



To Shareholders and Investors

# TEMP REPORT

Full-year business report for the  
fiscal year ended March 2017

April 1, 2016 to March 31, 2017

**Temp Holdings Co., Ltd.**

(Securities code: 2181)

# Work, and Smile

# Create social infrastructure for people and organizations that catalyze growth and innovation.

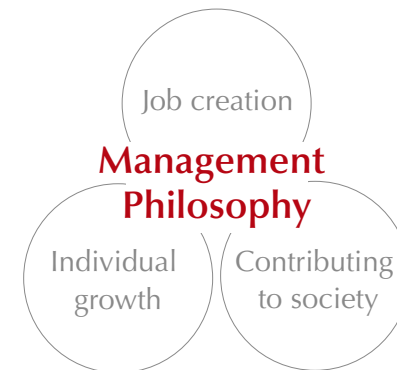


## PROFILE

### Masamichi Mizuta

President, Chief Executive Officer, and Representative Director

Joined Tempstaff in 1988. Became Head of the Sales Headquarters and Director in 1995, Head of the East Japan Sales Headquarters and Executive Managing Director in 2006, Executive Vice President in 2010, and Executive Vice President and Representative Director in 2012. He has been in charge of the sales division throughout his career. In 2013, he assumed the post of President and Representative Director. He has also served as Chairman of the Japan Staffing Services Association, and Chairman of the Japan Association of Human Resources Services Industry. His motto is "Little Things Make a Big Difference."



## Group's vision

Create social infrastructure for people and organizations that catalyze growth and innovation.

\* These names will be changed on the assumption that the approval will be given by the Ordinary General Shareholders' Meeting to be held in June 2017.

## Overview of FY 2016

The employment situation in FY 2016 remained favorable on the back of the third-longest economic recovery trend in Japan since World War II. With a significant volume of demand for the human resources business industry being observed, the PERSOL Group conducted aggressive business development. As a result, net sales and operating income recorded 591.9 billion yen and 33.4 billion yen, respectively, both reaching the highest performance in history of the Group.

On the other hand, looking ahead, given the shrinking working population in Japan due to the decrease in population and the aging society with fewer children, it is essential to raise the labor productivity of the entire society in order to maintain the growth of the Japanese economy. Toward this challenge, we believe the missions imposed on us, as a human resources service company, are "To realize diversified working styles," and "To minimize employment mismatches."

Marriage, childbirth, childcare, nursing care, and old age: as life stages move on, the working style that fits the individual will also change. If the barriers to employment types such as fixed-term employment, indefinite-term employment, full-time and part-time employment, etc. are removed to enable a free choice of working style that fits the person's life stage, the employment of women and senior citizens will expand further. In order to realize these goals, we established a new brand "PERSOL" in July 2016, and will change the names of the holding company\* and core companies of the Group sequentially to those with the name "PERSOL." Under the new brand, we will pursue becoming a growth partner that supports people in "working" for their entire life by offering "diversified working styles" as a one-stop service.

Furthermore, with the aim of improving labor productivity, it is necessary to eliminate the mismatch of employment. In pursuit of this target of the "Minimization of employment mismatches," we will make the most of the huge quantity of information and know-how held by the Group. Moreover, our efforts will be concentrated in the maximum utilization of technology such as "HR Tech" to promote the effective use of information.

