PERSOL

Earnings Briefing Summary for Fiscal Year Ended March 2017

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Temp Holdings Co., Ltd.

Consolidated Financial Results Highlights for Fiscal Year Ended March 2017

Consolidated Statement of Income: M&A Contribution in Addition to Existing Business Growth

Net sales increased +14.4% and operating profit grew +19.1% compared to the fiscal year ended March 2016.

Net sales were 591.9 billion yen. The breakdown in revenue growth of 74.3 billion yen compared with the year-earlier period consists of 44.8 billion yen in organic growth and 32.5 billion yen increase from M&A[1]. In the backdrop of a strong market environment, organic growth in revenue was primarily achieved due to the increase in work force in the temporary staffing / BPO segment, as well as the increase in the number of placements in the recruiting segment. Large growth in revenue was also realized due to the effect of expanding the joint venture that Temp Holdings is developing in the North Asian region with Kelly Services throughout the entire APAC region.

EBITDA was 43.4 billion yen. 7 billion yen in earnings growth has been achieved since the fiscal year ended March 2016, and our main businesses, Temporary Staffing / BPO segment and the Recruiting segment were major contributors to this growth, as with sales.

Operating profit was 33.4 billion yen, which was an earnings growth of 5.4 billion yen since the fiscal year ended in March 2016.

Consolidated Balance Sheet: Continue to Maintain a Favorable Financial Position

On the Consolidated Balance Sheet, current assets increased by 32.1 billion yen since the fiscal year ended March 2016. This is primarily due to profit increase of 18.2 billion yen in cash and deposits.

As for fixed assets, while goodwill increased due to the effects of M&A investment, owing to trademark right impairment accompanying Intelligence's corporate name

[1] Companies subject to M&A (dates in brackets indicate consolidated results contribution start date): P&P Holdings (July 2015), MEDICROSS (October 2015), Capita (January 2016), First Alliances (March 2016), Kelly Services (Singapore) Pte. Ltd. (October 2016).

change and ordinary goodwill amortization, fixed assets generally remained at the same level as the fiscal year ended March 2016.

Current liabilities increased by 20.4 billion yen from the fiscal year ended March 2016. This is due to an increase in accounts payable as payment of staff salaries in the temporary staffing business was changed from twice a month to once a month as of April 2016.

A decline in non-current liabilities was primarily owing to scheduled repayments of borrowed money, etc.

Regarding net assets, although acquisition of own shares of roughly 3 billion yen was implemented in February 2017, as profits were made due to steady sales, net asset increased by 20.3 billion yen since the year ended March 2016, and ratio of net worth became 51.8%.

Consolidated Statements of Cash-Flow: Balance of Cash and Equivalents Dramatically Increased from Fiscal Year Ended March 2016

Cash flow from operating activities increased by 26.3 billion yen mainly owing to the change in salary payment method in the temporary staffing business, among other influences.

Regarding cash flow from investing activities, due to a backlash from the many M&As carried out during the period ended March 2016, cash-out declined by 5.3 billion yen .

With respect to cash flow from financing activities, cash-out increased by 4.4 billion yen due to acquisition of treasury stocks and dividend increase.

Dividends: Year-end Dividend Increase of 1 Yen, Annual Dividend of 17 Yen per Share

While the dividend policy from the past had been maintained, year-end dividend per share has been increased by 1 yen to a total of 9 yen and the annual dividend total became 17 yen per share, to achieve a dividend ratio of 22.4%. The hitherto dividend policy was continued based on the judgment that a certain amount of cash on hand requisite for strategic investment should be held.

Progress of Mid-Term Management Plan

PERSOL Group business environment: Serious Concerns of Labor Shortage

Five (5) strategies have been set for the Mid-Term Management Plan of Temp

PERSOL

Holdings.

Strategy 1 is "Enhancing Awareness of the PERSOL Group." Until now, PERSOL Group company names have not been uniform and the level of recognition as a Group has been felt to be low, even from actual experience. In the midst of manpower shortage, PERSOL Group intends to create further value for the society by providing diverse working styles and minimizing mismatches. After July of this year, the Tempstaff name will be changed to "PERSOL TEMPSTAFF". Intelligence will be changed to "PERSOL CAREER" and Intelligence Business Solutions will be changed to "PERSOL PROCESS & TECHNOLOGY." In April of this year, Japan Tecseed and DRD merged to become "PERSOL RESEARCH & DEVELOPMENT." As for Temp Holdings, the company name is planned to be changed to "PERSOL HOLDINGS" after passing a resolution at the shareholders' general meeting this year.

