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November 5, 2021

## Consolidated Financial Results Announcement for the First Three Quarters of the Fiscal Year Ending December 31, 2021 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.  
 Stock exchange listing: First Section of the Tokyo Stock Exchange  
 Stock code: 4848  
 URL: <https://www.fullcastholdings.co.jp>  
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 Date of submission of quarterly report (Planned): November 12, 2021  
 Date of commencements of dividend payments (Planned): -  
 Preparation of supplementary references regarding financial results: Yes (shown on our website)  
 Briefing for quarterly results: None

(Figures are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending December 31, 2021 (January 1 to September 30, 2021)

#### (1) Consolidated Business Results

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q-3Q FY12/21 (September 30, 2021)	38,076	19.3	5,804	24.2	5,827	24.0	3,840	21.2
1Q-3Q FY12/20 (September 30, 2020)	31,914	(2.5)	4,672	(13.0)	4,699	(14.2)	3,167	(12.5)

(Note) Comprehensive income: 4,124 million yen (42.0%) as of September 30, 2021    2,904 million yen ((29.3)%) as of September 30, 2020

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q-3Q FY12/21 (September 30, 2021)	105.20		104.68	
1Q-3Q FY12/20 (September 30, 2020)	85.92		85.44	

#### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
3Q FY12/21 End (September 30, 2021)	26,631	19,468	69.2
FY12/20 End	23,953	17,396	68.9

(Reference) Equity: 18,429 million yen as of September 30, 2021    16,504 million yen as of December 31, 2020

### 2. Dividend Status

	Dividend per share (Yen)				
	1Q End	1H End	3Q End	FY End	Annual
FY12/20	-	19.00	-	22.00	41.00
FY12/21	-	21.00	-		
FY12/21 Forecast				23.00	44.00

(Note) Revision of dividends forecast during the current third quarter: Yes

### 3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2021 (January 1 to December 31, 2021)

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	51,100	18.2	7,550	23.1	7,570	22.5	5,024	22.2	137.68

(Note) Revision of consolidated business forecasts in the current third quarter: Yes

#### \* Notes

(1) Important changes of subsidiaries during the current first three quarters: None

(Changes in specific subsidiaries involving changes in the scope of consolidation)

(2) Application of special accounting treatment in the production of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates, and re-presentation of changes

1) Changes in accounting policies associated with revisions of accounting principles and others: None

2) Changes in accounting policies other than those mentioned in 1) above: None

3) Changes in accounting estimates: None

4) Re-presentation of changes: None

(4) Number of issued shares (Ordinary shares)

1) Number of issued shares at the term end (Including treasury shares)

3Q FY12/21	37,486,400	FY12/20	38,486,400
3Q FY12/21	1,027,740	FY12/20	1,777,898
3Q FY12/21	36,499,238	3Q FY12/20	36,859,475

2) Number of treasury shares at the term end

3) Average number of shares outstanding during the current term

\* Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing corporation.

#### \* Explanations of the proper use of financial business forecasts and other important notes

Of all plans, business forecasts, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management's judgments based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecasts due to various factors. Important factors that may have an impact upon our actual financial results include: (1) economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts. However, factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to page 3 "1-(3) Explanation of Consolidated Business Forecasts" of the "Appendix".

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## 1. Qualitative Information Concerning Performance for the Current Quarter

### (1) Explanation of Consolidated Operating Results

Amid the severe economic conditions that persist due to the COVID-19 pandemic, Japan's economy in the first three quarters of the current fiscal year continued to experience a challenging situation. While a recovery trend continues despite low production in part, struggling corporate revenue in part of the non-manufacturing sector, and lingering severity in some companies' business sentiment, the pace of recovery is slowing. Economic conditions are expected to continue to undergo a recovery given the effects of various government policies and improvements seen in overseas economies on the back of measures to prevent the spread of COVID-19 and the vaccination roll out. However, the economic horizon remains unclear and requires close monitoring of the rising downside risks caused by impacts throughout the supply chain and developments of the pandemic inside and outside Japan, along with the impacts from the volatility of financial and capital markets.

The current operating environment surrounding the staffing service industry remains weak due to the impacts of COVID-19, including a declining new job offers-to-applicants ratio. Despite this, there are signs of resilience as the rising number of effective job offers. With regard to the future outlook, the staffing service business climate is expected to remain steady but there are also concerns of growing weakness caused by adjustments to employment conditions. Therefore, close attention needs to be paid to the influences of COVID-19.

