



To Shareholders and Investors
PERSOL REPORT

Business report for the first
six-month period of the fiscal year
ending March 2018

April 1, 2017 to September 30, 2017

PERSOL HOLDINGS CO., LTD.

(Securities code: 2181)

**Work, and
Smile**


PERSOL



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



Group's vision
 Create social infrastructure for people and organizations that catalyze growth and innovation.

PROFILE

Masamichi Mizuta

President, Chief Executive Officer, and Representative Director

Joined Tempstaff Co., Ltd. (presently, PERSOL TEMPSTAFF CO., LTD.) 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."

Overview of the first six-month period of FY 2017

Amid the continued gradual recovery observed in the Japanese economy, the employment situation remained favorable, which was reflected in the human resources industry in the form of expanded demand. Under these circumstances, the PERSOL Group conducted aggressive business development while investing in measures to increase awareness of our new "PERSOL" brand as well as unify the PERSOL Group. As a result, net sales for the first six-month period of FY 2017 reached a record high of 324.7 billion yen in contrast to operating income remaining at 16.0 billion yen.

Toward the future

On July 1, 2017, we marked a new start under the corporate name of PERSOL HOLDINGS CO., LTD. with the approval of our shareholders.

In recent years, the environment surrounding the employment situation has been drastically changing as technology advances. While many companies have begun to adopt teleworking systems such as work from home, mobile work and work at satellite offices, it is anticipated that several job sectors will become redundant due to the introduction of artificial intelligence and robots in the future. Considering that the image of human resources needed by companies will constantly change, the supply-demand mismatch in employment is expected to be greater than ever under the conventional lifetime employment system. We believe that a worker's happiness lies in demonstrating capabilities in a place where such person is really needed, and we pursue the objective of "minimizing employment mismatches" to realize such ideal.

On the other hand, in order to revitalize employment amid a shrinking working-age population going forward, job opportunities suited to individuals who want to work must be provided. By pursuing "the realization of diversified working styles," we will increase such opportunities in which people with diverse lifestyles can work.

We are aware that in order to "minimize employment mismatches" and "realize diversified working styles," it is indispensable for us to demonstrate the comprehensive capabilities of the PERSOL Group through collaborations among the businesses belonging to the Group. Through our efforts to improve recognition of the corporate group as a unified entity by inserting the name "PERSOL" into the name of each Group company, we will work on solving every kind of challenge associated with labor and employment by creating further group synergies.

Aiming to realize "social infrastructure that catalyzes growth and innovation" in the Asia-Pacific region

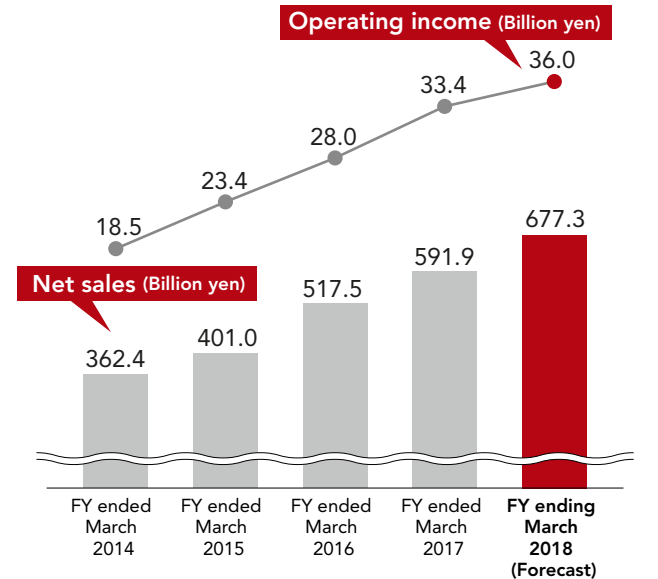
Last year, we expanded a joint business established with Kelly Services, Inc. to all areas within the APAC region. To further reinforce our business in the same region, we decided in July 2017 to acquire all outstanding shares in Programmed Maintenance Services Limited, an Australian human resources and maintenance services company. Our objective is to further improve our presence in the APAC region by obtaining a more advantageous position in the Australian market, which accounts for a large share of the APAC region, and contribute to the development of the labor market in this region.

