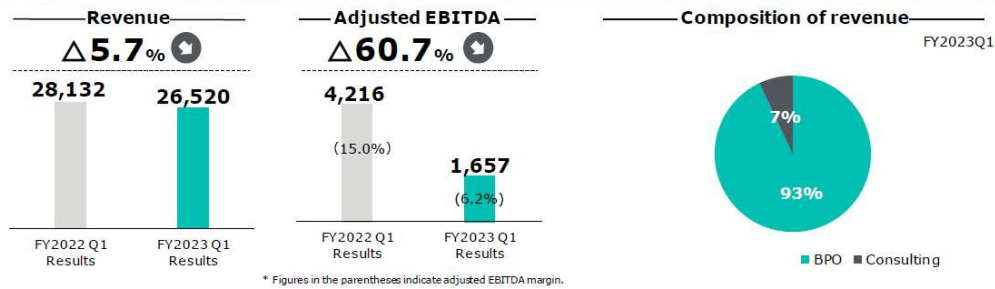
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The first SBU is Staffing SBU. Revenue for Staffing SBU increased 8.4%, performing well. On the other hand, adjusted EBITDA, with the change in social insurance scheme last October, cost went up. As a result, adjusted EBITDA increased 0.7%. At the right top of the page, we have the breakdown of revenue increase. Number of persons employed increased 6%, unit price of billing increased 2.5%. Furthermore, we have the details of KPIs described at the right bottom of the page and at the back of this deck in the appendix, so please check the details when you have time

Q1 Financial Results by SBU –BPO SBU–



Despite the strong demand, revenue decreased 5.7% year on year, due to decrease in COVID-19-related projects. Adjusted EBITDA declined resulting from the above factors as well as temporarily cost increase due to new projects.



* Figures in the parentheses indicate adjusted EBITDA margin.

Comments on the quarter (April to June 2023)

Impact of the decrease in COVID-19-related projects

Revenue YoY change: approx. Δ4.7 billion yen

Gross profit YoY change: approx. Δ1.5 billion yen

Revenue excluding COVID-19-related projects

YoY +15.3%

Demand is strong

Temporarily increase in cost, due to upcoming projects
Total personnel cost (both gross cost and SG&A)/Sales ratio increased by 9.6pt

Progress against the full-year forecast is On-track

Expecting upcoming projects

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Next is BPO SBU. Due to the impact of COVID 19, revenue dropped 5.7%, adjusted EBITDA fell 60%. However, excluding COVID 19 related projects, revenue increased 15%, continuing to grow strongly.

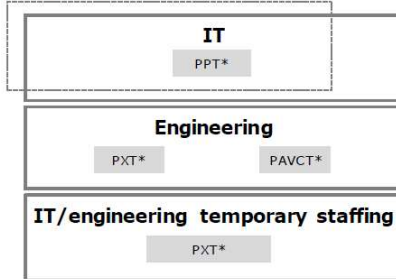
Change in the Disclosure Categories of Technology SBU



The previous disclosure by company has been replaced with disclosure by business as a result of the structural change to the new Technology SBU and for implementing management strategy under the Mid-term Management Plan 2026.

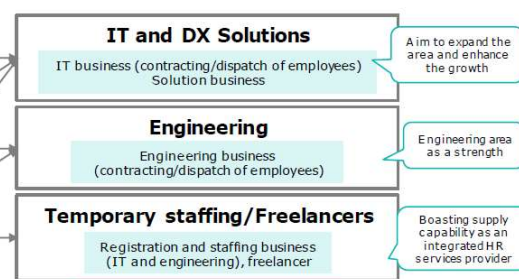
Previous sub-segments (until FY2022)

Partially transferred to BPO



Management by group of individual companies

New sub-segments (FY2023 and onward)



