



To Shareholders and Investors
PERSOL REPORT

Business report for the first
six-month period of the fiscal year
ending March 2019

April 1, 2018 to September 30, 2018

PERSOL HOLDINGS CO., LTD.
(Securities code: 2181)

Work, and Smile



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



Group Vision
 Create social infrastructure for people and organizations that catalyzes 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 2018

Japan is undergoing a modest economic recovery, and an upward trend in the employment environment is continuing. With firm corporate demand in the staffing services market, the PERSOL Group enjoyed strong performance, mostly in the core businesses of temporary staffing and recruitment support. Net sales and operating income for the first half under review reached record highs of 452.2 billion yen and 20.4 billion yen, respectively. This was partly due to the contributions of Programmed Maintenance Services Limited, in which we acquired shares last year.

In pursuit of values of human intervention

Technology is making rapid strides. The use of AI and IT is expected to increase as we move into the future. We have noted, however, that while sales methods are moving from face-to-face to online channels, there has been renewed appreciation for the face-to-face sales method in certain businesses since the Great East Japan Earthquake. This was because it was *people* who supported customers kindly and swiftly after the disaster. And it was *people* that customers could count on in a time of need. For many, the disaster highlighted the importance of person to person contact. While AI and IT applications must be addressed positively, we believe that our themes and core competence include enhancing the attractiveness of *people* and pursuing the value of *human* intervention.

For the benefit of both workers and companies

The PERSOL Group aims to protect the work force in Japan by continuing to serve all people who wish to work. To meet the employment requirements of both workers and companies, we will provide full support by precisely evaluating the abilities of each job seeker and highlighting their strong points to companies. For those who wish to work but have lifestyle restrictions, we will strive for diversified working styles. We will work to eliminate the barriers of employment patterns between fixed-term and indefinite-term employment as well as between full-time and part-time employment.

While workstyle options increase, we have seen diversification in the human resources companies require and the content of work. The importance of precisely, swiftly linking a job seeker to the most suitable work for that person will also rise. Under these circumstances, we promoted the integration of subsidiaries in the Temporary Staffing/BPO segment. We unified seven temporary staffing companies and renamed the new company PERSOL TEMPSTAFF CO. LTD., and integrated three BPO subsidiaries into one company in October 2018. We will pursue the minimization of employment mismatches by further improving precision through measures such as integrating databases.

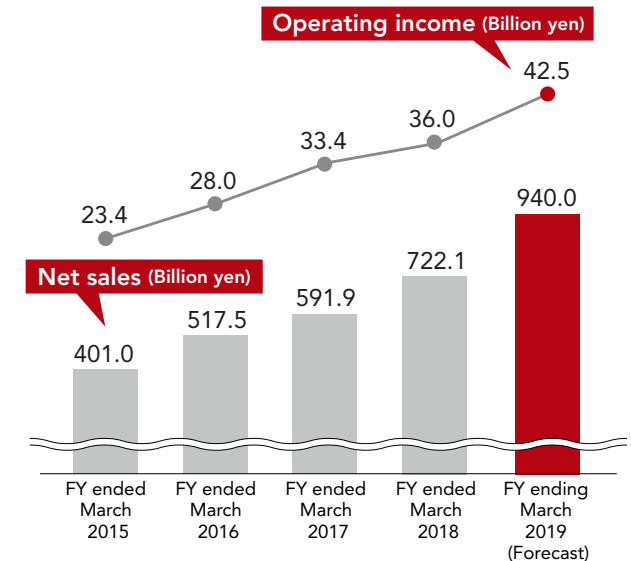
The environment surrounding employment is constantly changing, as seen in the shrinking workforce and revisions of laws. To continue to serve as a reliable agent for both working people and companies, the PERSOL Group will make unified efforts to diversify work styles and minimize employment mismatches.