Financial Highlights

(Consolidated business results for the first six-month period ending March 2018)

Net sales recorded a historically high performance while operating income decreased year on year due to aggressive investments.

Net sales 324.7 billion yen UP 17.3% Y-O-Y	Operating income 16.0 billion yen DOWN 3.9% Y-O-Y
Profit attributable to owners of parent 9.2 billion yen DOWN 6.5% Y-O-Y	Interim dividend per share 9 yen




Overseas strategy of the PERSOL Group

Regarding the acquisition of Programmed Maintenance Services

Overview of Programmed Maintenance Services

Name of company:
Programmed Maintenance Services Limited

Head office: Australia,
Western Australia

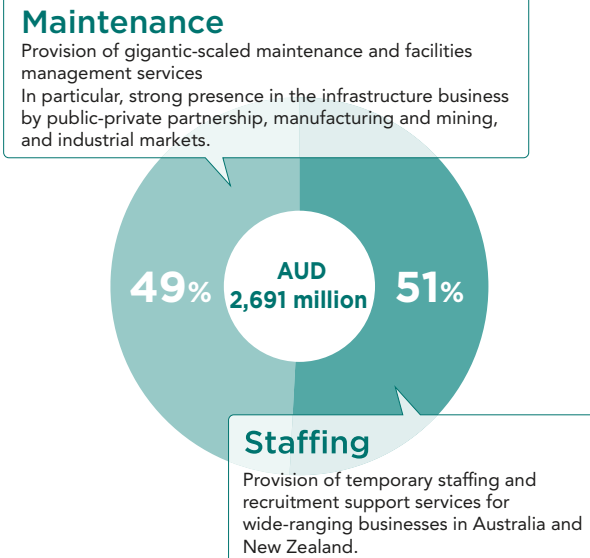


Number of employees:
25,003 in total (as of June 2017)
1,991 indefinite-term employees
2,964 fixed-term employees (working at clients' sites)
20,048 dispatched employees

Number of business bases:
More than 100 mostly in Australia and New Zealand

Principal businesses:
Staffing and maintenance businesses

Breakdown of net sales for the fiscal year ended March 2017



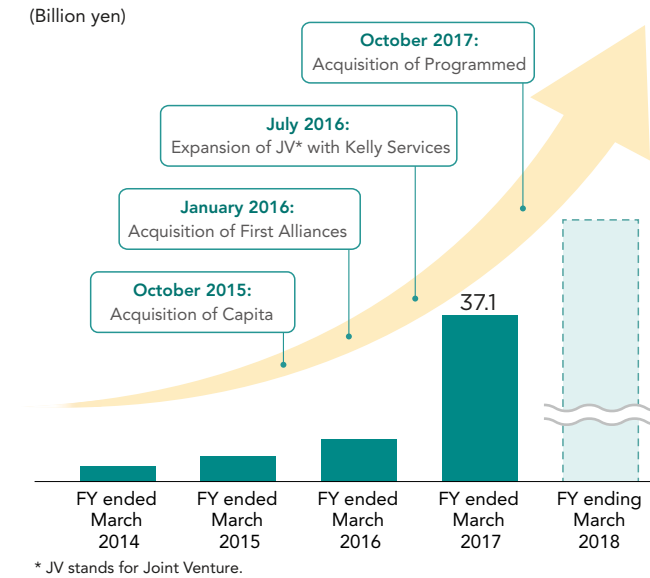
Acquired Programmed, one of Australia's leading providers of human resources and maintenance services