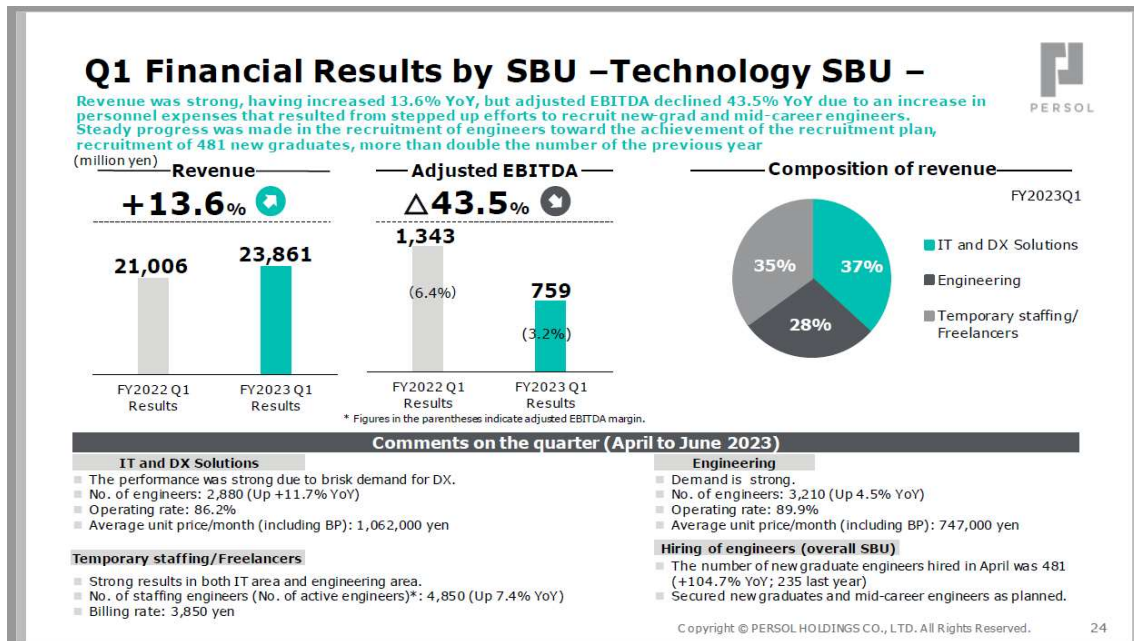
Management by business

* PPT: PERSOL PROCESS & TECHNOLOGY CO., LTD., PXT: PERSOL CROSS TECHNOLOGY CO., LTD., PAVCT: PERSOL AVC TECHNOLOGY CO., LTD.

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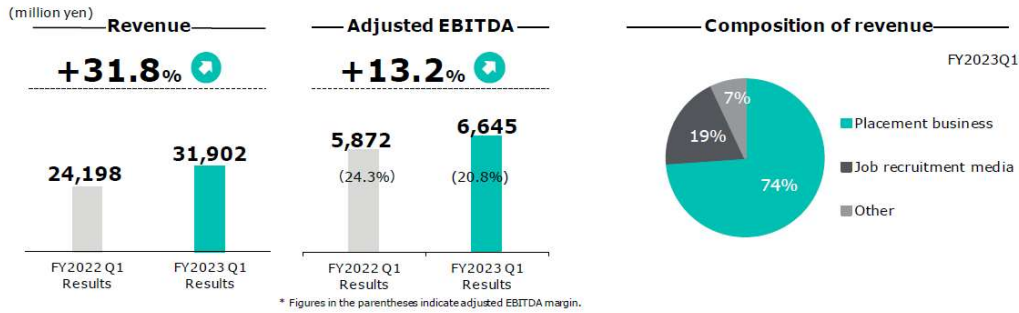
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Next is Technology SBU. As I mentioned earlier, sub segments changed from disclosure by company to disclosure by business. The first subsegment is IT. The second subsegment is engineering. This is mainly contract business for automotives and home appliances software. The third is Engineer Temporary staffing business. These are the 3 subsegments we changed to.



Looking at the latest results, Technology SBU’s total revenue increased 13.6%, continuing to perform strongly. On the other hand, in the first quarter, we hired 480 new graduates, more than double that of last fiscal year and that is included in cost. As a result, adjusted EBITDA decreased 43.5%. From the second quarter onwards, these new graduates are expected to contribute to revenue and thus believe we will be able to achieve the full year forecast. And the composition of revenue by sub segments are shown on the right side, by the pie chart. The current composition is about 1/3 each.