Financial Highlights

(Consolidated business results for the first six-month period ending March 2019)

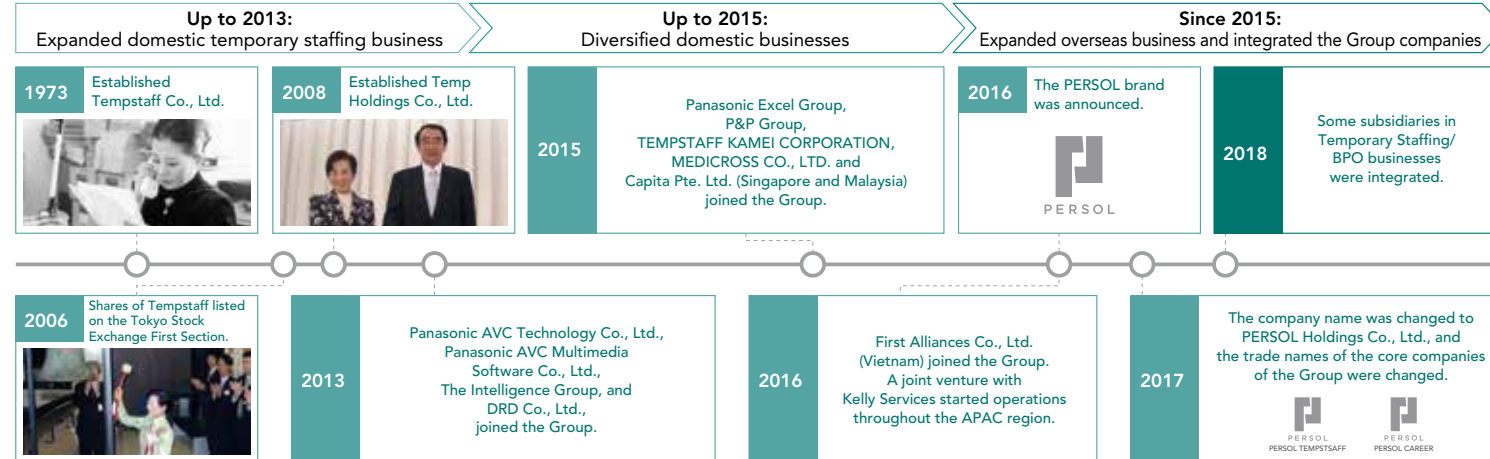
Record-high performance in both net sales and operating income

Net sales 452.2 billion yen UP 39.3% Y-O-Y	Operating income 20.4 billion yen UP 27.7% Y-O-Y
Profit attributable to owners of parent 11.9 billion yen UP 30.0% Y-O-Y	Interim dividend per share 10 yen

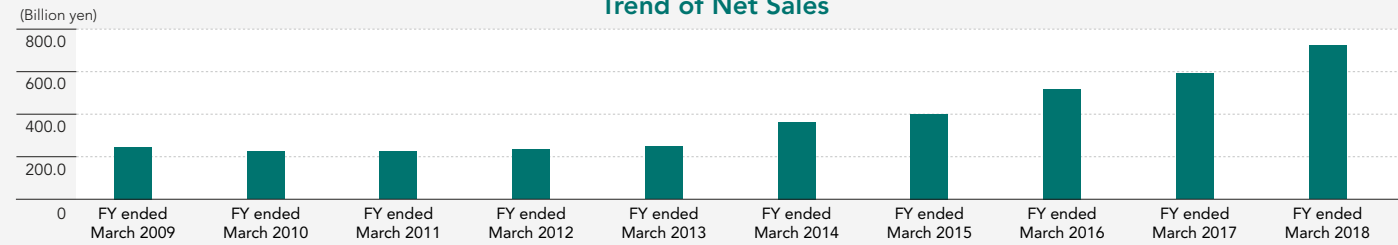


Create social infrastructure for people and organizations that catalyzes growth and innovation.