The PERSOL Group has promoted one of its priority measures for business expansion in not only Japan but also in the APAC region with the aim of realizing its vision to "Create social infrastructure for people and organizations that catalyzes growth and innovation." In July 2017, we decided to acquire all outstanding shares of Programmed Maintenance Services Limited ("Programmed"), a leading provider of human resources and maintenance services operating mostly in Australia. Programmed was founded as a paint service company in 1951, subsequently

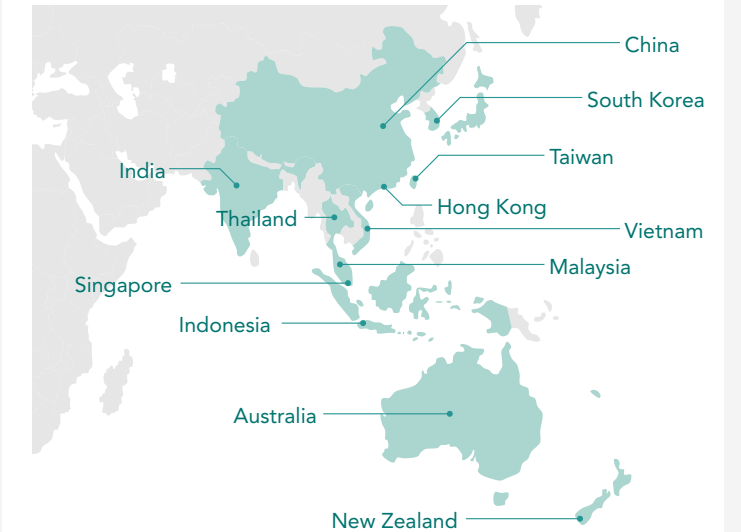
expanding into maintenance of facilities and equipment. Currently, Programmed operates in two major segments: staffing services with a focus on temporary and permanent placement, and maintenance services mostly in the form of facility management of commercial sites and schools, painting and grounds management, and maintenance of mine facilities. As a result of this stock acquisition, the PERSOL Group will become one of the largest comprehensive human resource services groups in the APAC region, capable of developing businesses with robust business foundations in Australia in terms of scale and business performance.

Business development outside Japan

Trend of overseas sales



Regions



Business development outside Japan

The overseas business of the PERSOL Group dates back to 1993, when the Hong Kong Branch was opened as the first overseas business base, followed by the establishment of business bases in China, South Korea and other countries. In 2010, the PERSOL Group commenced a strategic business alliance with Kelly Services, Inc., a leading human resource services company in the United States. In 2012, a joint venture was launched with Kelly Services in northern Asia and has expanded across all areas of APAC since 2016. Furthermore, the joint venture expanded business by acquiring shares in human resource services companies in Singapore

and Vietnam and has become one of the main players in the areas of recruitment support services, temporary staffing, and personnel and labor management consulting in the human resource services market in the rapidly growing region.

The APAC is a promising region with new demand and market growth expected. The PERSOL Group pursues "social infrastructure that catalyzes growth and innovation" for APAC by enhancing its business foundation and increasing its presence through the improvement of social infrastructure and establishment of systems in preparation for future corporate development.

PERSOL Group's efforts for work style reform

HITO REPORT published by PERSOL RESEARCH AND CONSULTING CO., LTD.



Presently, labor shortages have become a major social problem. PERSOL RESEARCH AND CONSULTING CO., LTD., which is the comprehensive research institute of the PERSOL Group, estimates that Japan will face a shortage of 5.83 million workers in 2025 ^{(*)1}. According to its analysis, the key solution depends on not only the improvement of productivity but also on how the labor force participation rate of women and older workers can be lifted. The same institution has verified the effects of job creation focusing on satellite offices ^{(*)2} as one measure for promoting work. Based on this study, the PERSOL Group has begun to implement measures for the realization of diverse and flexible work styles from various points of view.

As part of the said measures, in the summer of 2017, we spun off our facility management section as an independent company, which started a consulting business using

PERSOL FACILITY MANAGEMENT CO., LTD. was established.