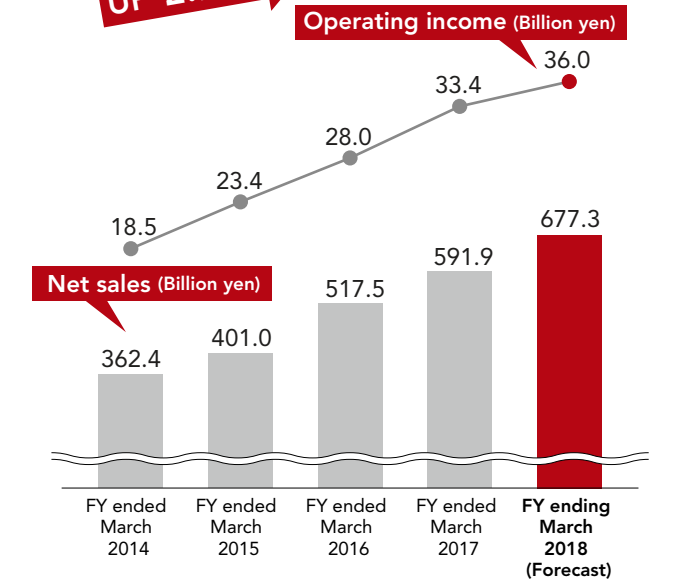
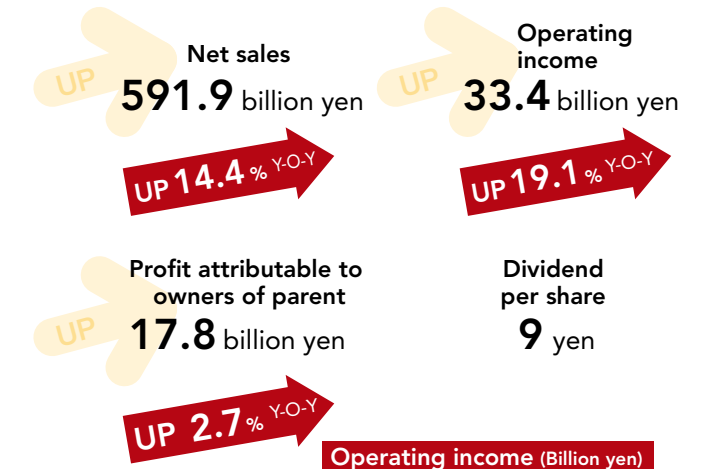
Our hope is to become a corporate group that contributes to the realization of a society in which more people are able to feel the pleasure of working through the "Realization of diversified working styles" and the "Minimization of employment mismatches."

We, as the PERSOL Group, are firmly determined to continue to step forward toward the realization of our Group vision: "Create social infrastructure for people and organizations that catalyze growth and innovation."

## Financial Highlights

(Highlights of the consolidated fiscal year ended March 2017)

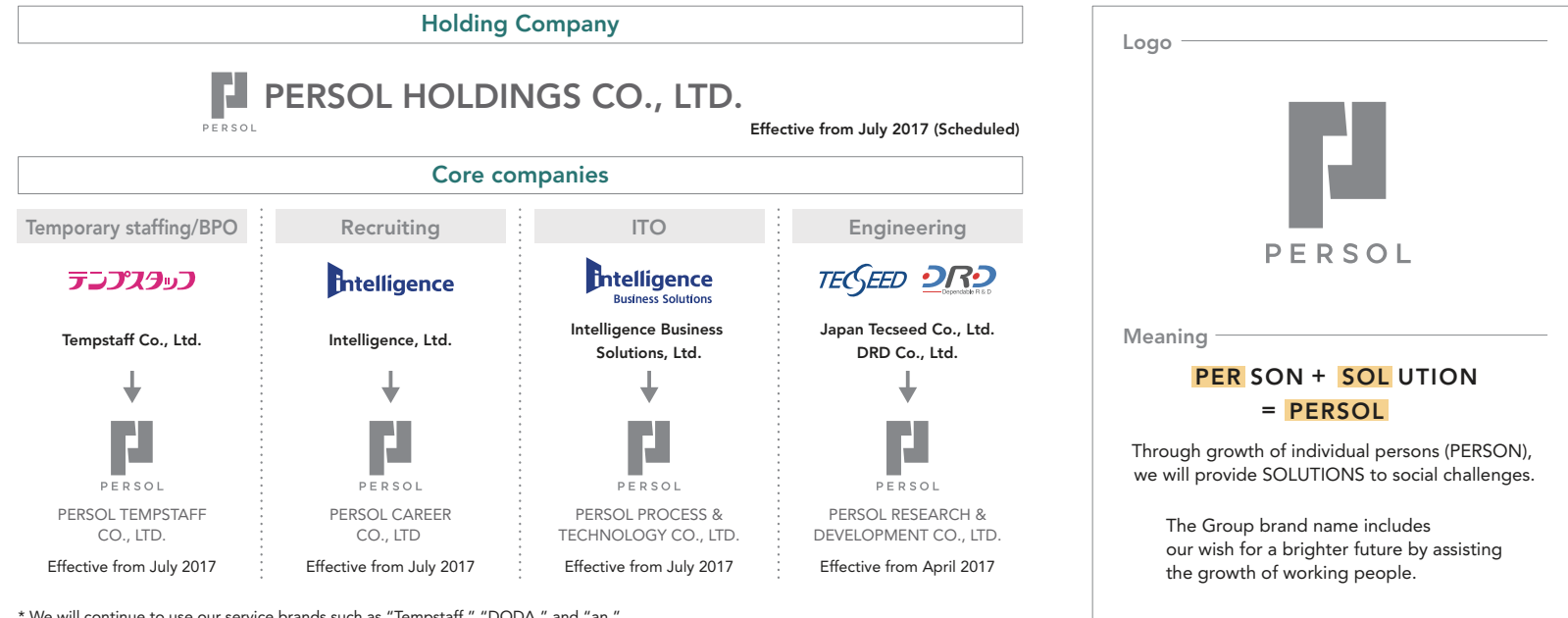
### Record-high performance in both net sales and operating income





