Consolidated Business Results for the First Three Quarters of the Fiscal Year Ending December 2021 (Jan.–Sep. 2021)

FULLCAST HOLDINGS CO., LTD. (4848)

November 5, 2021

Agenda

1. Revision to Full-Year Business Forecast for FY12/21
2. Revision to Year-End Dividend Forecast for FY12/21
3. 3Q FY12/21 Consolidated Business Highlights (Jan.–Sep. 2021)
4. 3Q FY12/21 Segment Highlights (Jan.–Sep. 2021)
5. 3Q FY12/21 Progress Relative to Business Forecast

1. Revision to Full-Year Business Forecast for FY12/21

Consolidated: Revision to Full-Year Business Forecast for FY12/21

- 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.
- At the Board of Directors' Meeting held on November 5, 2021, we resolved to revise the full-year consolidated business forecast for the fiscal year ending December 2021.
- 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.
- 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.

(Million yen)

	Results for 3Q FY12/21	Previously announced forecast (August 6, 2021) (A)	Rate of progress	Revised forecast (November 5, 2021) (B)	Difference (B – A)	Rate of change
Net sales	38,076	47,840	79.6%	51,100	3,260	6.8%
Gross profit	13,327	17,370	76.7%	18,034	664	3.8%
Operating profit	5,804	7,000	82.9%	7,550	550	7.9%
Ordinary profit	5,827	7,040	82.8%	7,570	531	7.5%
Profit attributable to owners of parent	3,840	4,645	82.7%	5,024	379	8.2%
Basic earnings per share (yen)	105.2	127.3	82.6%	137.7	10.4	8.1%

(Reference)

ROE	-	26.2%	-	28.0%	-	1.8PT

Consolidated: Revision to Full-Year Business Forecast for FY12/21 (Net Sales by Segment)

- We plan to continue focusing on restoring the performance of “Placement” and “BPO” services, both mainstay services of the “Short-Term Operational Support Business”.
- The net sales forecast for the services in the “Short-Term Operational Support Business” assumes that we will see a continuation in the recovery of client demand in the fourth quarter heading into the final month of the fiscal year and that we will continue to acquire staffing demand from the public sector mainly related to the vaccination roll out.

(Million yen)

		Results for 3Q FY12/21	Previously announced forecast (A)	Rate of progress	Revised forecast (B)	Difference (B－A)	Rate of change
Short-Term Operational Support Business	Net sales	33,528	41,699	80.4%	45,171	3,472	8.3%
	Placement	3,458	4,736	73.0%	4,865	129	2.7%
	BPO	5,214	6,680	78.1%	7,086	407	6.1%
	Dispatching	21,368	26,028	82.1%	28,472	2,445	9.4%
	Outsourcing	3,488	4,256	81.9%	4,748	492	11.5%
Sales Support Business	Net sales	2,790	3,842	72.6%	3,629	(213)	(5.5)%
Security, Other Businesses	Net sales	1,758	2,299	76.5%	2,300	2	0.1%
Consolidated	Net sales	38,076	47,840	79.6%	51,100	3,260	6.8%

2. Revision to Year-End Dividend Forecast for FY12/21

Revision to Year-End Dividend Forecast for FY12/21

- The year-end dividend forecast has been changed from 22 to 23 yen per share, up 3 yen over the previous year on a full-year basis, according to revisions to the business forecast.

Revision to year-end dividend forecast

	Previous forecast (August 6, 2021)	Revised forecast (November 5, 2021)	Results for the previous term (year-end dividend for FY12/20)
Dividend paid per share	22 yen	23 yen	22 yen

