

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



November 11, 2022

Consolidated Financial Results Announcement for the First Three Quarters of the Fiscal Year Ending December 31, 2022 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: TSE Prime Market
 Stock code: 4848
 URL: <https://www.fullcastholdings.co.jp>
 Representative: Kazuki Sakamaki, President, Representative Director and CEO
 Contact: Yasuomi Tomotake, General Manager of the IR and Finance Department
 Telephone: +81-3-4530-4830
 Date of submission of quarterly report (Planned): November 14, 2022
 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, 2022 (January 1 to September 30, 2022)

(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 FY12/22 (September 30, 2022)	47,259	24.1	7,467	28.7	7,534	29.3	5,090	32.6
1Q-3Q FY12/21 (September 30, 2021)	38,076	19.3	5,804	24.2	5,827	24.0	3,840	21.2

(Note) Comprehensive income: 5,330million yen (29.2%) as of September 30, 2022 4,124 million yen (42.0%) as of September 30, 2021

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q-3Q FY12/22 (September 30, 2022)	140.66		139.92	
1Q-3Q FY12/21 (September 30, 2021)	105.20		104.68	

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
3Q FY12/22 End (September 30, 2022)	31,333	23,366	70.9
FY12/21 End	29,484	20,579	66.2

(Reference) Equity: 22,218 million yen as of September 30, 2022 19,526 million yen as of December 31, 2021

2. Dividend Status

	Dividend per share (Yen)				
	1Q End	1H End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY12/21	-	21.00	-	23.00	44.00
FY12/22	-	23.00	-		
FY12/22 Forecast				35.00	58.00

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

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2022 (January 1 to December 31, 2022)

(% = 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	62,500	19.4	9,700	27.8	9,710	27.4	6,521	30.1	180.33

(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: | Yes |
| 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 FY12/22	37,486,400	FY12/21	37,486,400
2) Number of treasury shares at the term end	3Q FY12/22	1,387,907	FY12/21	1,015,666
3) Average number of shares outstanding during the current term	3Q FY12/22	36,182,704	3Q FY12/21	36,499,238

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

* Explanation of the proper use of financial and 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 the 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".

<Table of Contents of Appendix>

1. Qualitative Information Concerning Performance for the Current Quarter	2
(1) Explanation of Consolidated Operating Results	2
(2) Explanation of Consolidated Financial Position	3
(3) Explanation of Consolidated Business Forecasts	3
2. Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	7
(3) Notes on Quarterly Consolidated Financial Statements	9
(Notes on Going Concern Assumption)	9
(Notes on Significant Change of Shareholders' Equity)	9
(Changes in Accounting Policies)	9
(Additional Information)	9
(Segment Information and Others)	10

1. Qualitative Information Concerning Performance for the Current Quarter

(1) Explanation of Consolidated Operating Results

During the first three quarters of the current fiscal year, Japan's economy continued to undergo a recovery trend due to an overall improvement in corporate earnings despite weaknesses in some industries amid a moderate recovery taking place in personal consumption and a move toward recovery in production and capital investments. Economic conditions are expected to continue to recover given the effects of various government policies as the world transitions to a new stage of life of coping with COVID-19. Amid financial tightening around the world, however, the economic horizon remains clouded due to a number of uncertainties including rising prices, supply-side constraints, and fluctuations in financial and capital markets in addition to risks of a downturn in Japan's economy caused by weakening in overseas economies, all of which requires close attention to assess their potential impacts.

With regards to the current operating environment surrounding the staffing service industry, the employment situation is recovering, as reflected by the continuing decline in the number of unemployed and the improvement in the number of new job offers and the jobs offers-to-applicants ratio. As for the future outlook, the operating environment is expected to continue to recover.

Against this backdrop, in the first three quarters of the current fiscal year, the Fullcast Group implemented group management activities to achieve our goal of "Under a client first approach, aim for greater business growth and expansion of peripheral services." Our Group also carried out marketing activities focused on boosting overall profitability of the Fullcast Group, particularly in the mainstay "Placement" (Note 1) and "BPO" (Note 2) services. In addition, our Company worked to further expand its business while maximizing profits by continuing to increase productivity and promote operational efficiencies across our entire Group.

Even as the COVID-19 pandemic raged on, consolidated net sales increased by 24.1% year-on-year to 47,259 million yen. This was mainly due to growth of the "Short-Term Operational Support Business," which was supported by a number of factors including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well as the continued acquisition of public sector projects related to COVID-19-related operations.

In terms of profits, consolidated operating profit increased by 28.7% year-on-year to 7,467 million yen, with consolidated ordinary profit rising by 29.3% year-on-year to 7,534 million yen, driven mainly by the ongoing growth of client demand and increased sales of the "Short-Term Operational Support Business."

Profit attributable to owners of parent for the first three quarters of the current fiscal year increased by 32.6% year-on-year to 5,090 million yen, on the back of the 69 million yen in gain on sale of investment securities booked as an extraordinary income following the divestment of investment securities held during the first quarter.