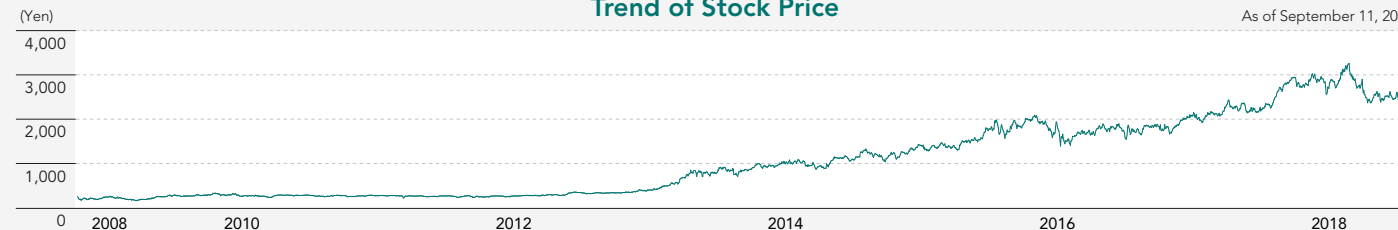
The PERSOL Group to Date



Trend of Net Sales



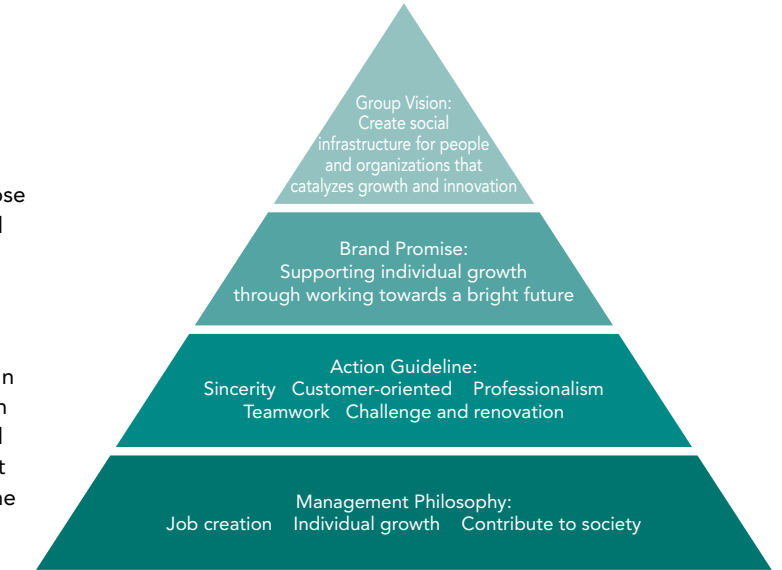
Trend of Stock Price



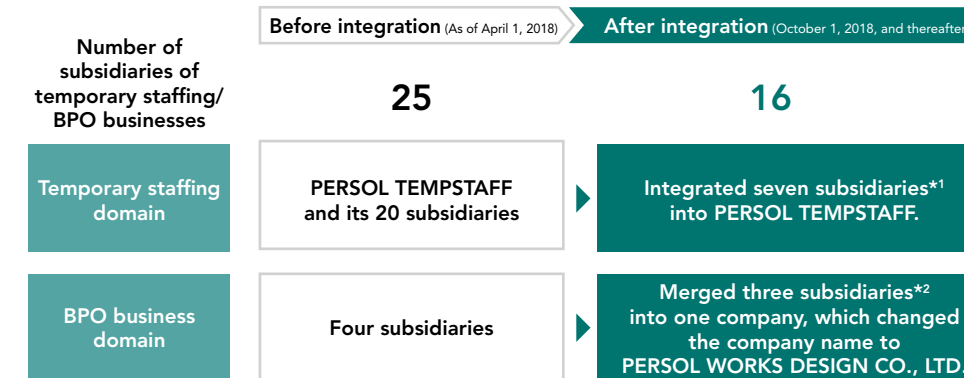
The PERSOL Group dates back to 1973, when founder Yoshiko Shinohara opened the Tempstaff office at her home in Roppongi, Tokyo. The Group is now targeting 940 billion yen in net sales for FY ending in March 2019.

That was 12 years before the Worker Dispatching Act was enforced in 1985. In those days, women generally had no choice but to quit working when they got married, and had little chance to work. On the other hand, there was potential demand for human resources by foreign companies expanding their business into Japan. As a consequence, the temporary staffing business became popular among Japanese companies, driven by matching such potential demands.