What is important is not just to change our doorplate, but to change ourselves from the inside by applying what PERSOL Group has in service to society and to exercise synergistic effect. At the same time, PERSOL Group TV commercial messages and transit advertisements are being carried out, and awareness of the PERSOL name is sensed to be gradually instilled into the public mind.

Strategy 2 is "Investing in IT Systems and Enhancing Productivity for Further Business Growth." IT expenses are expected to increase to 2 billion yen or more for the fiscal year ending March 2018 compared to the March 2017 period. Specifically, the Temporary Staffing system will be completely revamped from July and onward. Temp Holdings also puts effort to unify the human affairs and accounting systems to raise work efficiency and enhance security to protect the valuable personal information of our customers that are in our possession. With the belief that it is the mission of Temp Holdings to continue providing work styles to suit customers despite changes in their life stage, and to accomplish this mission, Temp Holdings intends to invest in order to utilize big data, which includes information and know-how within the Group.

Strategy 3 is "Creating Group Synergies and Promoting Group Management." Currently, various synergies are gradually being produced that are not only contributing to results, but are enabling the Group to better meet the diverse needs of customers. One example is the synergy between Tempstaff and DODA. Although Tempstaff had received regional demands from customers for permanent employees, there was a shortage of human resources that Tempstaff could introduce and was unable to meet these needs. On the other hand, while DODA possessed human resources wishing to work in regional areas, the company was unable to introduce such opportunities because DODA did not possess regional offices. By offsetting what each company lacked with the merits of the other company, support can now be provided to job changers nearly nation-wide. There are also cases where Temp Holding has applied all of its know-how to help solve the human resource issues of customers. In the future, the Group will also focus on obtaining jobs that will provide customers value through Group-wide effort that individual companies within the Group alone cannot provide.

Strategy 4 is "Enhancing Our Presence in the Asia-Pacific Region." From this fiscal term, Temp Holdings has decided to indicate overseas businesses as an independent segment. As a result of meeting the requests of investors and as overseas sales have reached nearly 10% following the joint venture with Kelly Services, which joined the Group since last year, PERSOL Group has decided to independently indicate the overseas business. As to overseas subsidiaries that have undergone M&A, post negative figures are expected for the year ending March 2018 due to PMI expenses to build the internal structure. However, PERSOL intends to connect this to growth for the next term.

Corporate Governance: Establishment of a Nomination and Remuneration Committee, Introduction of Stock Compensation Plan

In establishing a governance system, a Nomination and Remuneration Committee was introduced in February 2017 to secure the transparency of business management. The committee is comprised of five members; Mr. Mizuta (CEO), Mr. Takahashi (COO), and three other external directors. An external director is fulfilling the role of chairman. As well, to improve corporate value over the mid- and long-term, a Stock Compensation Plan has been introduced with the aim of sharing profit awareness with shareholders. As for new board members, Mr. Carl T. Camden will be replaced by Mr. Peter Quigley as an external director. Kelly is an important business partner in fulfilling the overseas strategy, and as PERSOL Group is involved in a joint venture in APAC, the partnership with Kelly will continue to be treated with importance. In addition, PERSOL Group intends to apply the knowledge of Mr. Quigley in overseas human resources business to improve the company's management.

Performance targets in the Mid-Term Management Plan is set at 750 billion yen in net sales and 45 billion yen in operating profit by fiscal year ended March 2020. Sales have been progressing steady up to now. While profits have progressed as expected, we wish to take heed of changes in the labor environment and legal reforms.

Forecast for the Fiscal Year Ending March 2018

Regarding the main initiatives for the year ending March 2018, Temp Holdings intends to conduct deeper reviews of the five strategies set forth in our Mid-Term Management Plan. In particular, upon changing the corporate name to PERSOL HOLDINGS after the general shareholders' meeting, investment in advertising and to existing businesses is planned for the purpose of increasing the recognition of the company. Investment including advertisements will be implemented for the purpose of having more customers register to our services as it will lead to the growth of PERSOL Group.

Sales forecasts for the fiscal year ending March 2018 are sales of 677.3 billion yen (+14.4% year-on-year), EBITDA of 47.1 billion yen (+8.5% year-on-year), and operating profit of 36 billion yen (+7.8% year-on-year). As mentioned previously, the reason why growth in profits is low relative to growth in sales is due to the investment in IT and marketing for the sake of mid- and long-term growth.