# Ongoing formation of the “PERSOL” structure

## About the new brand “PERSOL”



\* We will continue to use our service brands such as “Tempstaff,” “DODA,” and “an.”

### We pursue awareness of the Group, as a whole.

The Group is one of the major comprehensive human resources services group in Japan, with over 90 affiliated companies at over 500 business bases at home and abroad. Our strengths represent the capability to comprehensively meet diverse needs of the times relating to human resources from a variety of service menus. In order to address various social challenges in Japan such as the shortage of the labor force, it is critical to establish awareness of the Group, as a whole, with the aim of demonstrating our capability to the maximum. As a consequence, we created a new brand, “PERSOL.”

In establishing PERSOL, we decided on a slogan “Work, and Smile.” In the process of work, when people overcome various difficulties, and their efforts finally bear fruit, they grow one more step. At that moment, we want to see their smiles from the heart. This brand slogan contains such a wish for all the employees of the Group.

## We started large-scale advertisements through TV commercials and ads on public transportation facilities.

Under the theme “Shouts out from working friends of the world to working people in Japan,” we started a large-scale advertisement by appointing Mr. Steve Wozniak, the world-class engineering icon who built the foundation of the modern computer industry, and Ms. Carmen Dell’Orefice, the 85-year-old active model with a 70-year career, which has attracted public attention due to the strong conveyance of the Group’s message “Work, and Smile.”

The second-version of the advertisement using Artificial Intelligence (AI) has also received a favorable response.



At the south exit of Shinjuku Station, a large wall surface advertisement is displayed.



Mr. Wozniak appearing on the big pillar of the central concourse of Tokyo Station



Overwhelming scale of advertisement flags inside the ticket gates of Shinagawa Station

### Giving the name “PERSOL” to the name of each Group companies.

In addition to PERSOL RESEARCH & DEVELOPMENT CO., LTD., which changed the company name in April 2017 under the new brand, the three core companies of the Group (Tempstaff, Intelligence, and Intelligence Business Solutions) will also change their company names in July 2017 to names including “PERSOL” (see the table on the right).

Furthermore, the Company plans to change its name to “PERSOL HOLDINGS CO., LTD.” subject to approval at the Ordinary General Meeting of Shareholders to be held in June.

Under the new brand “PERSOL,” we will further enhance the Group’s internal cooperation in order to improve awareness of the Group, as a whole, and maximize our comprehensive capability.

## DODA x Tempstaff



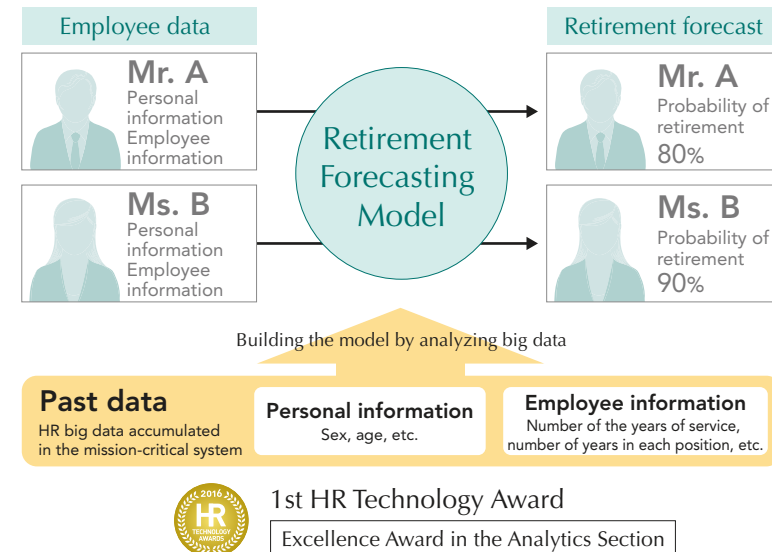
The recruitment support business performed in 10 major cities will be expanded to cities across the country.

