

**【Translation】**

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## Summary of Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 2018 (Based on Japanese GAAP)

February 14, 2018

Listed company name      PERSOL HOLDINGS CO., LTD.      Stock Exchange Listing: Tokyo  
 Stock code:      2181      URL: <https://www.persol-group.co.jp>  
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 Scheduled date to file quarterly report:      February, 2018      Scheduled date to commence dividend payments:      —  
 Preparation of supplementary quarterly results explanatory material yes/no: yes  
 Quarterly results briefing session yes/no: no

(Amounts less than JPY 1 million rounded down)

### 1. Consolidated Results for the 3rd Quarter of the Fiscal Year Ending March 2018 (April 1, 2017 - December 31, 2017)

#### (1) Consolidated Operating Results (cumulative)      (% indicates ratio of change from same quarter last year)

	Sales		Operating profit		Ordinary profit		Current net profit Quarterly net profit	
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%
3rd Quarter of the Fiscal Year Ending March 2018	495,085	15.3	25,899	2.4	26,104	1.5	10,872	-27.6
3rd Quarter of the Fiscal Year Ended March 2017	429,560	14.3	25,287	21.0	25,708	22.8	15,024	18.6

Note: Comprehensive income      3rd Quarter of fiscal year ending March 2018      11,403      JPY Million      (-24.0%)      3rd Quarter of fiscal year ended March 2017      14,999      JPY Million      (13.4%)

	Quarterly net profit per share	Quarterly net profit per share after adjustment for dilution
3rd Quarter of fiscal year ending March 2018	JPY 46.55	JPY 46.55
3rd Quarter of fiscal year ended March 2017	64.00	63.82

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
3rd Quarter of fiscal year ending March 2018	JPY Million 392,334	JPY Million 159,657	% 37.2
FY ended Mar 2017	268,364	153,816	51.8

Reference: Equity capital      3rd Quarter of fiscal year ending March 2018      145,950      JPY Million      FY ended Mar 2017      139,119      JPY Million

### 2. Dividend Status

	Annual Dividend				
	End Q1	End Q2	End Q3	End of FY	Total
FY ended Mar 2017	JPY —	JPY 8.00	JPY —	JPY 9.00	JPY 17.00
FY ending Mar 2018	—	9.00	—		
FY ending Mar 2018 (Forecast)				9.00	18.00

Note: Revision of most recently announced dividend forecast yes/no: no

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 2018 (April 1, 2017 - March 31, 2018)  
(% indicates ratio of change from same quarter last year)

	Sales		Operating profit		Ordinary profit		Current period net profit attributable to parent company shareholders		Current period net profit per share
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%	JPY
Full Year	732,300	23.7	36,000	7.8	36,500	6.9	18,667	4.8	79.92

Note: Revision of most recently announced financial results forecast yes/no: yes

※ Explanatory Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): yes

New: 4 companies (company names) Programmed Maintenance Services Pty Ltd  
Programmed Health Professionals Pty Ltd  
Programmed Integrated Workforce Limited  
Programmed Skilled Workforce Limited

Excluded: — (company names)

(2) Application of special accounting treatment when preparing quarterly consolidated financial statements: no

(3) Changes in accounting policies/changes in accounting estimates/restatement of prior period financial statements

- ① Changes in accounting policies due to revisions to accounting standards etc. : no
- ② Changes in accounting policies other than ① : no
- ③ Changes in accounting estimates : no
- ④ Restatement of revised statements : no

(4) Number of fully issued shares (ordinary shares)

① Number of fully issued shares at period end (including treasury stock)	Q3 of fiscal year ending March 2018	236,677,955 Shares	FY ended Mar 2017	236,673,651 Shares
② Treasury stock at period end	Q3 of fiscal year ending March 2018	3,407,096 Shares	FY ended Mar 2017	2,838,299 Shares
③ Average number of shares during the period (cumulative quarter)	Q3 of fiscal year ending March 2018	233,557,977 Shares	Q3 of fiscal year ended March 2017	234,771,108 Shares

Note: Number of treasury stock at the end of period: Includes PHD shares held in the "Director Compensation BIP (Board Incentive Plan) trust account", and the "Employee Stock Ownership Plan trust account" ("ESOP Trust") (3Q of fiscal year ending March 2018: 590,033 shares). Furthermore, PHD shares held in the "Director Compensation BIP (Board Incentive Plan) trust account", and the "Employee Stock Ownership Plan trust account" ("ESOP Trust") are included in treasury stock which are deducted when calculating the average number of shares held in the period.