Q1 Financial Results by SBU –Career SBU–

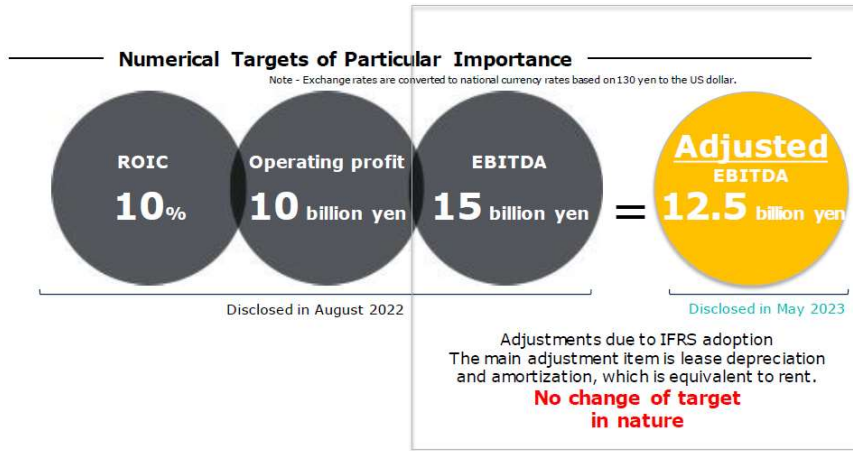


Comments on the quarter (April to June 2023)

- | | |
|---|---|
| <p>Investment</p> <ul style="list-style-type: none"> ■ Marketing investment (advertising expenses) was approximately 1.5x YoY in cost of sales and 2x YoY in SG&A expenses, and the number of new user registrations at doda grew 12% YoY. ■ Investment in personnel (personnel expenses) was approximately 1.3x in YoY, and headcount* of CAs, etc. grew as shown on the right. | <p>Placement business</p> <ul style="list-style-type: none"> ■ Revenue increased by approx. 35% year on year. ■ The Head Count (HC)* remained strong, up 25% YoY to 2,140 on average ■ Productivity (revenue ÷ HC) also remained strong, up 5% YoY to 3,190,000 yen |
| <p>* Total number of Career Advisors, Recruiting Advisors, Project Agents, etc.</p> | <p>Job recruitment media</p> <ul style="list-style-type: none"> ■ Revenue increased approx. 25% year on year. |

Next is Career SBU. Career SBU continues to be very strong since last year. Revenue increased 31%. Because we have been making strategic investments centering around marketing from the first quarter, adjusted EBITDA increased 13.2%. Comparing year on year, new user registrations at Doda brand grew 12%, as an effect of marketing investment. We are also increasing the head count of mainly Career Advisors, which increased by 400 to 2,100, a 25% increase yoy. As a result, revenue increased 31%.

Numerical Targets of Asia Pacific SBU under the Mid-term Management Plan 2026



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Next is Asia Pacific SBU. Last August, new mid-term management plan was announced ahead of others at this SBU. The targets were ROIC of 10%, operating profit of 10 billion yen and EBITDA of 15 billion yen. This time as a group overall, we changed the target to adjusted EBITDA of 12.5 billion yen. As such, we changed the target for Asia Pacific from the previous 15 billion yen to 12.5 billion yen but this gap of 2.5 billion yen is depreciation cost equivalent to rent, therefore, there are no changes to the actual target.

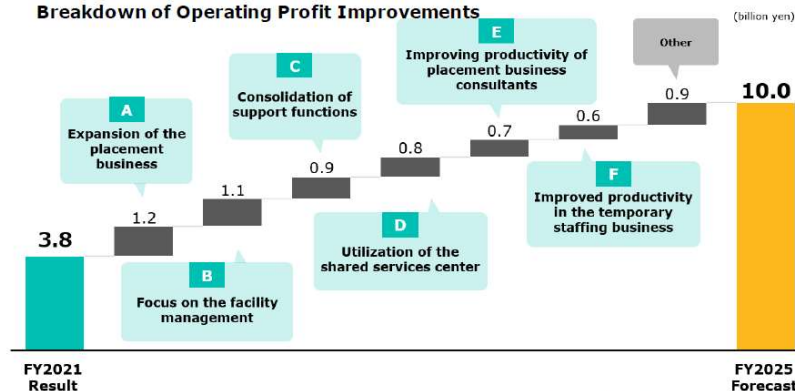
Progress in Asia Pacific SBU against Mid-term Management Plan 2026