In 2006, Tempstaff went public on the First Section of the Tokyo Stock Exchange. In 2008, the company established Temp Holdings Co., Ltd., a joint holding company with Tempstaff People Co., Ltd. Subsequently, the former JAPAN TECSEED CO., LTD., and former Intelligence Holdings Co., Ltd., were acquired and merged to form the present business segment. Following the business expansion into the APAC region, we became one of the largest comprehensive staffing services companies in Japan.



Integration of Subsidiaries of Temporary Staffing/BPO Businesses



On October 1, 2018, seven subsidiaries engaging in temporary staffing business merged with PERSOL TEMPSTAFF CO., LTD., while three subsidiaries in the BPO business were unified as one company. We gathered the strengths developed at regional subsidiaries and through business development in our specialized businesses to improve the precision and speed of matching human resources by maximizing concentration and the use of IT. These measures will allow us to more quickly meet the needs for abilities and skills required by our customers, and to support job-seekers by providing more diversified employment opportunities for career development.

*1. Seven subsidiaries are: CareerRise Corporation, TEMPSTAFF FUKUOKA CO., LTD., TEMPSTAFF CROSS CO., LTD., Tempstaff Familie Co., Ltd., Tempstaff Grow Co., Ltd., Tempstaff Creative Co., Ltd., and Tempstaff Media Co., Ltd.

*2. Three subsidiaries are: Japan IDEX Co., Ltd., Tempstaff Life Support Co., Ltd., and HOWCOM Co., Ltd.

Introduction to Services Provided by the PERSOL Group

The PERSOL Group provides services for supporting diverse futures of working people under the brands centering on Tempstaff, doda, and an.

tempstaff

Temporary staffing and outsourcing services mainly for clerical workers

doda

Recruitment support services through referrals, recruitment websites and recruitment fairs

an

Job information website for temporary and part-time workers

MIIDAS

Recruitment website which diagnoses the market value of human resources and through which a job applicant can receive a job offer directly from a company

i-common

Recruitment support service for executive advisors and consultants

HITO Talent

Talent management system that enables the visualization of human resources information and the effective use of human resources

POS+
ポスタス

Cloud-based mobile POS registers which support store management in diverse business types

PERSOL

PERSOL Technology Staff

Flexible CAREER

EXECUTIVE AGENT

BRS
Bilingual Recruitment Solutions

ファンタブル
funtable

CREDENCE

mama VOLUN

PERSOL Group's Initiatives for Further Growth

The PERSOL Group actively promotes its initiatives as sowing the seeds for future including investments and alliances mainly in the HR technology areas and measures for incubation,* aiming to solving the problems of workers and companies as well as realizing further growth.

Alliances and investments in HR technology areas

In 2016, the PERSOL Group established PERSOL INNOVATION FUND LLC. This corporate venture capital fund is one of PERSOL's initiatives in the HR technology area, focusing on alliances and investments with startups in Japan and abroad. Among the approximately 20 startups in which we invested, RPA Holdings, Inc., and BRIDGE International Corp. went public. Singular Inc. became a subsidiary of the PERSOL Group, accelerating the enhancement of HR technology-based services.

Reinforcement of incubation programs

The PERSOL Group has been conducting the Program for Creating Startups, an initiative for incubation enhancement, for four years. All Group company employees are qualified to apply for the program. An initial investment fund will be provided to programs which pass the final selection process in order to launch a new business. From the current fiscal year, we have focused on creating new businesses which are lean and efficient by introducing the Lean Startup method.

From among the programs implemented to date, MIIDAS, a mid-career recruitment service, and POS+ (read as "pos-tas"), a cloud-based mobile POS system, have been created. With the aim of creating more new businesses, the PERSOL Group established the Innovation Promotion Headquarters in April 2018. The Headquarters works to further accelerate the reinforcement of incubation and the creation of innovation.