※ The quarterly summary of financial results is not subject to a quarterly review

※ Explanation of appropriate usage of financial results forecasts and other special explanatory notes

The financial results outlook etc. and forward looking statements noted in this material are based on certain assumptions PHD deems rational and information currently at hand, which are not meant to be taken as an assurance by PHD that outcomes will be realized. Furthermore, actual financial results etc. may vary greatly due to various factors.

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## 1. Qualitative information regarding the financial results for this quarter

### (1) Explanation regarding business performance

The direction of Japan's economy continued to be unclear during the consolidated cumulative third quarter period due to changes in political conditions overseas, trends in financial policy, and rising geopolitical risk etc. Under these circumstances, there was a transition to a moderate economic recovery due to the government's economic and financial policies etc. which on the whole resulted in expansion of corporate earnings.

The employment situation: a condition close to full employment continued. The 2017 effective ratio of job offers to job seekers (seasonally adjusted) averaged at a multiple of 1.50; the highest recorded level in 44 years. Furthermore, Japan's annual overall unemployment rate in 2017 stood at 2.8%; the first time in 23 years that Japan has experienced full-employment. The basis underlying this type of market environment is a shortage of workers being pursued by a lot of demand. The HR services related market overall transitioned towards an expansionary trend. PERSOL Group also found itself in a situation where demand from client firms for talent tended to be robust. In particular, the core temporary staffing segment business witnessed a trend of high levels of temp worker deployments, and the placement business also experienced major increases in the number of successfully placed candidates. The outcome of this was that results improved favorably.

In light of this type of economic environment, PERSOL Group proceeded with measures to further enhance brand recognition. The trading name was changed to "PERSOL HOLDINGS" (July 2017), and the trading names of major core companies were altered to reflect this new "PERSOL" branding. PERSOL Group is an integrated HR services group that encompasses a diverse range of HR solutions: the core temporary staffing business, placement/recruitment, part-time/casual work hiring support, outsourcing/design and development in the IT/engineering space, and BPO etc. PERSOL Group strives wholeheartedly to offer solutions that resolve labor/hiring challenges.

Moreover, 100% of the fully issued shares of Programmed Maintenance Services Limited ("Programmed Ltd") were acquired and Programmed Ltd became a PERSOL subsidiary as part of PERSOL's efforts in relation to the HR services market in the Asia Pacific region. In future, solid business platform of Programmed Ltd will be leveraged by PERSOL which aims to strengthen competitiveness and become the largest HR services company in the APAC region.

As a result of the above, sales during this consolidated cumulative 3rd quarter were JPY 495,085 million (up 15.3% year-on-year (YOY)), operating profit was JPY 25,899 million (up 2.4% YOY), ordinary profit was JPY 26,104 million (up 1.5% YOY), and quarterly net profit attributable to parent company shareholders was JPY 10,872 million (down 27.6% YOY).

Business results by segment (before inter-segment/company write-offs) are as follows.

From this consolidated cumulative 3rd quarter period, reporting segment categories have changed. The following year-on-year comparisons are made after adjusting previous year figures in line with the new segment categories.

#### ① Temporary Staffing/BPO Segment

Sales in this segment during this consolidated cumulative 3rd quarter period amounted to JPY 359,263 million (up 10.4% year-on-year (YOY)), and operating profit was JPY 16,908 million (up 9.6% YOY).

Employment related indicators during this consolidated cumulative 3rd quarter period continued to hover at high levels; a continuation from the previous consolidated fiscal year, and chronic labor shortages were accompanied by ongoing robust demand. Also, various types of supply-side measures were successfully implement to address pressing demand challenges. Sales grew substantially to JPY 359,263 million. On the profit side, there was an increase in labor costs together with an expansion in operations, as well as an increase in PERSOL Group's share of the burden of social insurance costs etc. for temps and employees. However, there was a large increase in sales, and JPY 16,908 million in operating profit was booked.

#### ② Recruiting Segment

Sales in this segment amounted to JPY 52,736 million (up 10.4% YOY) during this consolidated cumulative 3rd quarter period, and operating profit was JPY 6,890 million (up 2.9% YOY).

Sales grew significantly during this consolidated cumulative 3rd quarter period as a result of augmenting human resources deployed in the sales structure to meet vigorous demand. On the profit side, operating profit was JPY 6,890 million due to increased labor/promotional costs etc. that accompanied the expansion in

operations.

③ PROGRAMMED Segment

Operating loss in this segment during this consolidated cumulative 3rd quarter period was JPY 804 million.