### Moving forward to enhance our Group synergy

Let us look at one example: “DODA,” the career-change support service operated by Intelligence, which provides recruitment support services based in 10 major cities in Japan. By combining one of its services, which is a recruitment support service using one of the largest human resource databases in Japan, and the national sales bases of Tempstaff, we observed increased opportunities to meet the regional needs of full-time employees and those wishing to change careers. We will contribute to the further expansion of employment opportunities by enhancing such kind of cooperation among the Group companies.

# PERSOL Group's "HR Tech"

## Retirement forecasting model using HR big data



"HR Tech" is a portmanteau created by combining "Human Resource" and "Technology," referring to a methodology to integrate innovative information technology (IT) with the human resources domain. HR Tech now receives considerable attention as a new trend of bringing significant changes to human resources business.

The PERSOL Group has been promoting HR Tech with the perspectives of future businesses in such areas as the introduction of technology in existing businesses, entrance into new businesses based on technology, the promotion of Open Innovation with HR Tech companies centering on CVC funds, and actual practice in our HR (see the above table on the right).

With respect to the actual practice in our HR, we have established the HR Information Office within the Company, and the Company's exclusive data scientist

## HR Tech measures taken by the PERSOL Group

### Introduction of technologies in the existing businesses, and entry into new businesses based on the technology

Artificial Intelligence (AI) has been applied to the website of DODA and DODA Recruiters to improve the accuracy of matching position offering and job hunting. We also released new services such as HITO-Link, HITO-Talent, MyRefer, and MIIDAS.

### Promotion of Open Innovation with HR Tech companies centering on the CVC\* fund.

We established "Temp Innovation Fund," a CVC that invests in the start-ups of HR Tech at home and abroad. The realization of new business creation is pursued by maintaining alliances with external organizations called open innovation.

\* CVC: Corporate Venture Capital

### Actual practice in our HR

We have established an HR Information Office within the Company, which has built the Retirement Forecasting Model as well as the Forecasting Model for Organizations Where Relocated Personnel Will Be Able to Actively Contribute to Their Respective Work Places.

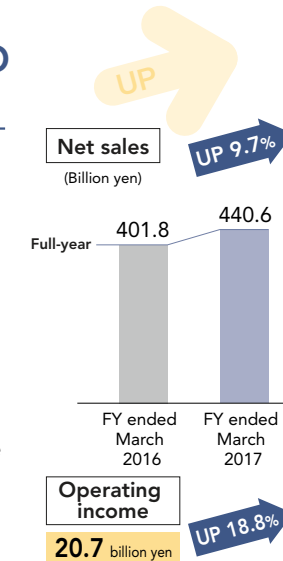
performs the construction of various models by analyzing HR big data. Among such models, the Retirement Forecasting Model, which forecasts the retirement probability of a certain employee, has achieved an outstanding precision of 90% in forecasting the correct answer against verification data. In recognition of the high effectiveness of the model, we received the Excellence Award in the Analytics Section of the 1st HR Technology Award.

Additionally, we have developed the Forecasting Model for Organizations Where Relocated Personnel Will Be Able to Actively Contribute to Their Respective Work Places, which demonstrates the probability of success in personnel relocation. We expect that this model will help realize "HR to conduct proactive measures by forecasting the future," by introducing data analysis in the HR domain which traditionally relied on experience and intuition.

# Business Overview by Segment

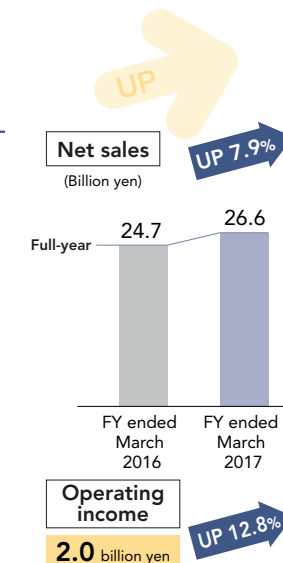
## Temporary Staffing/BPO segment

Demand showed a robust increase, reflecting employment-related indices which remained at a high level throughout the fiscal year under review accompanied by chronic labor shortage. A variety of measures for supplying personnel, etc. implemented by us in response to the increasing demand were successful, and as a result, net sales increased significantly to 440.6 billion yen. As for profit, operating income increased, reflecting a significant impact from the growth in net sales despite the increases in labor costs incurred in the business expansion and the burden of expenses borne with respect to social insurance premiums for temporary workers and employees of the Group companies.