Against this backdrop, in the first three quarters, the Fullcast Group implemented group management activities to achieve our goal of "quickly restoring performance using customer-first approaches by addressing the external environment in a flexible manner." The Group also carried out marketing activities towards quick restoration of business were implemented with an emphasis on boosting overall profitability of the Fullcast Group, particularly in the mainstay "Placement" (Note 1) and "BPO" (Note 2) services. In addition, our Company made preparations to further expand its business while fortifying our capabilities as a robust organization to maximize profits by continuing to increase productivity and promote operational efficiencies across our entire Group.

Consolidated net sales increased by 19.3% year-on-year to 38,076 million yen driven by the sales growth in the "Short-Term Operational Support Business", due mainly to the continued recovery in client demand throughout the third quarter and acquisition of public sector projects mainly related to the vaccination roll out, despite the negative impacts associated with the persistent spread of COVID-19 and Japan's re-issuance of states of emergency.

In terms of profits, consolidated operating profit increased by 24.2% year-on-year to 5,804 million yen, with consolidated ordinary profit rising by 24.0% year-on-year to 5,827 million yen, as client demand continued the recovery trend, despite the impacts of COVID-19.

Profit attributable to owners of parent increased by 21.2% year-on-year to 3,840 million yen due to the increase in consolidated ordinary profit, although 250 million yen of gain on the sale of investment securities was booked as an extraordinary income following the partial sale of investment securities in the same period of the previous fiscal year.

Furthermore, the Group acquired shares of Progress, Inc. on April 1, 2021, making it a consolidated subsidiary. In addition, BOD Alpha Co., Ltd. and HR Management Co., Ltd. executed an absorption-type merger where BOD Alpha Co., Ltd. was the surviving company and HR Management Co., Ltd. was the extinct company, with the trade name of the company was changed to HR Management Co., Ltd on July 1, 2021.

- Notes:
1. The mainstay "Part-Time Worker Placement" service is referred to as "Placement".
  2. The mainstay "Part-Time Work Payroll Management" services, as well as other personnel and labor-related business process outsourcing (BPO) services such as the "My Number Management" service, and the back office BPO services of BOD Co., Ltd. are referred to as "BPO".

The results for each of our business segments are as follows.

#### 1) Short-Term Operational Support Business

Net sales of the "Short-Term Operational Support Business" increased by 24.9% year-on-year to 33,528 million yen, due mainly to the ongoing recovery in client demand throughout the third quarter and acquisition of public sector projects mainly related to the vaccination roll out, despite the negative impacts associated with the persistent spread of COVID-19 and Japan's re-issuance of states of emergency.

Segment profit (Operating profit) increased by 30.3% year-on-year to 6,085 million yen as client demand continued the recovery trend, despite the impacts of COVID-19.

## 2) Sales Support Business

Net sales of the “Sales Support Business” decreased by 19.7% year-on-year to 2,790 million yen, due mainly to the impact of COVID-19 on the entertainment business and the exclusion of NIHON DENKI SERVICE Co., Ltd. (currently, ENECLOUD, Inc.) from the scope of consolidation, compared to the same period of the previous fiscal year when temporary telework demand under Japan’s state of emergency as special demand in the sale of Internet access, which is a mainstay business.

Segment profit (Operating profit) decreased by 75.3% year-on-year to 106 million yen due mainly to the drop in net sales.

## 3) Security, Other Businesses

Net sales of the “Security, Other Businesses” increased by 10.5% year-on-year to 1,758 million yen due to an increase in permanent security projects and an increase in temporary security projects, including demand for the Olympic and Paralympic Games, despite the challenging environment under Japan’s state of emergency.

Segment profit (Operating profit) increased by 30.5% year-on-year to 260 million yen due to the increase in net sales.

## (2) Explanation of Consolidated Financial Position

### Assets, Liabilities and Net Assets

At the end of the third quarter, total assets increased by 2,677 million yen from the end of the previous fiscal year to 26,631 million yen. Equity increased by 1,925 to 18,429 million yen (Equity ratio of 69.2%), and net assets grew by 2,072 to 19,468 million yen.

Details of major changes in assets and liabilities are described as follows.

With regards to assets, current assets increased by 2,538 million yen from the end of the previous fiscal year to 21,842 million yen. This increase is attributed mainly to increases in notes and accounts receivable-trade of 1,588 to 7,259 million yen and in cash and deposits of 937 to 14,246 million yen.