Costs arose during this consolidated cumulative 3rd quarter period that were associated with the acquisition of Programmed Maintenance Services Limited shares which led to an operating loss of JPY 804 million. The closing day of the consolidated cumulative 3rd quarter period for the corporation subject to acquisition is September 30; which differs from the closing day of the consolidated cumulative 3rd quarter period for PERSOL Group by 3 months. Furthermore, September 30, 2017 has been deemed the corporate merger & acquisition date of acquisition and as such, the results of the corporation subject to acquisition have not been included in this 3rd quarter.

④ PERSOLKELLY Segment

Sales in this segment during this consolidated cumulative 3rd quarter period were JPY 48,452 million (up 124.2% YOY), and operating loss was JPY 314 million (operating loss in the same period last year was JPY 586 million).

Sales grew significantly during this consolidated cumulative 3rd quarter period as a result of expanded operations accompanying an expansion in the scope of the joint venture with Kelly Services, Inc. On the profit side, an operating loss of JPY 314 million was booked due to moving forward with establishing systems aimed at medium-term growth, .

⑤ ITO Segment

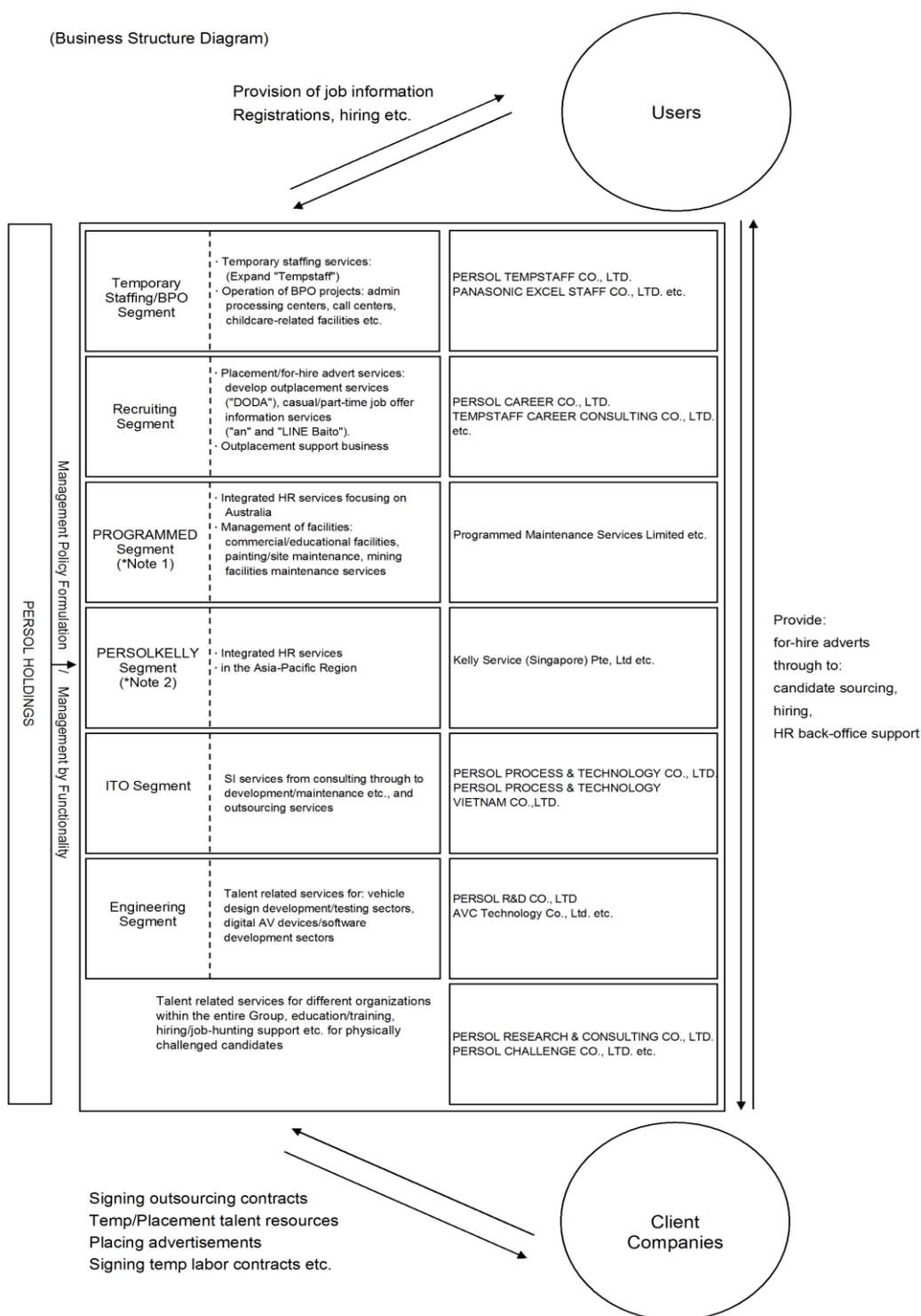
Sales in this segment amounted to JPY 21,004 million (up 11.7% YOY) during this consolidated cumulative 3rd quarter period, and operating profit was JPY 1,335 million (up 6.9% YOY).