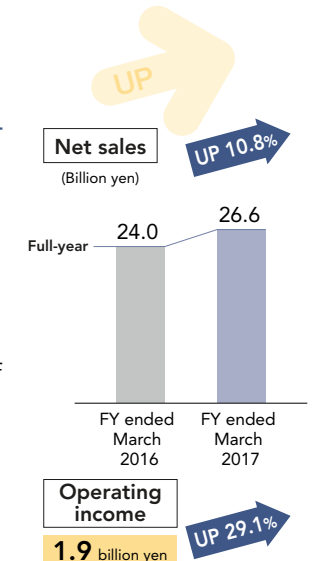
## ITO segment

Net sales increased steadily due to robust demand for SI-related services on the back of growth in investment in system-related services by our customer companies as well as internal system development in the Group companies. In terms of profit, operating income was 2.0 billion yen as a result of growth in profitability triggered by the increase in demand, despite some cost-rising factors such as securing engineers corresponding to the demand.



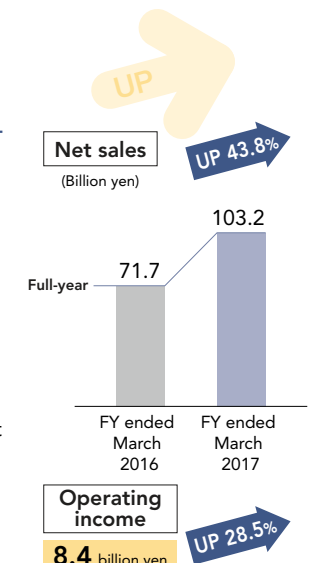
## Engineering segment

On the back of continued strong demand for personnel mainly from the electrical manufacturing and automobile industries, etc., net sales showed a steady increase to 26.6 billion yen. As for profit, operating income was 1.9 billion yen, reflecting the smooth and early assignment of new graduates to their positions in line with the robust demand, as well as our operations of highly profitable projects.



## Recruiting segment

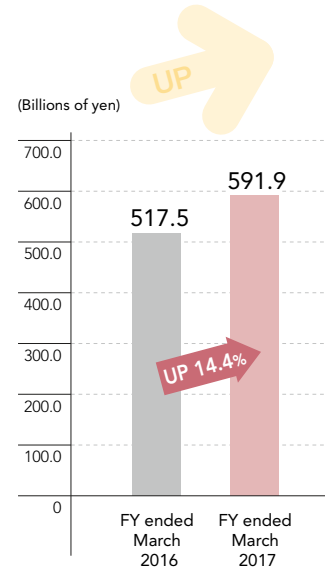
Net sales increased significantly as a result of the reinforcement of the sales system for the domestic recruitment support business by increasing personnel, and the favorable impact of business expansion due to the expansion of joint businesses with Kelly Services, Inc. As for profit, operating income was 8.4 billion yen due to the increase in net sales despite the growth in costs, such as labor cost arising from the expansion of business, as well as the impact of overseas businesses.



# Overview of Consolidated Financial Results

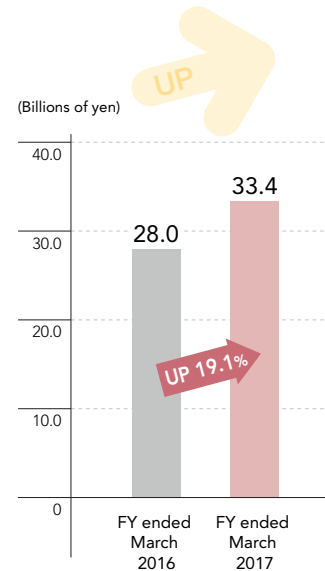
## Net Sales

On the back of the continuous improvement of employment-related indices, demand for various human resources services witnessed robust growth. Reflecting the favorable market environment, the Group also recorded a high number of dispatched workers in the temporary staffing business, our core business, and the number of persons achieving career changes increased significantly in the recruitment support business. We also focused on the expansion of business through M&A outside Japan. As a result, net sales of the Group for the fiscal year under review increased 14.4% year on year, to 591.9 billion yen.