Promotes changes in work styles and workplaces of companies by utilizing the know-how accumulated through the facility management function within the PERSOL Group.

the facility management expertise cultivated within the Group as well as an advisory services business to propose new work styles. Meanwhile, we are striving to create new job opportunities beyond the scale of enterprises through positive collaborations with the Chiba Chamber of Commerce and Industry and local authorities including Tokyo's Bunkyo Ward, Higashimurayama City, and Nagoya City in Aichi Prefecture by securing human resources for small- and medium-sized enterprises in the relevant regions, providing employment support for younger job seekers and matching human resources.

*1: "HITO REPORT vol. 1" published in November 2016.

*2: "HITO REPORT vol. 2" published in August 2017.

The PERSOL Group works on solving labor- and employment-related challenges through its business.

Employment promotion of persons with disabilities: Cloud-type business card management service



We provide a cloud-type business card management service that increases employment opportunities for persons with disabilities. By introducing our internally developed business card management system, we created tasks that could be handled by persons with disabilities such as entering business card data. In order for persons with various types of disabilities to perform this task, we provide solutions to challenges concerning the employment of persons with disabilities by companies by establishing work flow charts and offering consulting services on training management.

"mama VOLUN": Career support service for working mothers on childcare leave



We provide working mothers on childcare leave with information concerning voluntary work at venture businesses and non-profit organizations. Our support service helps mothers to not only gain a sense of what their life will look like when they start balancing work and childcare upon their return to work, but also helps alleviate feelings of isolation sometimes associated with childcare leave and dispels anxiety over future career formation so that they can return to work with confidence.

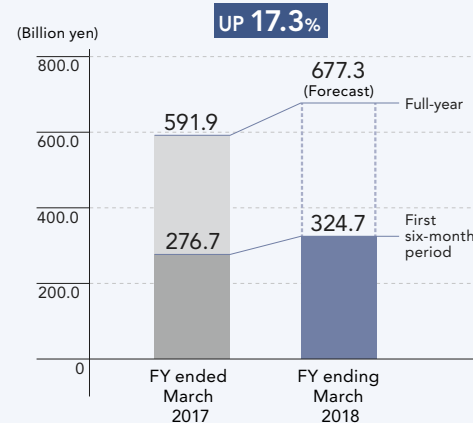
Participated in the operation of the Tokyo Metropolitan Government's "Telework Dissemination and Promotion Initiatives for FY 2017"

The operation of the "Tokyo Telework Promotion Center" established jointly by the Tokyo Metropolitan Government and the national government has been entrusted to the PERSOL Group. We will contribute to the promotion of "work style reform" by offering one-stop services, including information provision and consulting services via specialized concierges, to small- and medium-sized enterprises considering the introduction of a teleworking system to increase work style flexibility.



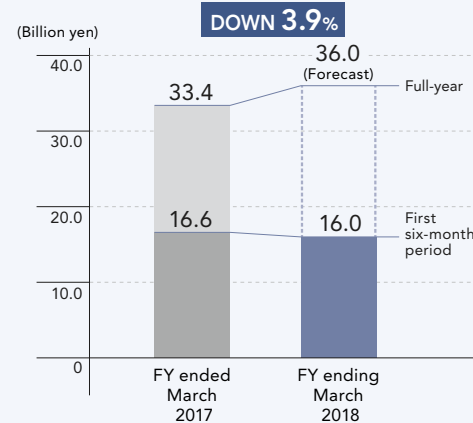
Net Sales

Amid the recovery trend of the Japanese economy, the human resource services market as a whole showed a growth trend with significant demand on the back of the labor shortage that continued from the previous fiscal year. Driven by the strong market environment, the PERSOL Group witnessed good results in the temporary staffing business, our core business, in which the number of dispatched workers remained at a high level, and the recruitment support business, in which the number of persons achieving a career change increased significantly. Furthermore, as a result of our efforts to expand business through M&As outside Japan, net sales for the first six-month period under review grew 17.3% year on year to 324.7 billion yen.