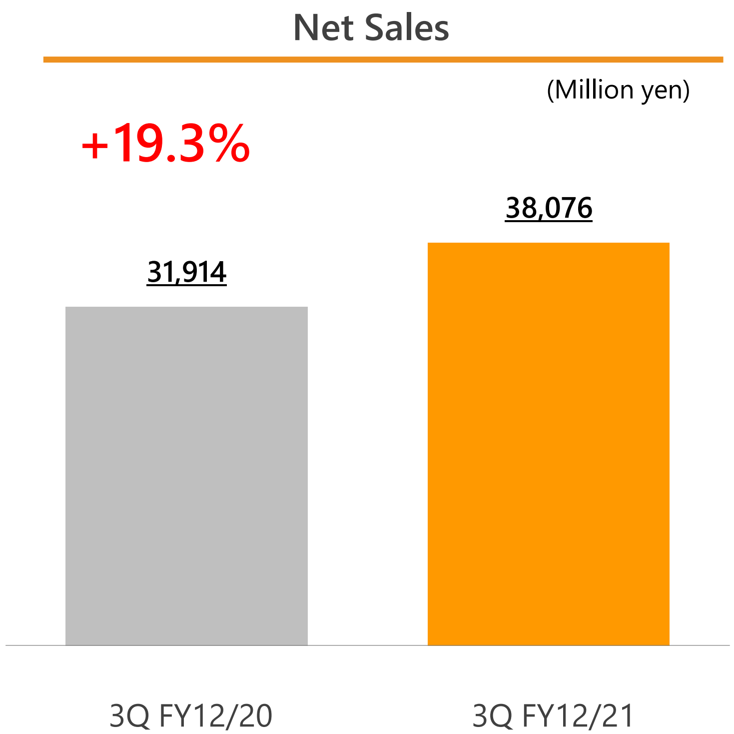
Revision to forecast of annual dividend per share

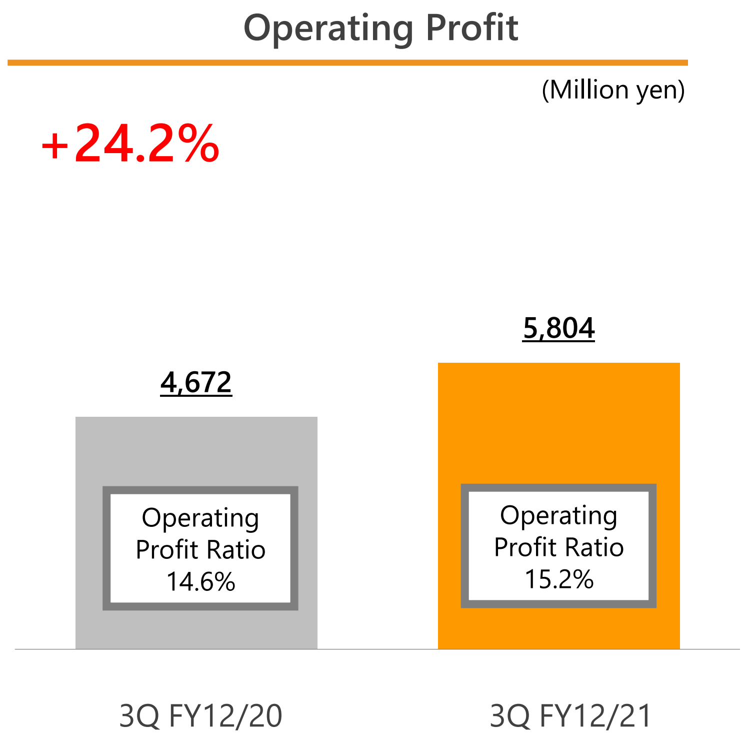
	Interim dividend results	Revised forecast (November 5, 2021)	Revised forecast of annual dividend per share
Dividend paid per share	21 yen	23 yen (Previous year: 22 yen)	44 yen (Previous year: 41 yen)

3. 3Q FY12/21 Consolidated Business Highlights (Jan.–Sep. 2021)

Consolidated: 3Q FY12/21 Year-on-Year Comparison

- **Net sales increased by 19.3% year-on-year** 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.
- **Operating profit increased by 24.2% year-on-year (operating profit ratio inched up by 0.6 PT)** as client demand continued the recovery trend, despite the impacts of COVID-19.