Sales grew steadily during this consolidated cumulative 3rd quarter period due to high levels of orders for systems development related investments and SI related services from client firms, as well as PERSOL Group in-house systems development transactions etc. On the profit side, the increase in costs associated with retention of engineers, moves to improve the treatment of new hires, as well as expansion in HQ office space/work environment improvements etc. resulted in operating profit of JPY 1,335 million.

⑥ Engineering Segment

Sales in this segment amounted to JPY 20,154 million (up 4.8% YOY) during this consolidated cumulative 3rd quarter period, and operating profit was JPY 1,451 million (up 3.9% YOY).

Sales grew steadily during this consolidated cumulative 3rd quarter period due to continued strong demand for talent primarily centered on electronics and automotive industries etc. On the profit side, there were unprofitable projects where one-off cost increases arose which resulted in operating profit of JPY 1,451 million.



※ Note 1: This Segment was newly established consequent to the acquisition of Programmed Maintenance Services Limited shares on October 27, 2017.

※ Note 2: The name of the segment formerly known as the "Overseas" Segment has been changed to "PERSOLKELLY" Segment.

## (2) Explanation of financial position

### ① Status of assets, liabilities, and net asset

During this consolidated cumulative 3rd quarter period, total assets increased by JPY 123,970 million compared to the end of the end of the previous consolidated fiscal year consequent to the acquisition of Programmed Maintenance Services Limited shares. There was also an increase of JPY 118,129 million in total liabilities compared to the end of the end of the previous consolidated fiscal year due to loans arising to fund said share acquisition.

Current assets increased by JPY 46,840 million, and fixed assets increased by JPY 77,129 million. The main factors behind the increase in current assets were increases in: notes and accounts receivable (up by JPY 24,836 million), cash and deposits (up by JPY 9,755 million), and work in progress (up by JPY 9,681 million). The main reasons for the increase in fixed assets were increases in: goodwill (up by JPY 42,448 million), and trademark rights (up by JPY 7,017 million) etc.

Current liabilities increased by JPY 105,404 million, and non-current liabilities increased by JPY 12,724 million. The main reasons for the increase in current liabilities were increases in: short-term loans payable (up by JPY 75,719 million), and accounts payable -other (up by JPY 20,213 million) etc. The main reasons of the increase in non-current liabilities were increases in long-term accounts payable (up by JPY 6,190 million) and deferred tax liabilities (up by JPY 4,669 million).

Net assets increased by JPY 5,840 million compared to the end of the previous consolidated accounting period. The main cause was an increase in retained earnings of JPY 6,663 million due to payment of JPY 4,209 million in surplus dividends and posting 10,872 million in quarterly net profit attributable to parent company shareholders etc.

	Fiscal year ending Mar 2018 Consolidated cumulative 3rd quarter period	(FY End Mar 2017)
Return on Assets (ROA)	3.0%	7.6%
Return on equity (ROE)	7.6%	13.4%
Ratio of operating income to sales	5.2%	5.6%
Ratio of ordinary profit to sales	5.3%	5.8%
Current ratio	109.7%	188.0%
Fixed assets ratio	123.5%	74.1%
Equity ratio	37.2%	51.8%
Total assets	JPY 392,334 million	JPY 268,364 million
Equity capital	JPY 145,950 million	JPY 139,119 million
Cash & cash equivalents etc. at end of period	JPY 79,038 million	JPY 69,382 million

### ② Business and financial challenges that must be dealt with

There were no significant changes in this consolidated cumulative 3rd quarter period to the challenges that must be dealt with by PERSOL Group.

## (3) Explanation of future forecast information (consolidated results forecast etc.)

The full year FY March 2017 consolidated results forecast (made public on May 15, 2017) was revised in light of the following results trends etc.