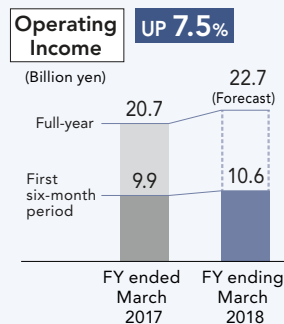
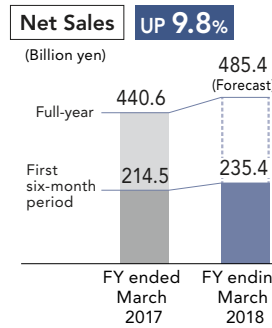
Operating Income

While net sales principally in temporary staffing/BPO, our core businesses, and recruiting segments increased, operating income decreased 3.9% year on year to 16.0 billion yen, which was attributable to growth investments in each segment toward aggressive business promotion as well as investments for the unification of the Group including boosting the profile of our new brand, "PERSOL."



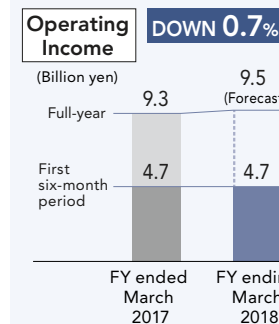
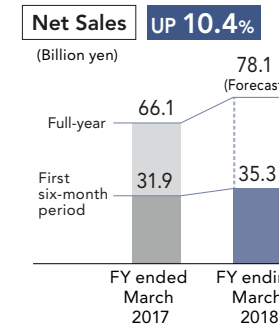
Temporary Staffing/BPO segment

Demand continued to show robust growth from the previous fiscal year, reflecting a further improvement in employment-related indices accompanied by a chronic labor shortage. In response to the demand, we implemented a variety of measures for supplying personnel, which contributed to significant growth in net sales. As for profit, operating income reached 10.6 billion yen, mostly reflecting the increase 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.



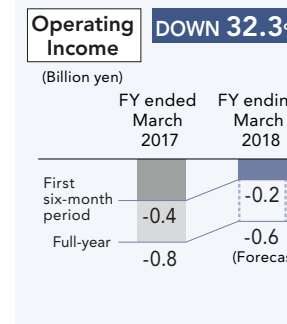
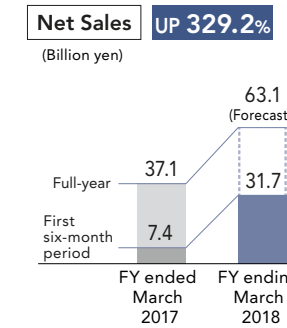
Recruiting segment

Net sales increased significantly as a result of measures for increasing personnel for the purpose of enhancing the sales structure in response to strong demand. As for profit, operating income was 4.7 billion yen, reflecting the increase in labor costs, promotion expenses, etc. incurred in the business expansion.



Overseas segment

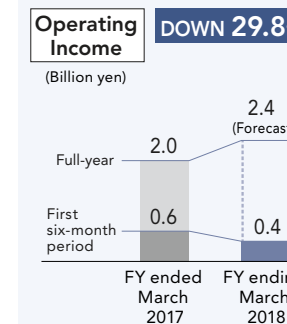
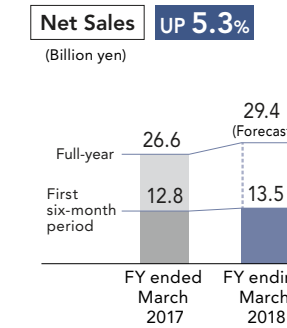
Net sales increased significantly, reflecting favorable effects of the business expansion accompanied by a widening of the business scope of the joint venture with Kelly Services, Inc. As for profits, operating loss of 0.2 billion yen was recorded due to system construction seeking the medium-term growth of the business.