Consolidated: 3Q FY12/21 Year-on-Year Comparison

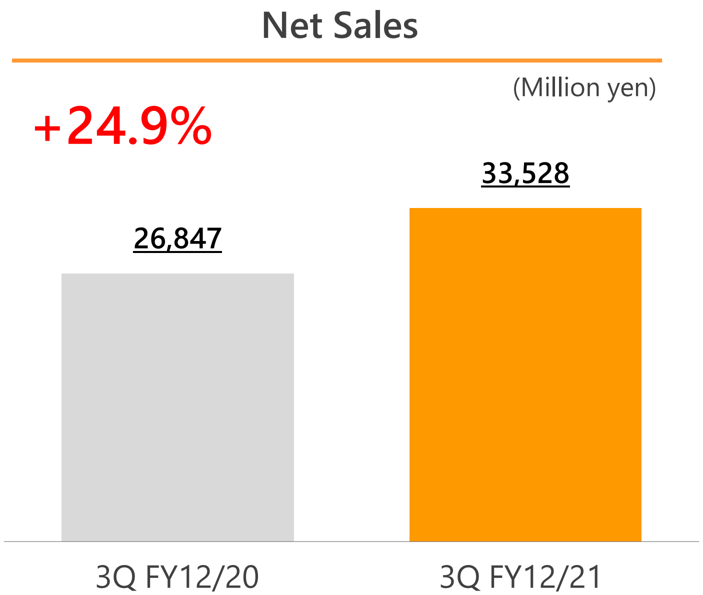
- Ordinary profit increased due to the same factors as operating profit.
- **Profit attributable to owners of parent increased by 21.2% year-on-year**, although 250 million yen of gain on the sale of investment securities was booked as an extraordinary income following the partial sale of investment securities in the same period of the previous fiscal year.
- From the beginning of this fiscal year, costs in "BPO" services of the "Short-Term Operational Support Business" segment have been broken down into more refined tabulation elements so that they are booked in cost of sales from SG&A expenses to ensure more appropriate cost price management. Gross profit prior to this refined booking method increased by 8.6% and SG&A expenses increased by 0.2%.

(Million yen)

	3Q FY12/20	3Q FY12/21	Difference	Rate of change
Net sales	31,914	**38,076**	6,162	19.3%
Gross profit	13,276	**13,327**	51	0.4%
SG&A expenses	8,605	**7,524**	(1,081)	(12.6)%
Operating profit	4,672	**5,804**	1,132	24.2%
Operating Profit Ratio	14.6%	**15.2%**	—	0.6PT
Ordinary profit	4,699	**5,827**	1,128	24.0%
Profit attributable to owners of parent	3,167	**3,840**	673	21.2%

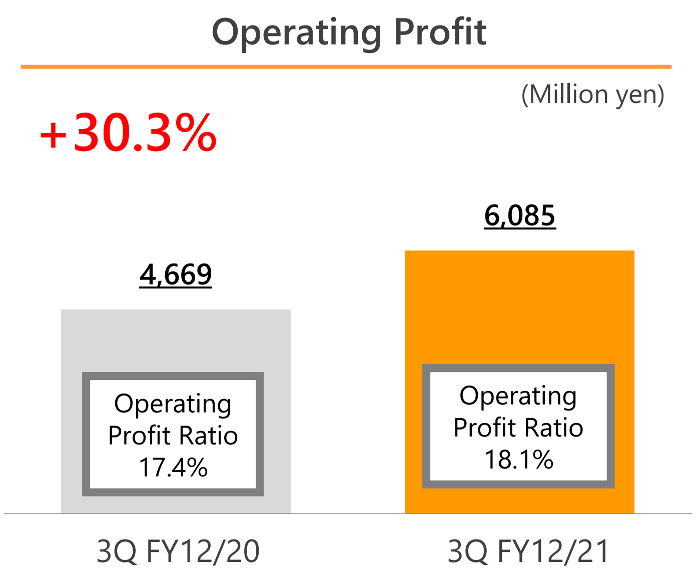
4. 3Q FY12/21 Segment Highlights (Jan.–Sep. 2021)

Short-Term: 3Q FY12/21 Year-on-Year Comparison



Net sales

- **Net sales increased by 24.9% year-on-year** 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.