Non-current assets increased by 140 million yen from the end of the previous fiscal year to 4,789 million yen. This increase is attributed mainly to an increase in investment securities of 255 to 2,177 million yen, which offset a decrease in goodwill of 115 to 659 million yen.

With regard to liabilities, current liabilities increased by 528 million yen from the end of the previous fiscal year to 6,238 million yen. This increase is attributed mainly to increases in income taxes payable of 295 to 809 million yen, accounts payable-other of 234 to 1,402 million yen, and provision for bonuses of 227 to 327 million yen, which offset decreases in accrued expenses of 92 to 1,134 million yen, other under current liabilities of 79 to 338 million yen (due primarily to a decline in social insurance deposits of 210 to 56 million yen compared to an increase in withholding income tax deposits of 124 to 222 million yen), and accrued consumption taxes of 45 to 1,159 million yen.

Non-current liabilities rose by 78 million yen from the end of the previous fiscal year to 925 million yen. This rise is attributed mainly to increases in other under non-current liabilities of 41 to 197 million yen due mainly to an rise in deferred tax liabilities of 40 to 62 million yen, and retirement benefit liability of 37 to 728 million yen.

## (3) Explanation of Consolidated Business Forecasts

As stated in the “Announcement on Revisions to the Full-Year Consolidated Business Forecast and Year-End Dividend Forecast” released on November 5, 2021, consolidated business results for the first three quarters of the fiscal year ending December 2021 were strong versus the revised full-year business forecast announced on August 6, 2021 with the progress exceeding 75% of the performance indicators. This strong performance was due primarily to

the successful acquisition of stronger than expected demand for staffing services because of the continued recovery in company demand in the mainstay “Short-Term Operational Support Business” throughout the third quarter despite Japan’s state of emergency, and also because we acquired staffing demand from the public sector mainly related to the vaccination roll out. In addition, we expect a continued recovery in client demand during the fourth quarter heading into the final month of the fiscal year and expect to continue to acquire staffing demand from the public sector mainly related to the vaccination roll out. Therefore, we made upward revisions to the full-year consolidated business forecast for the fiscal year ending December 2021.

Furthermore, our revised forecasts are based on our assumption that Japan will not issue a state of emergency again in the remainder of the fiscal year ending December 2021. Note that actual earnings could differ largely from forecasts due to various factors.

**2. Quarterly Consolidated Financial Statements and Primary Notes****(1) Quarterly Consolidated Balance Sheet**

(Million yen)

	FY12/20 End (December 31, 2020)	3Q FY12/21 End (September 30, 2021)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,309	14,246
Notes and accounts receivable - trade	5,671	7,259
Merchandise	22	36
Supplies	13	11
Other	313	318
Allowance for doubtful accounts	(24)	(29)
<b>Total current assets</b>	<b>19,304</b>	<b>21,842</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	264	280
Tools, furniture and fixtures, net	186	154
Land	184	184
Other, net	1	0
<b>Total property, plant and equipment</b>	<b>634</b>	<b>618</b>
Intangible assets		
Goodwill	774	659
Other	321	321
<b>Total intangible assets</b>	<b>1,096</b>	<b>980</b>
Investments and other assets		
Investment securities	1,921	2,177
Other	1,042	1,047
Allowance for doubtful accounts	(44)	(33)
<b>Total investments and other assets</b>	<b>2,919</b>	<b>3,191</b>
<b>Total non-current assets</b>	<b>4,649</b>	<b>4,789</b>
<b>Total assets</b>	<b>23,953</b>	<b>26,631</b>

(Million yen)

	FY12/20 End (December 31, 2020)	3Q FY12/21 End (September 30, 2021)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	21	25
Short-term borrowings	1,000	1,000
Accounts payable - other	1,167	1,402
Accrued expenses	1,226	1,134
Income taxes payable	514	809
Accrued consumption taxes	1,204	1,159
Provision for bonuses	100	327
Allowance for subscription cancellations	60	43
Other	417	338
Total current liabilities	5,710	6,238
Non-current liabilities		
Retirement benefit liability	691	728
Other	156	197
Total non-current liabilities	847	925
Total liabilities	6,557	7,163
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	14,721	15,209
Treasury shares	(3,099)	(1,843)
Total shareholders' equity	16,408	18,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128	265
Foreign currency translation adjustment	(33)	12
Total accumulated other comprehensive income	95	277
Share acquisition rights	162	143
Non-controlling interests	730	896
Total net assets	17,396	19,468
Total liabilities and net assets	23,953	26,631