* "Overseas segment" was newly added in the fiscal years ending March 2018 and thereafter.

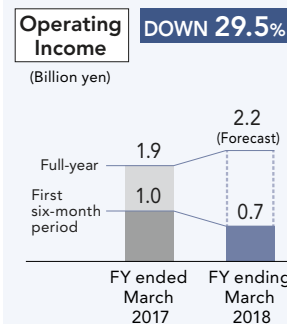
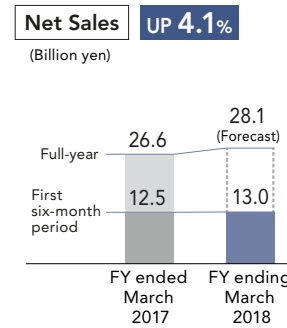
ITO segment

Net sales increased steadily due to robust demand for system-related services by our corporate customers as well as SI-related services, and development of in-house systems in the PERSOL Group, etc. As for profit, operating income remained at 0.4 billion yen due to the increases in costs for improvement of conditions aimed at restraining retirement and new employment of engineers, and due to the increase in expenses incurred associated with the increase in floor area and improvement of the workplace environment at the Head Office.



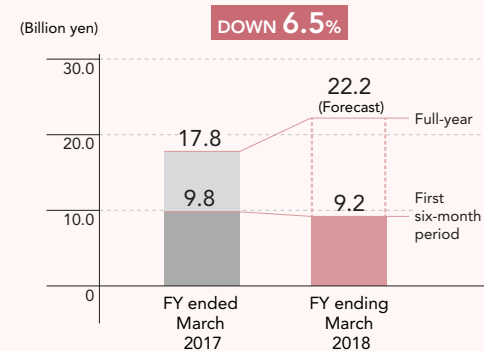
Engineering segment

In the first six-month period under review, net sales grew steadily, reflecting continued strong demand for personnel mostly from the electronic device and automobile industries, etc. As for profit, operating income fell to 0.7 billion yen due to a temporary increase in costs triggered by the occurrence of unprofitable projects.



Profit Attributable to Owners of Parent

Profit attributable to owners of the parent company for the first six-month period of the fiscal year ending March 2018 was 9.2 billion yen, a year-on-year decrease of 6.5%, due to the drop in operating income.



Dividend per Share

In consideration of the comprehensive performance having been in line with our plan, we have decided to pay an interim dividend for the first six-month period of the fiscal year under review as initially planned of 9 yen per share.

(Yen)	FY ended March 2017	FY ending March 2018
First six-month period	8.00	9.00
Year-end	9.00	9.00 (Forecast)

Balance Sheet

	March 31, 2017	September 30, 2017	Change
(Billion yen)			
Assets	268.3	276.4	8.0
① Current assets	165.2	174.0	8.7
Cash and deposits	69.4	81.3	11.8
Non-current assets	103.1	102.4	(0.7)
② Trademark and goodwill	73.5	70.3	(3.2)
Liabilities	114.5	115.5	0.9
③ Current liabilities	87.9	90.7	2.8
Current portion of long-term loans payable	5.0	4.6	(0.4)
④ Non-current liabilities	26.6	24.7	(1.8)
Long-term loans payable	20.4	18.1	(2.3)
Net assets	153.8	160.9	7.0
Shareholders' equity	139.1	145.7	6.6
Capital stock	17.4	17.4	0
Capital surplus	20.1	20.1	0
⑤ Retained earnings	102.4	109.5	7.1
Non-controlling interests	14.6	15.1	0.4

POINT 1

Increases in cash and deposits, and decreases in notes and accounts receivable-trade

POINT 2

Decreases due to amortization and foreign currency translation

POINT 3

Increases in other liabilities

POINT 4

Decreases in long-term loans payable

POINT 5

Increases due to growth of profits

Please visit our website for more detailed IR information.
The website of PERSOL HOLDINGS: <https://www.persol-group.co.jp/>