- Consequent to the inclusion of Programmed Maintenance Services Limited in the consolidation, an increase in net sales is anticipated from the 4th quarter period onwards.
- A goodwill impairment loss of JPY 5,577 million was booked as an extraordinary loss during the consolidated cumulative 3rd quarter period.

## 2. Quarterly consolidated financial statements & main explanatory notes

### (1) Quarterly consolidated balance sheet

(Unit: JPY million)

	Previous consolidated accounting period (March 31, 2017)	This 3rd quarter consolidated accounting period (December 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	69,439	79,194
Notes and accounts receivable-trade	83,260	108,097
Deferred tax assets	4,597	3,275
Work in process	677	10,358
Other	7,885	11,630
Allowance for doubtful accounts	-619	-474
<b>Total current assets</b>	<b>165,240</b>	<b>212,081</b>
Non-current assets		
Tangible fixed assets		
Buildings and structures, net	2,231	3,377
Tools, furniture and fixtures, net	1,263	1,227
Land	803	803
Other, net	541	2,706
<b>Tangible fixed assets total</b>	<b>4,840</b>	<b>8,114</b>
Intangible assets		
Trademark rights	4,995	12,013
Goodwill	68,561	110,010
Other	9,310	21,239
<b>Intangible assets total</b>	<b>82,867</b>	<b>144,263</b>
Investments and other assets		
Investment securities	7,782	12,186
Guarantee deposits	5,765	6,004
Deferred tax assets	1,371	1,330
Other	547	8,378
Allowance for doubtful accounts	-51	-25
<b>Investments and other assets total</b>	<b>15,415</b>	<b>27,874</b>
<b>Non-current assets total</b>	<b>103,123</b>	<b>180,252</b>
<b>Total Assets</b>	<b>268,364</b>	<b>392,334</b>

(Unit: JPY million)

	Previous consolidated accounting period (March 31, 2017)	This 3rd quarter consolidated accounting period (31 Dec 2017)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,490	1,683
Short-term loans payable	413	76,133
Current portion of long-term loans payable	4,640	4,640
Accounts payable - other	47,627	67,840
Income taxes payable	8,315	4,450
Accrued consumption taxes	9,619	12,538
Provision for bonuses	9,063	5,232
Provision for Directors' bonuses	173	2
Provisions - other	–	809
Other	6,569	19,985
<b>Total current liabilities</b>	<b>87,913</b>	<b>193,317</b>
Non-current liabilities		
Convertible bonds with subscription rights to shares	31	27
Long-term loans payable	20,426	26,616
Deferred tax liabilities	2,793	7,463
Net defined benefit liability	1,093	1,142
Long-term accounts payable-other	2,197	2,333
Provision for share benefits	–	96
Provision for Directors' share benefits	–	73
Provisions - other	–	296
Other	92	1,309
<b>Non-current liabilities total</b>	<b>26,634</b>	<b>39,358</b>
<b>Total liabilities</b>	<b>114,547</b>	<b>232,676</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	17,465	17,467
Capital surplus	20,156	20,182
Retained earnings	102,432	109,096
Treasury shares	-3,328	-4,577
<b>Total shareholders' equity</b>	<b>136,725</b>	<b>142,168</b>
Accumulated other comprehensive income		
Valuation difference on marketable securities	2,203	2,927
Foreign currency translation adjustment	190	854
<b>Total accumulated other comprehensive income</b>	<b>2,394</b>	<b>3,781</b>
<b>Non-controlling interests</b>	<b>14,696</b>	<b>13,707</b>
<b>Total net assets</b>	<b>153,816</b>	<b>159,657</b>
<b>Total liabilities and net assets</b>	<b>268,364</b>	<b>392,334</b>

(2) Quarterly consolidated profit and loss statement & quarterly consolidated comprehensive income statement  
 (Quarterly consolidated profit and loss statement)  
 (Consolidated cumulative 3rd quarter period)

(Unit: JPY million)