Good progress has been made in all the priority initiatives below (A to F)

From Asia Pacific SBU Mid-term Management Plan 2026
Published in August 2022

Breakdown of Operating Profit Improvements



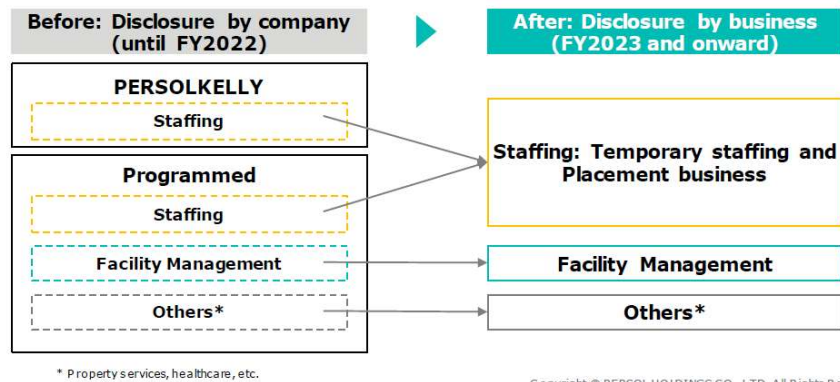
27

This is a slide on progress in Asia Pacific SBU against mid-term management plan, shown from A to F, which we announced last August. All are progressing well.

Change in the Disclosure Categories of Asia Pacific SBU



Under the Mid-term Management Plan 2026, the previous disclosure by company has been replaced with disclosure by business as follows.

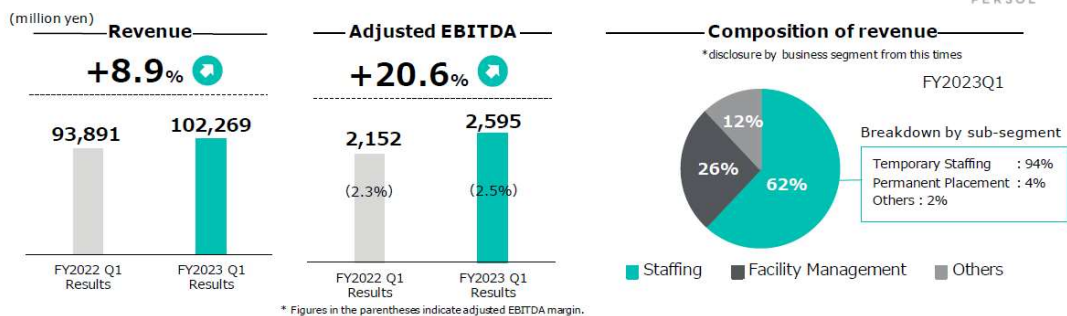


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For Aia Pacific, the conventional sub segments of the PERSOLKELLY and Programmed, which were company based, have been changed this time to 3 sub segments of Staffing, Facility Management, and others.

Q1 Financial Results by SBU –Asia Pacific SBU–



Comments on the quarter (April to June 2023)

- | | |
|---|--|
| <p>Staffing</p> <ul style="list-style-type: none"> Steady growth in both Temporary staffing and Placement / Recruiting Number of Recruitment Consultants (HC) averaged 1,162 in Q1 | <p>Facility Management</p> <ul style="list-style-type: none"> Steady growth in this business with high capital efficiency and profitability along with the implementation of the strategies in the Medium-Term Management Plan 2026. |
|---|--|