**(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

## Quarterly Consolidated Statement of Income

[First Three Quarters of the Current Fiscal Year]

	(Million yen)	
	1Q-3Q FY12/20 (January 1 to September 30, 2020)	1Q-3Q FY12/21 (January 1 to September 30, 2021)
Net sales	31,914	38,076
Cost of sales	18,638	24,749
Gross profit	13,276	13,327
Selling, general and administrative expenses	8,605	7,524
Operating profit	4,672	5,804
Non-operating income		
Dividend income	2	2
Share of profit of entities accounted for using equity method	85	36
Revenue-advertising	1	31
Other	55	38
Total non-operating income	143	108
Non-operating expenses		
Interest expenses	5	5
Settlement package	34	34
Compensation expenses	-	18
Other	76	28
Total non-operating expenses	115	85
Ordinary profit	4,699	5,827
Extraordinary income		
Gain on sale of investment securities	250	20
Other	18	2
Total extraordinary income	268	22
Extraordinary losses		
Loss on retirement of non-current assets	8	15
Loss on COVID-19	26	27
Other	10	0
Total extraordinary losses	44	42
Profit before income taxes	4,924	5,807
Income taxes - current	1,540	1,933
Income taxes - deferred	(18)	(56)
Total income taxes	1,522	1,878
Profit	3,402	3,929
Profit attributable to non-controlling interests	235	90
Profit attributable to owners of parent	3,167	3,840

## Quarterly Consolidated Statement of Comprehensive Income

[First Three Quarters of the Current Fiscal Year]

(Million yen)

	1Q–3Q FY12/20 (January 1 to September 30, 2020)	1Q–3Q FY12/21 (January 1 to September 30, 2021)
Profit	3,402	3,929
Other comprehensive income		
Valuation difference on available-for-sale securities	(458)	150
Foreign currency translation adjustment	(40)	46
Total other comprehensive income	(498)	195
Comprehensive income	2,904	4,124
(Comprehensive income attributable to)		
Owners of parent	2,694	4,021
Non-controlling interests	210	103

**(3) Notes on Quarterly Consolidated Financial Statements**

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Significant Change of Shareholders' Equity)

(Cancellation of treasury shares)

The Company cancelled 1,000,000 treasury shares on February 16, 2021 based on the resolution passed at the meeting of the Board of Directors held on February 12, 2021. As a result, in the first three quarters, retained earnings and treasury shares each declined by 1,742 million yen, and as of the end of the third quarter, retained earnings totaled 15,209 million yen and treasury shares, 1,843 million yen.

(Segment Information and Others)

[Segment information]

First Three Quarters of the Previous Fiscal Year (January 1 to September 30, 2020)

Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	26,847	3,476	1,591	31,914	-	31,914
Inter-segment sales or transfers	12	0	7	19	(19)	-
Total	26,859	3,476	1,598	31,933	(19)	31,914
Segment profit	4,669	430	199	5,298	(626)	4,672

- Notes: 1. (0) million yen in inter-segment eliminations and (626) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (626) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit is adjusted with operating profit as listed in quarterly consolidated statement of income.

First Three Quarters of the Current Fiscal Year (January 1 to September 30, 2021)

Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	33,528	2,790	1,758	38,076	-	38,076
Inter-segment sales or transfers	11	9	6	26	(26)	-
Total	33,539	2,799	1,764	38,102	(26)	38,076
Segment profit	6,085	106	260	6,451	(647)	5,804

- Notes: 1. (8) million yen in inter-segment eliminations and (639) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (647) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit is adjusted with operating profit as listed in quarterly consolidated statement of income.

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

There are no material changes regarding the assumptions regarding the impacts of the COVID-19 pandemic stated in the securities report for the previous fiscal year, “Additional Information”, “Accounting Estimates Associated with the COVID-19 Pandemic”.

(Treatment of Application of Tax Effect Accounting Related to the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

Regarding the transition to a Group Tax Sharing System newly established under the Act Partially Amending the Income Tax Act and Other Acts (No. 8 of 2020), and the reviewed matters of the Non-Consolidated Taxation System when transitioning to a Group Tax Sharing System, Fullcast Holding and some of its subsidiaries have not applied the provisions of paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28; February 16, 2018) due to the treatment stipulated in paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39; March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law prior to amendment.