Furthermore, our Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the first quarter of the current fiscal year. Although the application of the Accounting Standard for Revenue Recognition is subject to the transitional handling stipulated in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition, there is no impact on the balance of retained earnings at the beginning of the period nor on profit and loss for the first three quarters of the current fiscal year.

Furthermore, our Group acquired shares of Hayfield inc. on May 31, 2022, making it a consolidated subsidiary. As such, it has been included in the scope of consolidation from the second quarter of the current fiscal year.

- Notes:
1. The mainstay "Part-Time Worker Placement" service and Hayfield inc.'s staffing service specializing in the real estate industry are referred to as "Placement."
 2. The mainstay "Part-Time Work Payroll Management" service, 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 Group are referred to as "BPO."

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

1) Short-Term Operational Support Business

Even as the COVID-19 pandemic raged on, net sales of "Short-Term Operational Support Business" increased by 29.2% year-on-year to 43,312 million yen. This was due to factors mainly including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well the continued acquisition of

public sector projects related to COVID-19-related operations.

In terms of profits, segment profit (operating profit) increased by 30.8% year-on-year to 7,962 million yen driven mainly by the continued growth in client demand and increased sales.

2) Sales Support Business

Net sales of the “Sales Support Business” declined by 20.1% year-on-year to 2,229 million yen due to the downturn in sales of telecommunications products in the sale of Internet access, which is a mainstay business.

In terms of profits, segment profit (operating profit) declined by 28.1% year-on-year to 76 million yen due primarily to the decline in net sales.

3) Security, Other Businesses

Net sales of “Security, Other Businesses” declined by 2.3% year-on-year to 1,718 million yen. This was due to a slowdown in the number of new temporary and permanent security projects in the first three quarters of the current fiscal year compared to the same period of the previous fiscal year when temporary security projects increased due to demand from the Olympics even during the states of emergency.

In terms of profits, segment profit (operating profit) declined by 26.0% year-on-year to 192 million yen, due to the decline 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 1,849 million yen from the end of the previous fiscal year to 31,333 million yen. Equity increased by 2,691 to 22,218 million yen (equity-to-asset ratio of 70.9%), and net assets grew by 2,788 to 23,366 million yen over the same period.

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

With regards to assets, current assets increased by 895 million yen from the end of the previous fiscal year to 25,710 million yen. This increase is attributed mainly to an increase in notes and accounts receivable - trade by 989 to 8,079 million yen, and despite a decline in cash and deposits of 129 to 17,281 million yen.

Non-current assets increased by 954 million yen from the end of the previous fiscal year to 5,623 million yen. This increase is attributed mainly to increases in goodwill of 744 to 1,351 million yen and in investment securities of 119 to 2,133million yen.

With regard to liabilities, current liabilities decreased by 975 million yen from the end of the previous fiscal year to 6,986 million yen. This decrease is attributed mainly to declines in income taxes payable of 553 to 854 million yen, accrued consumption taxes of 301 to 1,441 million, and accrued expenses of 291 to 1,240 million yen, which offset an increase in provision for bonuses of 259 to 420 million yen.

Non-current liabilities increased by 36 million yen from the end of the previous fiscal year to 981 million yen. This increase is attributed to an increase in retirement benefit liability of 38 to 785 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 11, 2022, consolidated business results for the first three quarters of the fiscal year ending December 31, 2022 indicate the rate of progress exceeded 75% of the performance indicators of the revised full-year business forecast announced on August 12, 2022. This strong performance was due primarily to growth in client demand in the mainstay “Short-Term Operational Support Business.” There was also a stronger-than-expected acquisition of demand for staffing due to acquisition of public sector projects related to COVID-19-related operations. In addition, we expect continued growth in client demand during the fourth quarter heading into the final month of the current fiscal year and expect to continue to acquire staffing demand from the public sector

projects related to COVID-19-related operations. Therefore, we made upward revisions to our full-year consolidated business forecasts for the fiscal year ending December 31, 2022.

Moreover, our Group does not assume that Japan will declare another state of emergency or again implement quasi-emergency measures during the fiscal year ending December 31, 2022. 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)

	FY12/21 End (December 31, 2021)	3Q FY12/22 End (September 30, 2022)
ASSETS		
Current assets		
Cash and deposits	17,410	17,281
Notes and accounts receivable-trade	7,090	8,079
Merchandise	19	43
Supplies	13	24
Other	303	333
Allowance for doubtful accounts	(20)	(50)
Total current assets	24,815	25,710
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	296	273
Tools, furniture and fixtures, net	150	161
Land	184	184
Other, net	2	2
Total property, plant and equipment	632	620
Intangible assets		
Goodwill	607	1,351
Other	333	361
Total intangible assets	940	1,712
Investments and other assets		
Investment securities	2,014	2,133
Other	1,087	1,163
Allowance for doubtful accounts	(5)	(4)
Total investments and other assets	3,096	3,291
Total non-current assets	4,669	5,623
Total assets	29,484	31,333