	Previous consolidated cumulative 3rd quarter period (From April 1, 2016 to Dec 31, 2016)	This consolidated cumulative 3rd quarter period (From April 1, 2017 to Dec 31, 2017)
Net sales	429,560	495,085
Cost of sales	324,764	376,761
Gross profit on sales	104,795	118,323
Selling, general and administrative expenses (SGA)	79,507	92,424
Operating profit	25,287	25,899
Non-operating income		
Interest income	8	22
Dividends income	78	111
Subsidy income	175	503
Compensation income	60	—
Share of profit of entities accounted for using equity method	69	56
Other	196	103
Total non-operating income	589	796
Non-operating expenses		
Interest expenses	117	111
Foreign exchange losses	8	444
Other	42	34
Total non-operating expenses	168	591
Ordinary profit	25,708	26,104
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	2
Gain on revision of retirement benefit plan	187	—
Gain on sales of investment securities	—	65
Gain on sales of fixed assets	0	0
Extraordinary income total	187	68
Extraordinary losses		
Impairment loss	422	5,584
Loss on valuation of investment securities	—	28
Loss on revision of retirement benefit plan	—	261
Early extra retirement payments	207	17
Loss on disposal of non-current assets	0	—
Total extraordinary losses	629	5,891
Net quarterly profit before taxes etc.	25,266	20,281
Corporate tax, resident tax, and business tax	8,695	9,001
Corporate tax etc.-deferred	570	1,382
Total corporate taxes etc.	9,265	10,384
Quarterly net profit	16,000	9,896
Quarterly net profit attributable to non-controlling interests	975	-975
Quarterly net profit attributable to parent company shareholders	15,024	10,872

(Quarterly consolidated comprehensive income statement)  
(Consolidated cumulative 3rd quarter period)

(Unit: JPY million)

	Previous consolidated cumulative 3rd quarter period (From April 1, 2016 to Dec 31, 2016)	This consolidated cumulative 3rd quarter period (From April 1, 2017 to Dec 31, 2017)
Quarterly net profit	16,000	9,896
Other comprehensive income		
Valuation difference on marketable securities	572	723
Foreign currency translation adjustment	-1,766	783
Retirement benefit adjustment funds	194	-
Total other comprehensive income	-1,000	1,506
Quarterly comprehensive income	14,999	11,403
(Breakdown)		
Quarterly comprehensive income attributable to parent company shareholders	14,318	12,268
Quarterly comprehensive income attributable to non-controlling interests	681	-864

(3) Explanatory notes regarding quarterly consolidated financial statements

(Explanatory notes regarding ongoing concern assumptions)

No applicable matters.

(Explanatory notes in the event there are significant changes in the amount of shareholders' equity)

No applicable matters.

(Application of special accounting treatment when preparing the quarterly consolidated financial statements)

No applicable matters.

(Segment information etc.)

1. Information regarding sales, profits or losses for each reporting segment

Previous consolidated cumulative 3rd quarter period (from April 1, 2016 to December 31, 2016)

(Unit: JPY million)

	Reporting segment							Other Note: 1.	Total	Adjustment amount Note: 2	Quarterly consolidated profit and loss statement Note: 3
	Temporary Staffing/BPO	Recruiting	PROGR- AMMED	PERSOL KELLY	ITO	Engineering	Total amount				
Sales											
Sales to external clients	324,164	47,384	-	21,609	14,096	19,221	426,476	3,020	429,497	62	429,560
Internal sales or transfers between segments	1,219	399	-	3	4,714	11	6,349	1,975	8,324	-8,324	—
Total amount	325,384	47,783	-	21,612	18,811	19,233	432,825	4,996	437,821	-8,261	429,560
Segment profits or losses (-)	15,422	6,697	-	-586	1,249	1,397	24,179	271	24,451	836	25,287

This consolidated cumulative 3rd quarter period (from April 1, 2017 to December 31, 2017)

(Unit: JPY million)

	Reporting segment							Other Notes: 1.	Total	Adjustment amount Notes: 2.	Quarterly consolidated profit and loss statement Notes: 3.
	Temporary Staffing/BPO	Recruiting	PROGR- AMMED	PERSOL KELLY	ITO	Engineering	Total amount				
Sales											
Sales to external clients	357,685	52,081	-	48,405	15,528	20,148	493,848	1,235	495,084	0	495,085
Internal sales or transfers between segments	1,577	655	-	47	5,476	6	7,762	1,887	9,649	-9,649	-
Total amount	359,263	52,736	-	48,452	21,004	20,154	501,611	3,123	504,734	-9,648	495,085
Segment profits or losses (-)	16,908	6,890	-804	-314	1,335	1,451	25,466	-139	25,327	572	25,899

Notes: 1. The "Other" category refers to business segments that are not included in reporting segments that include HR services which fulfill Group-wide functions such as: shared-services, education and training etc.

2. Details of these revisions are as follows.

(Unit: JPY million)

	Previous consolidated cumulative 3rd quarter period	This consolidated cumulative 3rd quarter period
Inter-segment write-offs	-44	-214
Company-wide revenues ※1	4,010	5,977
Company-wide expenses ※2	-3,129	-5,190
Total	836	572

※1. Company-wide revenues: mainly business management fees from Group companies, and dividends received.