Operating Profit

- **Operating profit increased by 30.3% year-on-year (operating profit ratio inched up by 0.8 PT)** as client demand continued the recovery trend, despite the impacts of COVID-19.

Short-Term: 3Q FY12/21 Year-on-Year Comparison (By Service Category)

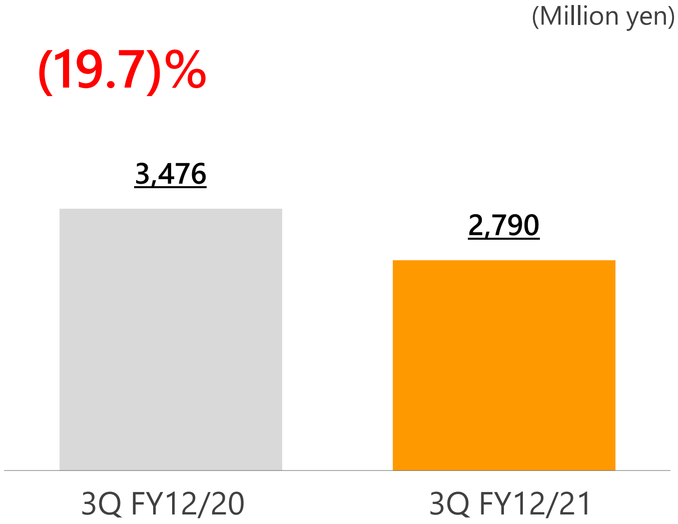
(Million yen)

	3Q FY12/20	3Q FY12/21	Difference	Rate of change
Net sales	26,847	**33,528**	6,680	24.9%
Placement	3,222	**3,458**	236	7.3%
BPO	4,759	**5,214**	455	9.6%
Dispatching	17,079	**21,368**	4,289	25.1%
Outsourcing	1,788	**3,488**	1,700	95.1%
Gross profit	11,288	**11,770**	482	4.3%
Placement	3,152	**3,369**	217	6.9%
BPO	4,469	**3,536**	(933)	(20.9)%
Dispatching	2,999	**3,529**	531	17.7%
Outsourcing	669	**1,337**	668	99.8%

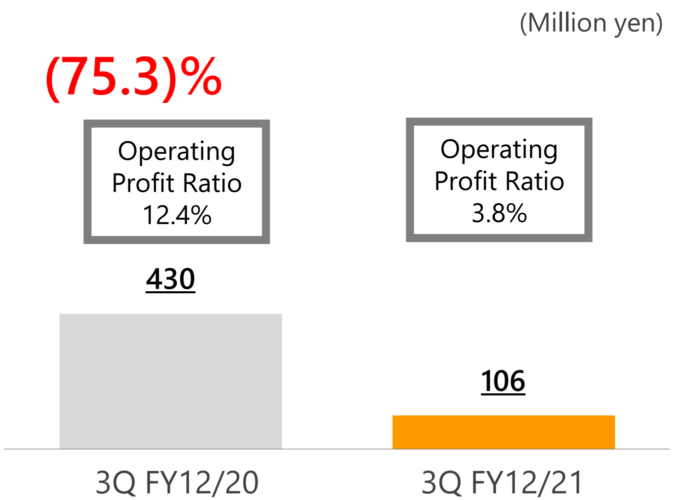
- Client demand, even during Japan's state of emergency, continued to show signs of recovery, and gross profit of "Placement" service increased by 6.9% due mainly to an increase of 23.1% in the quarterly gross profit.
- Gross profit of "BPO" service declined by 20.9% due to breaking down personnel expenses equivalent to the cost of sales into more refined tabulation elements so that they are booked in cost of sales from SG&A expenses. Gross profit of "BPO" services prior to this refined breakdown of cost of sales moved higher by 3.6%.
- "Outsourcing" services posted an increase in sales and gross profit on growth in the earnings of from Housekeeping Services by Minimaid Service Co., Ltd., the restart of professional baseball games with spectators, and the acquisition of staffing demand from public sector projects mainly related to the vaccination roll out.
- "Dispatching" services posted an increase in sales and gross profit mainly because we continued to respond to the long-term staffing needs of client companies, particularly from logistics and manufacturing fields, throughout the third quarter, and captured public sector projects mainly related to the vaccination roll out.