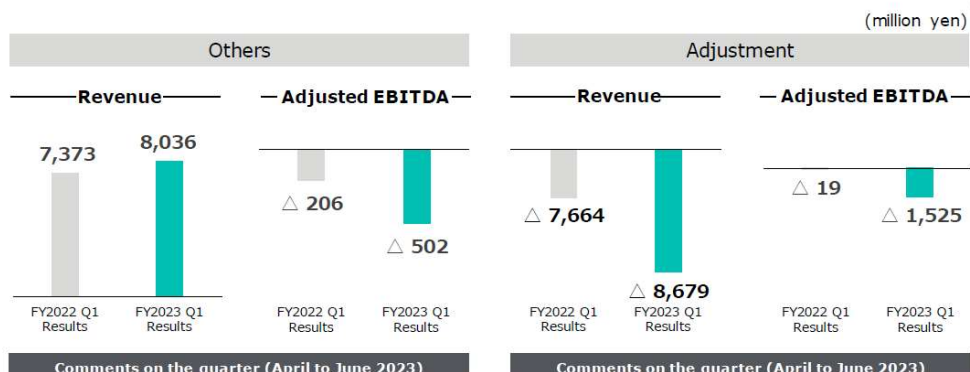
Note
 1: The previously three-month lag in the incorporation of consolidated financial statements has been changed to the same timing (April-June 2023) from Q1 of the current fiscal year, taking the opportunity of the transition to IFRS.
 2: Exchange rates [USD (PERSOLKELLY)] FY2022 Q1 : 129.7 yen, FY2023 Q1 : 137.5yen/[AUD (Programmed)] FY2022 Q1 : 92.7yen, FY2023 Q1 : 91.9yen

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Looking at the 1Q results, revenue grew 8.9% and adjusted EBITDA grew 20%, showing strong performance. There was hardly any impact of FX from last fiscal year to this fiscal year. Please refer to the pie chart on the right for the composition of revenue by the 3 sub segments. Revenue and operating profit of the respective companies of PERSOLKELLY and Programmed are shown for your reference. Please take a look at it when you have time.

Financial Results of Others and Adjustment



Comments on the quarter (April to June 2023)

■ Net sales increased in both the R&D and FU* businesses, with the R&D business mainly due to an increase in the MIIDAS business, and the FU business mainly due to an increase in intra-group transactions in the employment of persons with disabilities business at a special-purpose subsidiary

■ Profitability: Gross profit margin increased due to the above-mentioned revenue growth, but deficit increased due to increased expenses in the R&D business, mainly personnel and advertising expenses.

Comments on the quarter (April to June 2023)

■ Mainly due to an increase in personnel expenses and outsourcing expenses for corporate measures, etc.

Note: For details of other items and adjustments, please refer to "Notes to Segment Information" in the Financial Results.* FU: Function Unit

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Last of all, we have others and adjustment other than the SBUs. Others increased slightly to 8 billion yen. Adjusted EBIDA was negative 500 million yen. On a consolidated adjustment, adjusted EBITDA was negative 1.5 billion yen but this is due to enhancing functions at Holdings company and changes in management cost allocation between each SBU and the holdings. It does not mean there was a significant increase in cost.

This was all for the update of each SBU and the consolidated performance.

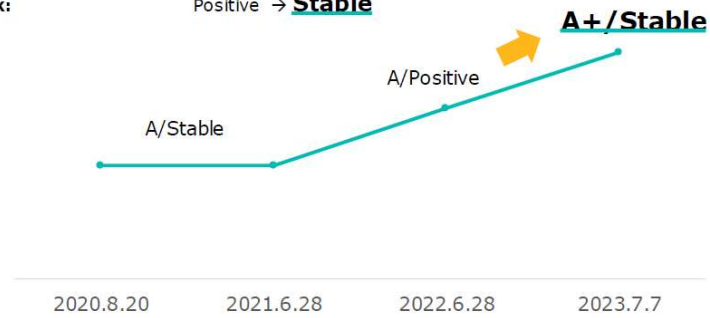
Changes in Credit Rating



The credit rating by JCR has been upgraded to A+ (Stable) in recognition of the Group's cohesion and improved profitability.