※2. Company-wide expenses: mainly expenses arising in PHD related to management of Group companies.

3. Segment profit and loss: Adjusted with operating profit calculated in the quarterly consolidated profit and loss statement.

## 2. Information relating to assets of each reporting segment

Previous consolidated cumulative 3rd quarter period (from April 1, 2016 to December 31, 2016)

During the consolidated cumulative 2<sup>nd</sup> quarter period, a new acquisition of Kelly Services (Singapore) Pte. Ltd. shares took place, and its subsidiaries are included in the scope of consolidation. Accordingly, compared with the end of the previous consolidated accounting period, the amount of assets in reporting segments during this consolidated cumulative 3rd quarter period increased by JPY 13,988 million in the PERSOLKELLY Segment.

This consolidated cumulative 3rd quarter period (from April 1, 2017 to December 31, 2017)

During this consolidated cumulative 3rd quarter period, a new acquisition of Programmed Maintenance Services Limited shares took place, and its subsidiaries have been included in the scope of consolidation. Accordingly, compared with the end of the previous consolidated accounting period, the amount of assets in reporting segments during this consolidated cumulative 3rd quarter period increased by JPY 128,392 million in the PROGRAMMED Segment.

## 3. Matters relating to reporting segment changes etc.

From the fiscal year ending Mar 2016 PERSOL Group began operating with 4 reporting segments: Temporary Staffing/BPO, ITO, Engineering, and Recruiting. The aim was to: strengthen strategy design capabilities, promote strategy, clarify responsibilities in response to a rapidly changing market, and to achieve nimble management decision making.

Greater importance of the Overseas Segment was acknowledged, and from the fiscal year ending March 2018 the Overseas Segment (previously included in the Recruiting Segment) was established as a separate "Overseas" Segment. A transition will be made to a system comprised of five reporting segments (Temporary Staffing/BPO, Recruiting, Overseas, ITO, and Engineering) to improve future management lines of reporting.

During this consolidated cumulative 3rd quarter period, a new acquisition of Programmed Maintenance Services Limited shares took place, and its subsidiaries have been included in the scope of consolidation. Accordingly, companies in the ambit of the Programmed Ltd group of companies will form the newly created "PROGRAMMED" Segment, and the segment demarcation formerly known as the "Overseas" Segment will undergo a name change and become the "PERSOLKELLY" Segment. This transition will be manifested into 6 reporting segments: Temporary Staffing/BPO, Recruiting, PROGRAMMED, PERSOLKELLY, ITO, and Engineering.

Moreover, segment information relating to the previous consolidated cumulative 3rd quarter period has been released after being created in accordance with reporting segment classifications applied during this consolidated cumulative 3rd quarter period.

## 4. Information concerning impairment losses of non-current assets or goodwill etc. in each reporting segment (Significant impairment losses relating to non-current assets)

Previous consolidated cumulative 3rd quarter period (from April 1, 2016 to December 31, 2016)

At the PERSOL Management Committee meeting held on September 2, 2016, a resolution was passed

for an absorption-type company split to take place on January 1, 2017 with consolidated subsidiary Tempstaff Technology Co., Ltd. in respect to the engineer temporary staffing business of consolidated subsidiary Intelligence, Co., Ltd. To maximize future business synergies, trademarks applied to the engineer temporary staffing sector will be reduced in price because the "Intelligence" trademark will no longer be used in PERSOL's engineer temporary staffing sector. As a result of this event, an impairment loss of JPY 280 million was booked in relation to the Temporary Staffing/BPO Segment.

Furthermore, consolidated subsidiary Medicross Co., Ltd. goodwill was booked at the time the shares were acquired however, due to decline in profitability, the book value has been reduced to a recoverable amount. As a result of this event, an impairment loss of JPY 141 million was booked in relation to the Temporary Staffing/BPO Segment.

This consolidated cumulative 3rd quarter period (from April 1, 2017 to December 31, 2017)

Goodwill was calculated at the time when shares were acquired in consolidated subsidiaries Capita Pte. Ltd., First Alliances Co., Ltd., Kelly Services (Singapore) Pte. Ltd., and Kelly Services (India) Pvt. Ltd. However, due to a decline in profitability the value has diminished to a point where book value is the recoverable amount. As a result of these circumstances, an impairment loss of JPY 5,577 million was booked in relation to the PERSOLKELLY Segment.