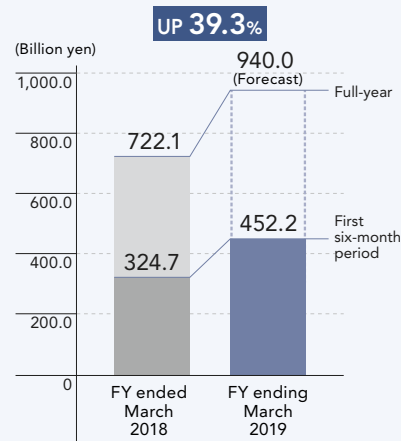
中途採用は
MIIDAS

The first TV commercial series for mid-career recruitment service MIIDAS launched nationwide broadcasts on Sunday, August 19, 2018. These commercial images can also be viewed on the website. <https://corp.miidas.jp/>

*The term "Incubation" refers to services and activities that support the creation of business and starting an enterprise.

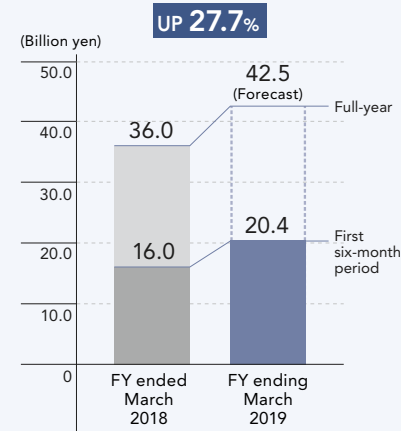
Net Sales

Amid the mild recovery trend in the Japanese economy, the human resource services market as a whole showed a robust growth trend, with significant demand due to the labor shortage. The PERSOL Group witnessed strong performance in each human resource service business, notably growth in the number of employment contracts for recruitment support business. Furthermore, reflecting the brisk market environment in APAC countries, the PERSOLKELLY segment grew steadily. Due to the addition of the PROGRAMMED segment, net sales for the first half under review grew 39.3% year on year, to 452.2 billion yen.



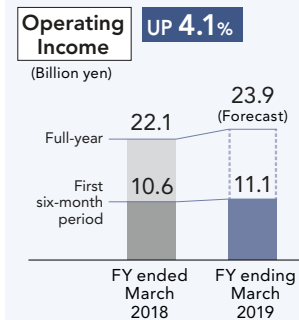
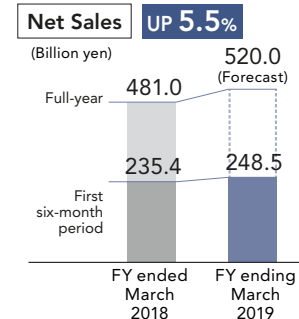
Operating Income

Despite the increase in costs for the integration in the Group, including the consolidation of subsidiaries in the Temporary staffing/BPO segment, we strived to improve productivity and raised invoice unit prices in the temporary staffing/BPO. Highly profitable recruitment support business grew significantly in both the Recruiting and the PERSOLKELLY segments. As a result, operating income grew 27.7% year on year, to 20.4 billion yen.



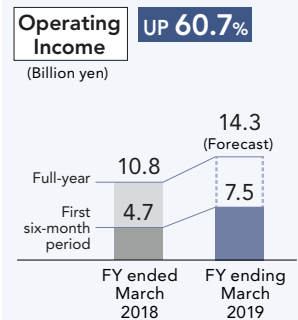
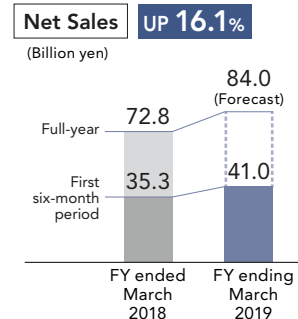
Temporary Staffing/BPO segment

Demand continued to be at a high level, reflecting robust corporate performance and a structural labor shortage. This contributed to growth in net sales reaching 248.5 billion yen. Operating income reached 11.1 billion yen, mostly due to the increase in referral fees following the revision of related laws requiring our customer companies to directly employ workers, as well as our efforts for cost control including selling, general and administrative expenses.