Long-term Issuer Rating: A → **A+**

Outlook: Positive → **Stable**



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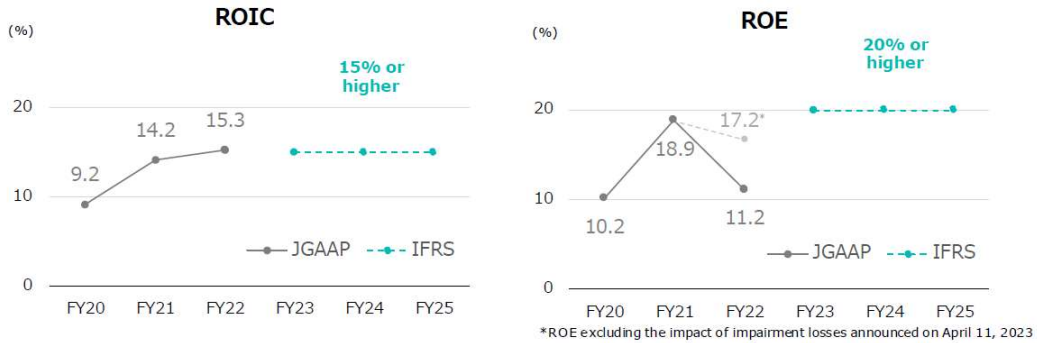
[CEO Wada] Next, I'd like to continue with Credit Ratings, and ROIC, ROE targets. As I mentioned in the highlights, in July, our credit rating was upgraded from A to A+. The outlook changed from positive to stable. This is an update in our change in credit rating by JCR.

Capital Efficiency Criteria under the Mid-term Management Plan 2026 (ROIC and ROE)



Continue to place emphasis on capital efficiency in management, with an IFRS-based target ROIC of **15%** or higher and an ROE of **20%** or higher set under the Mid-term Management Plan 2026.

*ROIC at 15% and ROE at 18% or higher under Japanese GAAP (disclosed in May 2023). Formula changed from FY2023, see p.64 for details.



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For our capital efficiency criteria, we made some adjustments in line with the introduction of IFRS. ROIC remains to be the same at 15% as previously disclosed. If you could please refer to slide 64, calculation methods have changed slightly. ROE target has been changed from 18% to 20%. This is because we want to maintain this as a minimum criteria in 2026 to manage our business and also, intend to take initiatives to surpass this.

Stock Split



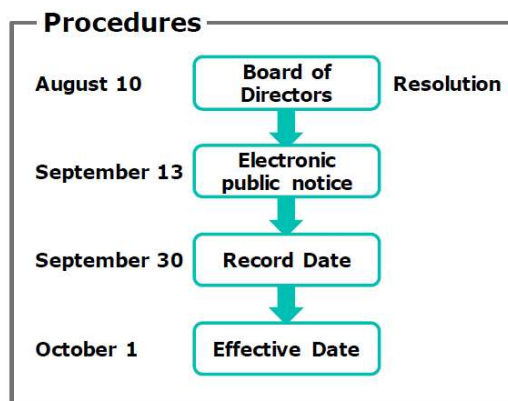
Objective: Reducing the amount per investment unit, thereby improving the liquidity of our shares and having a broader range of shareholders

Split ratio: 10 for 1

Record date: September 30, 2023

Matters to be resolved:

1. **Stock split**
 - (i) Split ratio and record date of the split
 - (ii) Effective date
2. **Amendment of the Articles of Incorporation**



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Next is about stock split.

We are planning to split the stocks 10 to 1. Record date will be Sept. 30. This has been resolved at today's board of directors meeting, and we will proceed based on the procedures described here on this slide.

Revision of Dividend Forecast Associated with the Stock Split



- Reflecting the stock split, the forecast year-end dividend of FY2023, which was announced on May 15, 2023, was revised as follows.
- This revision was made in accordance with the split ratio, so the total amount remains materially unchanged.
- Because the effective date of the stock split is October 1, 2023, payment of the interim dividend, the record date for which is September 30, 2023, will be made based on the number of shares before the stock split.

	Dividends per share		
	Interim	Year-end	Annual
Previous forecasts (Announced on May 15, 2023)	43.00 yen	43.00 yen	86.00 yen
Revised forecasts (Amount based on the ratio before the stock split)	43.00 yen	4.30 yen (43.00 yen)	– (86.00 yen)
Reference: FY2022 results	21.00 yen	40.00 yen	61.00 yen

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This is about dividends. Basically, there are no changes but since our stocks will be split 10 to 1, dividend at the end of the fiscal year is expected to be 4.3 yen per share. Again, I'd like to emphasize that this has not changed from before, so please rest assured.