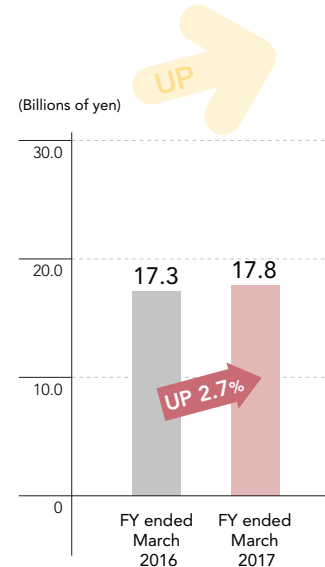
## Operating Income

Although each business segment implemented measures for an increase in personnel, and investments in the website for improvement of the convenience and awareness of our services, operating income grew reflecting an increase in net sales mainly through temporary staffing and BPO, and the recruiting segment, in addition to the improvement of profit margins in the existing businesses of the above-mentioned segments. As a result, operating income for the fiscal year under review was 33.4 billion yen (an increase of 19.1% year on year).



## Profit Attributable to Owners of Parent

Profit attributable to owners of the parent company for the fiscal year under review was 17.8 billion yen, a year-on-year increase of 2.7%, due to the growth in operating income.



## Dividend per Share

In consideration of the comprehensive situations including steady growth in performance and financial positions, we have decided to increase the year-end dividend for the fiscal year ended March 31, 2017 from the initially planned 8 yen per share to 9 yen, an increase of 1 yen.

	First six-month period	Year-end
FY ended March 2016	6.00	7.00
FY ended March 2017	8.00	9.00

Temp Holdings conducted a 3-for-1 stock split for the common stock of the Company on October 28, 2015 as the base date, and October 29, 2015 as the effective date. The above-mentioned figures reflect the impact of the stock split and have been adjusted retrospectively.



Please visit our website for more detailed IR information.  
The website of Temp Holdings Co., Ltd.: <https://www.persol-group.co.jp/>

## Balance Sheet

	March 31, 2016	March 31, 2017	Change
<b>Assets</b>	236.2	268.3	32.1
Current assets	130.6	165.2	34.6
Cash and deposits	51.2	69.4	18.2
Non-current assets	105.6	103.1	(2.5)
Trademark and goodwill	80.4	73.5	(6.8)
<b>Liabilities</b>	102.7	114.5	11.8
Current liabilities	67.4	87.9	20.4
Non-current liabilities	35.2	26.6	(8.6)
Long-term loans payable	24.9	20.4	(4.5)
<b>Net assets</b>	133.5	153.8	20.3
Shareholders' equity	127.2	139.1	11.9
Capital stock	17.0	17.4	0.4
Capital surplus	20.5	20.1	(0.3)
Retained earnings	88.1	102.4	14.2
<b>Non-controlling interests</b>	6.2	14.6	8.4

### POINT 1

Increases due to growth of profits

### POINT 2

Increases due to M&A  
Decreases due to amortization and impairment

### POINT 3

Increases in accounts payable-other, income taxes payable, etc.

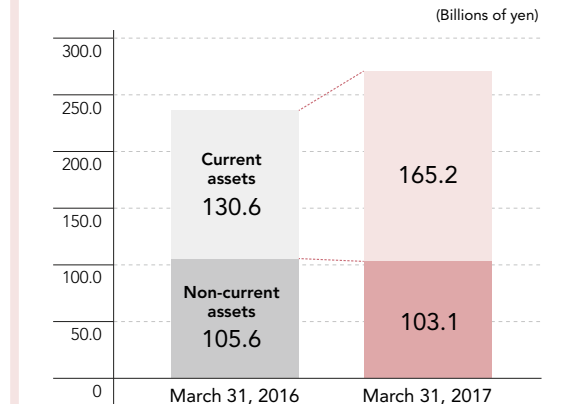
### POINT 4

Increases in profit attributable to owners of parent

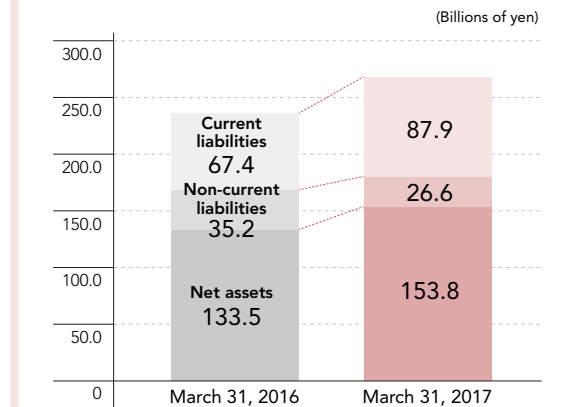
### POINT 5

Increases due to M&A

## Assets



## Liabilities and Net Assets





Through its business, the PERSOL Group works to solve challenges  
pertaining to labor and employment

Toward the realization of diverse  
work styles



“Job Share Center,” an office  
where people can work near  
home, was established.