Company Profile (As of September 30, 2017)

Company Name: PERSOL 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: 17,467 million yen

Members of the Board (As of September 30, 2017)

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

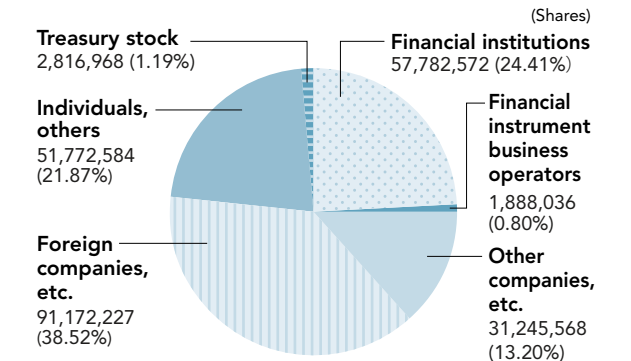
Stock Information (As of September 30, 2017)

- Authorized number of shares 720,000,000
- Total number of shares issued 236,677,955
- Number of shareholders 8,812
- Major shareholders

Name of shareholder	Number of shares held	Shareholding ratio (%)
Yoshiko Shinohara	26,331,600	11.25
The Yoshiko Shinohara Memorial Foundation	15,800,000	6.75
Japan Trustee Services Bank, Ltd. (Trust Account)	12,880,400	5.50
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,702,700	5.43
Kelly Services Japan, Inc.	9,106,800	3.89
Yoshimi Shinohara	5,438,400	2.32
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,696,000	1.58
Japan Trustee Services Bank, Ltd. (Trust Account No. 5)	3,329,700	1.42
Taro Yatomi	3,326,400	1.42
National Mutual Insurance Federation of Agricultural Cooperatives	3,188,100	1.36

* The shareholding ratio is calculated based on the number of shares (233,860,987) 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 September 30, 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 1-1 Nikko-cho, Fuchu City, Tokyo 183-0044, JAPAN Telephone: 0120-232-711 (Toll free available only in Japan) URL http://www.tr.mufg.jp/daikou/
Stock listing	Tokyo Stock Exchange, First Section
Public notices	Electronic public notice The website of the public notice: https://www.persol-group.co.jp/ (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.	■ Contact	
<input type="radio"/> Inquiries about the sending and returning of mails <input type="radio"/> Inquiries about dividends after the expiration of the payment period <input type="radio"/> General inquiries about administrative work relating to shares	Administrator of shareholders' register	Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 1-1 Nikko-cho, Fuchu City, Tokyo 183-0044, JAPAN Telephone: 0120-232-711 (Toll free available only in Japan)
<input type="radio"/> 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.	■ Contact	
<input type="radio"/> Requests for transfer from a special account to a general account <input type="radio"/> Changes in address, name, etc. <input type="radio"/> Inquiries about account balance <input type="radio"/> Designation of method for receiving dividends ^(*)	Special account management institution	Custody Service Department Mitsubishi UFJ Trust and Banking Corporation 1-1 Nikko-cho, Fuchu City, Tokyo 183-0044, JAPAN Telephone: 0120-232-711 (Toll free available only in Japan)
<input type="radio"/> Inquiries about the sending and returning of mails <input type="radio"/> Inquiries about dividends after the expiration of the payment period <input type="radio"/> General inquiries about administrative work relating to shares	Administrator of shareholders' register	<p>Method for requesting procedural documents</p> <input type="radio"/> Request using the automatic answering phone system: 0120-244-479 (Toll free available only in Japan) <input type="radio"/> Download documents online: http://www.tr.mufj.jp/daikou/

(*) Shareholders holding shares registered in the special account may not choose the method of receiving dividends in proportion to the number of shares held.



PERSOL 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.



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* 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.



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