Promoting Diversity



Appointment of a Non-Japanese Female Independent Director, Ms. Debra A. Hazelton

- Recognizing the recent demand for greater diversity of Boards of Directors in terms of gender, nationality, and other attributes, Ms. Debra A. Hazelton, a non-Japanese woman, was appointed as an Independent Director at the 15th Ordinary General Meeting of Shareholders that was held on June 20, 2023.
- Ms. Hazelton has chaired the Board of an Australian insurance company (at that time) and served as general manager of an Australian branch of a Japanese financial institution, among other positions held, and as such has extensive knowledge and experience in human resources and organizational development, internationality, finance/accounting, and other areas as a director of leading companies in Japan and Australia.



The percentage of female managers increased by 1.5 percentage points from the previous year, to 24.4% (as of April 2023)

- The PERSOL Group aims to increase the percentage of female managers to 37% by 2030. The Gender Diversity Committee, which was set up in September 2021, and Group companies have pursued a number of initiatives. As a result, the percentage of female managers within the Group was 24.4% as of April 2023, up 1.5 percentage points from the previous year.

Details are available [here](#) (Only available in Japanese)

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Next is about diversity and governance. As we changed the management structure, I'd like to share an update with you. We appointed a non-Japanese female independent director, Ms. Debra Hazelton. She has chaired the board of a leading Australian financial institution. She has experience in Insurance as well as a Bank. She has experience in management, extensive experience in human resources and has also worked in Japan in the past. She has extensive knowledge about Japan as well and we feel assured that she will be able to offer advice and opinions from diverse perspectives at the board of directors' meetings.

In promoting our diversity, percentage of female managers is a major topic. As of April, this ratio increased to 24.4%. This is an increase by 1.5 percentage points yoy. We aim to achieve 37% by FY2030. I am taking the central role in promoting diversity and inclusion and we are making progress as planned.

Governance Structure, Skill Matrix



Name/Position/Gender			Composition of the Committee			Skills that members of the Board should have (knowledge, experience, and abilities)							
			Supervisory Committee	Nomination and Compensation Committee	Corporate Governance Committee	Corporate Management Strategy	Innovation Technologies	Human resources development Organizational development	Global management mindset	Risk management legal affairs	Financial accounting	Sustainability and ESG	
Masamichi Mizuta	Chairperson of the Board	Male		○	○	●		●					●
Takao Wada	Representative Director, President and CEO	Male				●		●					●
Ryosuke Tamakoshi	Independent Director	Male		○		●			●		●		
Masaki Yamauchi	Independent Director	Male		○	Chairperson	●	●	●					
Kazuhiro Yoshizawa	Independent Director	Male		Chairperson	○	●	●	●					
Debra A. Hazelton	Independent Director	Female			○			●	●		●		
Daisuke Hayashi	Director Member of Supervisory Committee	Male	○		○				●	●			●
Chisa Enomoto	Independent Director Member of Supervisory Committee	Female	○						●	●			●
Kazuhiro Tomoda	Independent Director Member of Supervisory Committee	Male	Chairperson		○	●				●	●		
Percentage of female directors			22% (2/9)										

The governance structure and skill matrix will look like this with appointment of Deborah-san. Deborah-san will join the Corporate Governance Committee. As I mentioned, she has strong expertise in human resources and financial accounting, and naturally has global mindset. This is the board of directors' structure and skills matrix.

Publication of Integrated Report 2023



PERSOL Group Integrated Report 2023 published on July 31, 2023

- Featuring the Value Creation Story for 2030 of the PERSOL Group, which works under its Group Vision, "Work and Smile"
- Details given on materiality and the PERSOL Group Mid-term Management Plan 2026, which were announced in May 2023
- Enhanced ESG information and financial and non-financial data

The full text of the Integrated Report 2023 is available [here](#).
(The English edition is scheduled to be published at the end of August 2023.)

Please also complete the [questionnaire on the Integrated Report](#).

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We published Integrated Report 2023 on July 31. We have been making efforts to offer more detailed information and we started a new mid term plan this fiscal year, and our Value Creation Story for 2030 is featured. So, please take a look at the contents. We have also enhanced ESG information, and financial, non-financial information and thus hope we will be able to live up to your expectations. That is all from me. Thank you very much.