

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 13, 2017

Company name: Temp Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2181 URL <https://www.persol-group.co.jp>
 Representative: President, Chief Executive Officer, and Representative Director Masamichi Mizuta
 Executive Vice President, Chief Financial Officer, and Director Kiyoshi Seki
 Inquiries: TEL 03-3375-2220
 Scheduled date to file Quarterly Securities Report: February 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	429,560	14.3	25,287	21.0	25,708	22.8	15,024	18.6
Nine months ended December 31, 2015	375,826	28.8	20,892	28.9	20,932	27.4	12,669	45.8

Note: Comprehensive income Nine months ended December 31, 2016 ¥14,999 million [13.4%]
 Nine months ended December 31, 2015 ¥13,228 million [56.1%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2016	64.00	63.82
Nine months ended December 31, 2015	55.70	53.82

Note: The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Earnings per share and diluted earnings per share have been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2016.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	265,386	152,037	52.2
As of March 31, 2016	236,238	133,501	53.8

Reference: Equity As of December 31, 2016 ¥138,432 million
 As of March 31, 2016 ¥127,205 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	18.00	—	7.00	25.00
Year ending March 31, 2017	—	8.00	—		
Year ending March 31, 2017 (Forecast)				8.00	16.00

Note: Revision of cash dividend forecast most recently announced: No

Notes:

- (1) The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Year-end dividends for the year ended March 31, 2016 is provided after taking into consideration of the above stock split.
- (2) If the above stock split is not considered, year-end dividends and total of dividends for the year ended March 31, 2016 is 21 yen and 39 yen respectively.

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes									
	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	590,000	14.0	32,500	15.9	32,800	16.4	17,100	(1.5)	72.84

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: 1 company
Kelly Services (Singapore) Pte. Ltd.
Excluded: —
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement of prior period financial statements: No
- (4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016	236,564,952 shares	As of March 31, 2016	235,791,100 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	1,289,299 shares	As of March 31, 2016	1,288,875 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	234,771,108 shares	Nine months ended December 31, 2015	227,474,806 shares
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Note: The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Number of issued shares (common shares) has been calculated on the basis that the stock split had been effective at the beginning of the year ended March 31, 2016.

*Implementation status of quarterly review procedures

This quarterly financial results report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for consolidated financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

*Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Consequently, actual business and other results may differ substantially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	51,227	72,448
Notes and accounts receivable - trade	69,524	74,723
Deferred tax assets	3,987	3,112
Other	6,006	7,721
Allowance for doubtful accounts	(134)	(467)
Total current assets	130,611	157,538
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,106	2,195
Tools, furniture and fixtures, net	1,123	1,277
Land	803	803
Other, net	476	288
Total property, plant and equipment	4,510	4,564
Intangible assets		
Trademark right	10,110	9,377
Goodwill	70,302	69,214
Other	5,774	8,651
Total intangible assets	86,187	87,244
Investments and other assets		
Investment securities	7,228	8,238
Guarantee deposits	5,597	5,851
Deferred tax assets	1,534	1,524
Other	716	569
Allowance for doubtful accounts	(146)	(144)
Total investments and other assets	14,929	16,040
Total non-current assets	105,627	107,848
Total assets	236,238	265,386

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	902	1,333
Short-term loans payable	787	545
Current portion of long-term loans payable	4,640	4,640
Accounts payable - other	33,152	46,532
Income taxes payable	5,321	4,963
Accrued consumption taxes	7,664	10,461
Provision for bonuses	8,242	4,569
Provision for directors' bonuses	139	112
Other	6,632	9,300
Total current liabilities	67,482	82,458
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	851	132
Long-term loans payable	24,993	22,726
Deferred tax liabilities	3,638	3,632
Net defined benefit liability	2,657	963
Long-term accounts payable - other	3,017	3,333
Other	97	103
Total non-current liabilities	35,255	30,891
Total liabilities	102,737	113,349
Net assets		
Shareholders' equity		
Capital stock	17,055	17,414
Capital surplus	20,520	20,105
Retained earnings	88,134	99,637
Treasury shares	(327)	(328)
Total shareholders' equity	125,382	136,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,945	2,518
Foreign currency translation adjustment	72	(914)
Remeasurements of defined benefit plans	(194)	—
Total accumulated other comprehensive income	1,823	1,603
Non-controlling interests	6,295	13,605
Total net assets	133,501	152,037
Total liabilities and net assets	236,238	265,386

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	375,826	429,560
Cost of sales	286,275	324,764
Gross profit	89,550	104,795
Selling, general and administrative expenses	68,657	79,507
Operating income	20,892	25,287
Non-operating income		
Interest income	9	8
Dividend income	68	78
Subsidy income	64	175
Compensation income	–	60
Share of profit of entities accounted for using equity method	–	69
Gain on bad debts recovered	79	–
Other	106	196
Total non-operating income	328	589
Non-operating expenses		
Interest expenses	102	117
Share of loss of entities accounted for using equity method	56	–
Foreign exchange losses	44	8
Other	84	42
Total non-operating expenses	288	168
Ordinary income	20,932	25,708
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	30	–
Gain on transfer of business	157	–
Gain on revision of retirement benefit plan	460	187
Gain on change in equity	103	–
Gain on sales of non-current assets	–	0
Total extraordinary income	752	187
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	24	–
Impairment loss	347	422
Early extra retirement payments	–	207
Loss on disposal of non-current assets	–	0
Total extraordinary losses	372	629
Profit before income taxes	21,312	25,266
Income taxes - current	6,314	8,695
Income taxes - deferred	1,556	570
Total income taxes	7,871	9,265
Profit	13,441	16,000
Profit attributable to non-controlling interests	771	975
Profit attributable to owners of parent	12,669	15,024

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	13,441	16,000
Other comprehensive income		
Valuation difference on available-for-sale securities	(127)	572
Foreign currency translation adjustment	(86)	(1,766)
Remeasurements of defined benefit plans, net of tax	0	194
Total other comprehensive income	(212)	(1,000)
Comprehensive income	13,228	14,999
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,482	14,318
Comprehensive income attributable to non-controlling interests	745	681