Sales Support: 3Q FY12/21 Year-on-Year Comparison

Net Sales



Operating Profit



Net sales

- **Net sales decreased by 19.7% year-on-year** 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.

Operating Profit

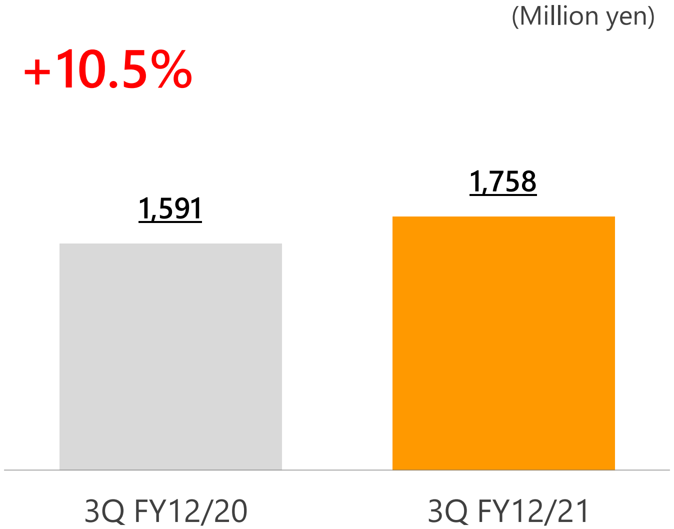
- **Operating profit decreased by 75.3% year-on-year** due mainly to the drop in net sales.

✓ NIHON DENKI SERVICE Co., Ltd. (currently, ENECLOUD, Inc.) is excluded from the scope of consolidation from the start of the fiscal year ending December 2021 following the partial sale of the shares we owned.

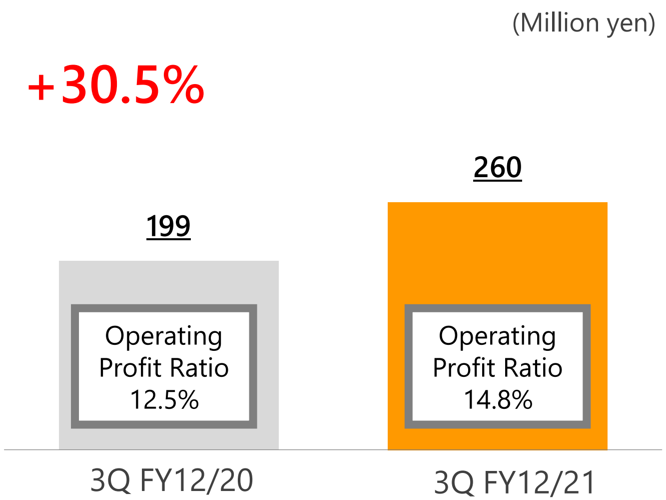
✓ The "Sales Support Business" segment is mainly comprised of the "call center", "online", "alliance", and "entertainment" businesses.

Security, Other: 3Q FY12/21 Year-on-Year Comparison

Net Sales



Operating Profit



Net sales

- **Net sales increased by 10.5% year-on-year** 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.

Operating Profit

- **Operating profit increased by 30.5% year-on-year (operating profit ratio rose by 2.3 PT)** due to the increase in net sales.

5. 3Q FY12/21 Progress Relative to Business Forecast

3Q FY12/21 Progress Relative to Business Forecast

- Results for the first three quarters of the fiscal year ending December 2021 indicate a rate of progress of 76.9% for operating profit, 77.0% for ordinary profit, and 76.4% for profit attributable to owners of parent, in comparison to the revised full-year business forecast released today.