(Important changes to goodwill amounts)

Previous consolidated cumulative 3rd quarter period (from April 1, 2016 to December 31, 2016)

Goodwill amortization in the PERSOLKELLY Segment increased by JPY 4,361 million as a result of the acquisition of shares in Kelly Services (Singapore) Pte. Ltd. on July 4, 2016 and making it a new consolidated subsidiary.

This consolidated cumulative 3rd quarter period (from April 1, 2017 to December 31, 2017)

Goodwill in the PROGRAMMED Segment increased by JPY 52,583 million as a result of the acquisition of shares in Programmed Maintenance Services Limited on October 27, 2017 and making it a new consolidated subsidiary.

#### (Corporate Mergers & Acquisitions Related)

This consolidated cumulative 3rd quarter period (from April 1, 2017 to December 31, 2017)

(Corporate mergers by acquisition)

Acquisition of Programmed Maintenance Services Limited

##### 1. Overview of the corporate merger & acquisition

###### (1) Name & business outline of the corporation subject to acquisition

Name of the corporation subject to acquisition: Programmed Maintenance Services Limited (hereinafter "Programmed Ltd.")

Business outline: Placement/recruitment, temporary staffing, equipment/facilities maintenance

###### (2) Main reasons for the corporate merger & acquisition

PHD's overseas business interests: In 2010 a strategic business alliance agreement was signed with Kelly Services Inc. (a major US-based HR services company), and in 2012, both firms launched a joint venture in North Asia. In addition, in 2016, the joint venture was expanded to cover the entire Asia Pacific region and currently focuses on temporary staffing, placement, and HR management consulting. The JV is currently developing business in 12 countries and regions: PRC, Hong Kong, South Korea, Taiwan, Singapore, Vietnam, Indonesia, Malaysia, Thailand, India, New Zealand, and Australia.

On the other hand, Programmed Ltd. was established as a painting services company in 1951, and after mergers with a major Australian HR services company etc., is presently a leading HR services and maintenance company. Programmed Ltd. focuses on the HR services sector (temporary staffing and placement), and facilities management (commercial facilities/schools), painting, land development, and mine facility maintenance. Programmed Ltd. had consolidated sales of AUD 2,691 million and consolidated EBITDA of AUD 96 million in the fiscal year ended March 2017.

PERSOL decided to pursue this share acquisition seeking to further expand its business in future by combining the strong business foundations of both companies - the know-how and customer base

cultivated in the Asia Pacific region by PERSOL together with the scale/results of Programmed Ltd. in Australia etc.

- (3) Corporate merger & acquisition date  
October 27, 2017
- (4) Legal form of the corporate merger & acquisition, and corporate name post-acquisition  
Legal form of the corporate merger & acquisition: Shares acquired for cash consideration.  
Corporate name post-acquisition: There will be no change to the corporate name after the corporate merger & acquisition takes place.
- (5) Ratio of voting rights acquired  
100%
- (6) Main basis for deciding to acquire the corporation  
The acquisition of shares was effected by PERSOL HOLDINGS paying cash consideration via an Australian subsidiary company.

2. Period of results for the corporation subject to acquisition included in the quarterly consolidated profit and loss statement pertaining to the quarterly consolidated cumulative period

The closing day of the consolidated cumulative 3rd quarter period for the corporation subject to acquisition is September 30; which differs from the closing day of the consolidated cumulative 3rd quarter period for PERSOL Group by 3 months. Furthermore, September 30, 2017 has been deemed the corporate merger & acquisition date of acquisition and as such, the results of the corporation subject to acquisition have not been included in this 3rd quarter.

3. Itemized cost price of the corporation subject to acquisition, and kind of consideration

<u>Cost price of the acquisition</u>	<u>Cash</u>	<u>JPY 66,075 million</u>
Acquisition cost price		JPY 66,075 million

4. Moneys occurring in relation to goodwill, causes for the occurrence, amortization method, and amortization period.

(1) Monetary amounts of goodwill that occurred

JPY 52,583 million

In addition, distribution of the acquisition cost price was not completed as at the end of this consolidated cumulative 3rd quarter period, so the monetary amount of goodwill as such, is a provisionally calculated amount.

(2) Causes of this occurrence

The main causes were that it was judged that there was potential for mutual utilization of infrastructure, brand-power, owned by PERSOL Group and the corporation subject to acquisition, and potential for generation of beneficial business synergies and the anticipation of excess earnings.

(3) Amortization method & amortization period

Goodwill will be uniformly amortized over 10 years and 20 years.