(Saitama City, Saitama Prefecture)

We established an office where people with  
restricted working styles due to difficulties arising  
from childcare and nursing care, etc. can work near  
home without commuting to the central areas of  
the city. We support diversified working styles by  
enabling people to work limited hours and days.  
Going forward, we plan to develop this business  
sequentially in areas outside of the 23 wards of  
Tokyo, and the Tokyo Metropolitan area including  
Kanagawa Prefecture and Chiba Prefecture.

Striving toward the realization  
of a society in which people with  
disabilities can take an active part.



We started sericulture business  
in Tomioka City in which people  
with disabilities take part.

(Tomioka City, Gunma Prefecture)

The succession of traditional industries and  
regional revitalization are sought through the  
creation of employment opportunities for  
people with disabilities. We support workers  
so that they can actively work at the most  
suitable workplaces for them, considering  
their skills and experiences.

For solution of challenges relating  
to people and organizations



PERSOL RESEARCH AND  
CONSULTING CO., LTD.,  
a research and study  
organization to promote the  
growth of working people  
and organizations.

Equipped with think tank functions, this  
organization studies issues concerning people  
and organizations through research meetings  
and investigations, etc. in cooperation with  
industry, government and academia, publicizing  
information in organizational magazines, events  
and media.

Information

Company Profile

(As of March 31, 2017)

Company Name:	Temp Holdings Co., Ltd.
Established:	October 1, 2008
Head Office:	2-1-1 Yoyogi, Shibuya-ku, Tokyo, Japan
Type of Business:	Management planning, administration and operations related to subsidiary and group companies that handle temporary staffing and placement services
Capital:	17,465 million yen

Members of the Board

(As of March 31, 2017)

Chairman Emeritus	Yoshiko Shinohara
Representative Director, President and CEO	Masamichi Mizuta
Director, Deputy President, and COO	Hirotooshi Takahashi
Director, Senior Executive Officer	Takao Wada
Director, Executive Officer	Toshihiro Ozawa
Director, Executive Officer	Kiyoshi Seki
External Director	Carl T. Camden
Director	Hiroshi Shimazaki
External Director	Ryosuke Tamakoshi
External Director	Naoshige Shindo
External Director	Naohiro Nishiguchi
Executive Officer	Daisuke Hayashi
Executive Officer	Toshihito Nagai
Executive Officer	Mikio Miyamura
Executive Officer	Taro Mineo
Executive Officer	Toshiyuki Takakura
Executive Officer	Shinji Masaki
Executive Officer	Kazunari Kimura
Executive Officer	Takayuki Yamazaki

Stock Information

(As of March 31, 2017)

- Authorized number of shares ..... 720,000,000
- Total number of shares issued ..... 236,673,651
- Number of shareholders ..... 11,771
- Major shareholders

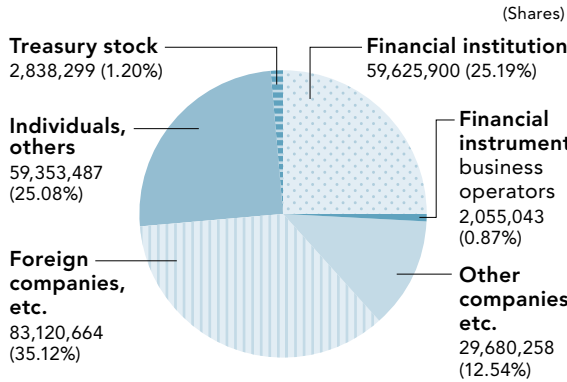
Name of shareholder	Number of shares held	Shareholding ratio (%)
Yoshiko Shinohara	29,831,600	12.75
Japan Trustee Services Bank, Ltd. (Trust Account)	16,300,500	6.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,713,200	5.43
The Yoshiko Shinohara Memorial Foundation	12,300,000	5.26
Kelly Services Japan, Inc.	9,106,800	3.89
Yoshimi Shinohara	5,438,400	2.32
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	4,868,906	2.08
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,696,000	1.58
Woman Staff Ltd.	3,618,000	1.54
JP MORGAN CHASE BANK 380634	3,537,900	1.51

\* The shareholding ratio is calculated based on the number of shares  
(233,835,352) obtained by deducting the number of shares in the  
treasury stock from the total number of shares outstanding.

\* The shareholding ratio (%) is rounded down to the second decimal place.