(Million yen)

		3Q FY12/21	Revised full-year FY12/21 forecast	Rate of progress
Net sales		38,076	51,100	74.5%
Gross profit		13,327	18,034	73.9%
Operating profit		5,804	7,550	76.9%
Ordinary profit		5,827	7,570	77.0%
Profit attributable to owners of parent		3,840	5,024	76.4%
Short-Term Operational Support Business	Net sales	33,528	45,171	74.2%
	Placement	3,458	4,865	71.1%
	BPO	5,214	7,086	73.6%
	Dispatching	21,368	28,472	75.0%
	Outsourcing	3,488	4,748	73.5%
Sales Support Business	Net sales	2,790	3,629	76.9%
Security, Other Businesses	Net sales	1,758	2,300	76.4%

(Reference) Basic Stance on Capital Policy

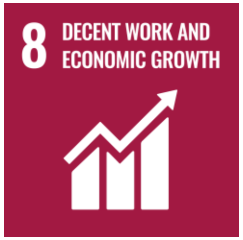
Basic Stance on Capital Policy

The Fullcast Group maintains a basic policy of maximizing capital efficiency and securing financial soundness to achieve sustained improvement in corporate value.

- Maintaining a total return ratio of 50% relative to shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.
- Our goal of enhancing corporate value is to maintain an ROE of 20% or greater.
- We will maintain a maximum D/E ratio of 1.0x in order to enhance corporate value and to maintain financial soundness.

(Reference) Sustainability Policy

We endorse all 17 goals of SDGs. In addition, we consider contributing to the following the goals of SDGs by implementing and promoting our corporate philosophy of "Providing the best place for people to bring out their best" as a core value of our Company.



8. Descent Work and Economic Growth

The Group will constantly offer employment opportunities to job seekers and a workforce to hiring companies by continually providing matching opportunities for short-term positions to job seekers and hiring companies. Thereby, we will contribute to providing descent work for job seekers and economic growth for hiring companies.

5. Gender Equality

We will contribute to gender equality by providing job seekers with employment opportunities not tied to age, gender or attribution.

10. Reduced Inequalities

We will contribute to reducing inequalities by providing job seekers with employment opportunities not tied to region or nationality.

9. Industry, Innovation and Infrastructure

In response to Japan's labor environment, which is experiencing a declining workforce, we will contribute to industrial growth and building infrastructures for technological innovation by providing matching services for short-term positions to companies seeking growth or innovation, thus expanding their workforce in the process.

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Notes

About this Document

- In this document, the "Short-Term Operational Support Business" is referred to as "Short-Term", and the "Sales Support Business" is referred to as "Sales" in some parts.
- In this document, names of services are written in an abbreviated form; "Part-Time Worker Placement" service is referred to as "Placement"; and "Part-Time Worker Payroll Management", "My Number Management", "Year-End Tax Adjustment Management", and BPO services by BOD Co., Ltd. are referred to as "BPO" in the "Short-Term Operational Support Business", which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012. In addition, "Long-Term Dispatching" services with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as "Dispatching."

Short-Term Operational Support Business

- "BPO" services represent the aggregated total of "Part-Time Worker Payroll Management", "My Number Management", "Year-End Tax Adjustment Management", and BPO services conducted by BOD Co., Ltd.
- The figures for each service category of the "Short-Term Operational Support Business" segment represent reference figures and have not been audited by our accounting auditor.

Sales Support Business

- NIHON DENKI SERVICE Co., Ltd. (currently, ENECLOUD, Inc.) is excluded from the scope of consolidation from the start of the fiscal year ending December 2021 following the partial sale of the shares we owned.
- The "Sales Support Business" segment is mainly comprised of the "call center", "online", "alliance", and "entertainment" businesses.
- The "call center", "online" and "alliance" businesses each involve the sale of Internet access.

Providing the best place for people to bring out their best.

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