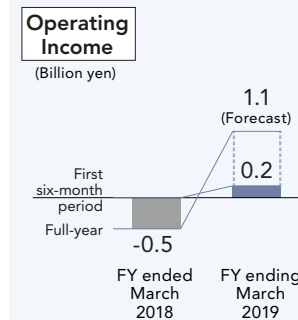
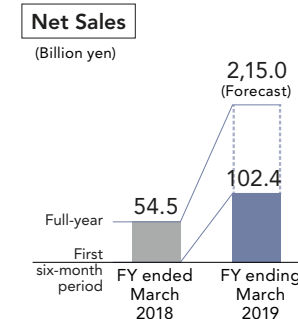
Recruiting segment

Net sales rose significantly to 41.0 billion yen as a result of an increased number of concluded employment contracts, mainly in the recruitment support business, driven by strong needs for human resources. Increase in net sales exceeded the cost for reinforcement of sales systems, such as marketing expenses and personnel investments, resulting in a significant rise in operating income to 7.5 billion yen.



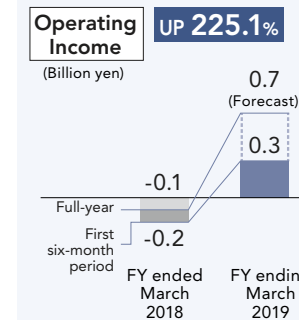
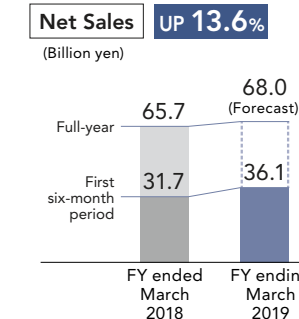
PROGRAMMED segment

Despite efforts focused on the reinforcement of customer relations, net sales remained at 102.4 billion yen due to the decrease in orders received from existing customers amid the changing competitive environment of the staffing service business. Meanwhile, operating income was 200 million yen as a result of reducing operation costs. Note: This segment was newly established in the third quarter of the previous fiscal year, following the acquisition of Programmed Maintenance Services Limited. Therefore, the year-on-year comparison and the related analysis are not provided herein.



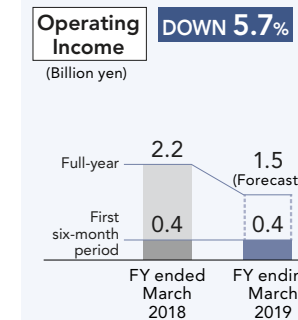
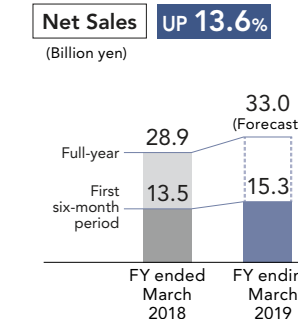
PERSOLKELLY segment

Net sales increased to 36.1 billion yen as a result of the aggressive expansion of sales systems for the brisk market environment in the APAC region. Operating income increased 300 million yen due to growth in services centering on temporary staffing and recruitment support, overcoming an increase in labor costs that was attributable to the improvement of systems.



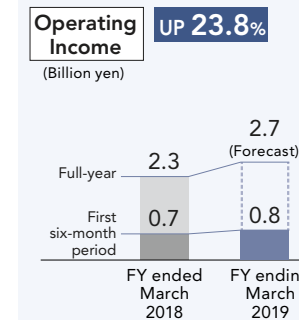
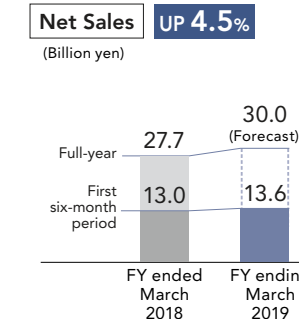
ITO segment

Net sales increased to 15.3 billion yen as a result of the expansion of consignment by securing engineers in response to robust demand, including growing corporate system investments. Operating income was 400 million yen, reflecting the increase in costs for improvements of conditions and positive employment of new engineers.



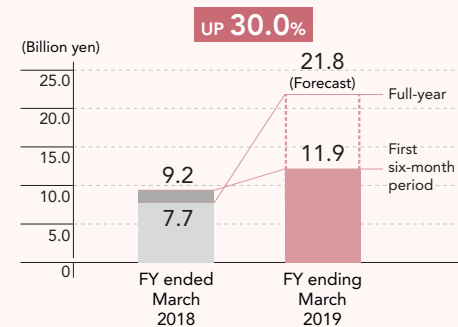
Engineering segment

Net sales increased to 13.6 billion yen, reflecting robust order receipts despite the impact of a change in the timing of acceptance inspections. Operating income was 800 million yen as a result of rising unit prices due to strong demand for engineers as well as cost control by handling projects in-house.