Distribution of Shareholders

(As of March 31, 2017)



\* The shareholding ratio (%) is rounded off to the second decimal place.

Shareholder Information

Business year	From April 1 to March 31 of the following year
Annual general meeting of shareholders	Late June
Record dates	Annual general meeting of shareholders: March 31 Year-end dividend; March 31 Interim dividend: September 30
Administrator of shareholders' register Special account management institution	Mitsubishi UFJ Trust and Banking Corporation
Contact	Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN Telephone: 0120-232-711 (Toll free available only in Japan) * Please note that from August 14, 2017, the contact point of the administrator of shareholders' register and the special account management institution will be changed to the following due to the relocation of its administrative offices. 1-1 Nikko-cho, Fuchu City, Tokyo, JAPAN Telephone: 0120-232-711 URL: <a href="http://www.tr.mufg.jp/daikou/">http://www.tr.mufg.jp/daikou/</a>
Stock listing	Tokyo Stock Exchange, First Section
Public notices	Electronic public notice The website of the public notice: <a href="https://www.persol-group.co.jp/">https://www.persol-group.co.jp/</a> (If electric public notices are not possible due to accidents or other unavoidable circumstances, announcements will appear in the Nihon Keizai Shimbun newspaper.)

## Procedures for Shares

### Shares registered in the accounts of securities companies

#### ■ Procedures, inquiries, etc.

- ☐ Inquiries about the sending and returning of mails
- ☐ Inquiries about dividends after the expiration of the payment period
- ☐ General inquiries about administrative work relating to shares

#### ■ Contact

Administrator  
of shareholders'  
register

Custody Service Department  
Mitsubishi UFJ Trust and Banking Corporation  
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN <sup>(\*)2</sup>  
Telephone: 0120-232-711 (Toll free available only in Japan)

- ☐ Procedures and inquiries other than those stated above, such as changes in address, name, etc.

Please contact your securities company.

### Securities registered in the special account

#### ■ Procedures, inquiries, etc.

- ☐ Requests for transfer from a special account to a general account
- ☐ Changes in address, name, etc.
- ☐ Inquiries about account balance
- ☐ Designation of method for receiving dividends <sup>(\*)1</sup>

#### ■ Contact

Special account  
management  
institution

Custody Service Department  
Mitsubishi UFJ Trust and Banking Corporation  
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, JAPAN <sup>(\*)2</sup>  
Telephone: 0120-232-711 (Toll free available only in Japan)

#### Method for requesting procedural documents

- ☐ Inquiries about the sending and returning of mails
- ☐ Inquiries about dividends after the expiration of the payment period
- ☐ General inquiries about administrative work relating to shares

Administrator  
of shareholders'  
register

- ☐ Request using the automatic answering phone system:  
0120-244-479 (Toll free available only in Japan)
- ☐ Download documents online: <http://www.tr.mufg.jp/daikou/>

<sup>(\*)1</sup> Shareholders holding shares registered in the special account may not choose the method of receiving dividends in proportion to the number of shares held.

<sup>(\*)2</sup> Please note that from August 14, 2017, the contact point of the administrator of shareholders' register and the special account management institution will be changed to the following due to the relocation of its administrative offices.

◆ Custody Service Department Mitsubishi UFJ Trust and Banking Corporation

◆ 1-1 Nikko-cho, Fuchu City, Tokyo, JAPAN

◆ Telephone: 0120-232-711 (Toll free available only in Japan)

◆ Custody Service Department Mitsubishi UFJ Trust and Banking Corporation P.O. Box 29, New Tokyo Post Office, 137-8081, JAPAN



**JPX-NIKKEI 400**

**Temp Holdings was selected as a component of the JPX-Nikkei Index 400 in August 2014.**

What is the JPX-Nikkei Index 400?

It is a new stock price index composed of stock of companies that meet the requirements of global investment standards, including the effective use of capital, an investor-conscious management viewpoint, etc., which was established with the aim of promoting the attractiveness of Japanese companies to both investors at home and abroad.

## Temp Holdings Co., Ltd.

Shinjuku Maynds Tower, 2-1-1 Yoyogi, Shibuya-ku, Tokyo, JAPAN Telephone: +81-3-3375-2220

\* Matters stated in this report include statements concerning the Company's plans and forecasts for the future. Actual earnings may differ materially from the statements due to a variety of factors, and the statements do not mean that we promise to achieve these figures.

All those appearing in the cover page are employees of the PERSOL Group. (As of May 2017)



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