Profit Attributable to Owners of Parent

Profit attributable to owners of the parent company for the first half of the fiscal year ending in March 2019 was 11.9 billion yen, a year-on-year increase of 30.0%, due to the increase 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 10 yen per share.

(Yen)	FY ended March 2018	FY ending March 2019
First six-month period	9.00	10.00
Year-end	10.00	10.00 (Forecast)

Balance Sheet

	March 31, 2018	September 30, 2018	Change
(Billion yen)			
Assets	402.3	365.2	(37.0)
① Current assets	230.5	202.8	(27.6)
Cash and deposits	89.6	74.1	(15.4)
Non-current assets	171.7	162.3	(9.4)
② Trademark and goodwill	113.2	104.2	(9.0)
Liabilities	242.3	202.0	(40.3)
① Current liabilities	217.1	137.5	(79.5)
Current portion of long-term loans payable	89.9	21.2	(68.6)
① Non-current liabilities	25.2	64.4	39.2
Long-term loans payable	15.7	35.7	20.0
Net assets	159.9	163.2	3.2
Shareholders' equity	145.5	148.5	3.0
Capital stock	17.4	17.4	0
Capital surplus	20.1	20.1	0
③ Retained earnings	105.9	115.6	9.6
Non-controlling interests	14.4	14.6	0.1

POINT 1

Short-term loans payable were partly repaid in cash, and the remaining balance was refinanced by long-term loans payable by issuing corporate bonds (converting into long-term loans payable).

POINT 2

Decreases due to amortization and foreign currency translation

POINT 3

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, 2018)

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: 17,479 million yen

Members of the Board (As of September 30, 2018)

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	Ryosuke Tamakoshi
External Director	Peter W. Quigley
Director	Hiroshi Shimazaki
External Director	Naoshige Shindo
External Director	Naohiro Nishiguchi
Executive Officer	Chisa Enomoto
Executive Officer	Daisuke Hayashi
Executive Officer	Hirota Mino
Executive Officer	Taro Mineo
Executive Officer	Takayuki Yamazaki
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, 2018)

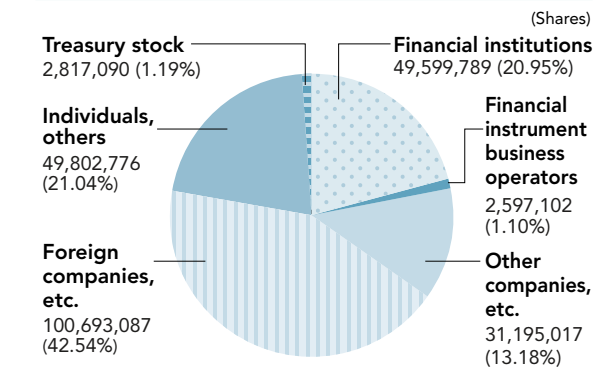
- Authorized number of shares 720,000,000
- Total number of shares issued 236,704,861
- Number of shareholders 9,819
- Major shareholders

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)	10,392,600	4.44
Kelly Services Japan, Inc.	9,106,800	3.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,942,500	3.82
JP MORGAN CHASE BANK 385632	5,899,717	2.52
Yoshimi Shinohara	4,438,400	1.89
MUFG Bank, Ltd.	3,696,000	1.58
Japan Trustee Services Bank, Ltd. (Trust Account No. 5)	3,581,000	1.53
BBH FOR MATTHEWS JAPAN FUND	3,494,200	1.49

* The shareholding ratio is calculated based on the number of shares (233,887,771) 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, 2018)



* 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 https://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 style="text-align: center;">Method for requesting procedural documents</p> <input type="radio"/> Download documents online: https://www.tr.mufg.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.

All people pictured on the front cover are employees of the PERSOL Group (as of October 2018).



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