(Million yen)

	FY12/21 End (December 31, 2021)	3Q FY12/22 End (September 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	22	94
Short-term borrowings	1,000	1,000
Accounts payable-other	1,553	1,604
Accrued expenses	1,531	1,240
Income taxes payable	1,407	854
Accrued consumption taxes	1,742	1,441
Provision for bonuses	161	420
Allowance for subscription cancellations	36	-
Other	510	333
Total current liabilities	7,961	6,986
Non-current liabilities		
Retirement benefit liability	747	785
Other	198	196
Total non-current liabilities	945	981
Total liabilities	8,905	7,967
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	16,369	19,767
Treasury shares	(1,821)	(2,685)
Total shareholders' equity	19,334	21,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	152	149
Foreign currency translation adjustment	41	200
Total accumulated other comprehensive income	193	350
Share acquisition rights	133	146
Non-controlling interests	919	1,003
Total net assets	20,579	23,366
Total liabilities and net assets	29,484	31,333

(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 FY12/21 (January 1 to September 30, 2021)	1Q-3Q FY12/22 (January 1 to September 30, 2022)
Net sales	38,076	47,259
Cost of sales	24,749	31,323
Gross profit	13,327	15,936
Selling, general and administrative expenses	7,524	8,469
Operating profit	5,804	7,467
Non-operating income		
Dividend income	2	2
Share of profit of entities accounted for using equity method	36	71
Revenue-advertising	31	34
Other	38	29
Total non-operating income	108	136
Non-operating expenses		
Interest expenses	5	5
Settlement payments	34	41
Compensation expenses	18	-
Other	28	23
Total non-operating expenses	85	69
Ordinary profit	5,827	7,534
Extraordinary income		
Gain on sale of investment securities	20	69
Other	2	13
Total extraordinary income	22	82
Extraordinary losses		
Loss on retirement of non-current assets	15	23
Loss on COVID-19	27	19
Other	0	-
Total extraordinary losses	42	42
Profit before income taxes	5,807	7,575
Income taxes-current	1,933	2,499
Income taxes-deferred	(56)	(92)
Total income taxes	1,878	2,407
Profit	3,929	5,168
Profit attributable to non-controlling interests	90	78
Profit attributable to owners of parent	3,840	5,090

Quarterly Consolidated Statement of Comprehensive Income
 [First Three Quarters of the Current Fiscal Year]

	(Million yen)	
	1Q–3Q FY12/21 (January 1 to September 30, 2021)	1Q–3Q FY12/22 (January 1 to September 30, 2022)
Profit	3,929	5,168
Other comprehensive income		
Valuation difference on available-for-sale securities	150	3
Foreign currency translation adjustment	46	159
Total other comprehensive income	195	162
Comprehensive income	4,124	5,330
(Comprehensive income attributable to)		
Owners of parent	4,021	5,246
Non-controlling interests	103	84

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Significant Change of Shareholders' Equity)

There are no relevant matters.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

Our Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. As a result, our Company recognizes earnings at the amount expected to be received in exchange for goods or services when the control of the promised goods or services is transferred to the customer.

Although the application of the "Accounting Standard for Revenue Recognition" is subject to the transitional handling stipulated in the proviso to Paragraph 84 of the "Accounting Standard for Revenue Recognition", there is no impact on the balance of retained earnings at the beginning of the period nor on profit and loss for the first three quarters of the current fiscal year.

Due to the application of the "Accounting Standard for Revenue Recognition", the "Allowance for subscription cancellations" presented in "Current liabilities" in the consolidated balance sheet for the previous fiscal year will be included in "Other" of "Current liabilities" from the first quarter of the current fiscal year. In accordance with the transitional handling stipulated in Paragraph 89-2 of the "Accounting Standard for Revenue Recognition", our Company has not restated the previous consolidated fiscal year using the new presentation method. In addition, following the transitional handling stipulated in Section 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), our Company does not include information that breaks down earnings arising from contracts with customers for the first three quarters of the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

Our Company applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year. In accordance with the transitional handling stipulated in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), our Company has decided to apply the new accounting policy established by the "Accounting Standard for Fair Value Measurement" into the future. This will have no impact on the quarterly consolidated financial statements.

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

While there are concerns about changes in the economic situation and business environment due to the worldwide spread of COVID-19, our Group has thus conducted accounting estimates assuming that there are no material impacts from COVID-19 during the current consolidated fiscal year because it is difficult to predict when the COVID-19 pandemic will end. However, there is a possibility that material impacts will occur on the consolidated financial statements in subsequent fiscal years, if we review our judgments according to changes in the future situation.

(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 the "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.

(Segment Information and Others)

[Segment information]

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

Information Concerning Net 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.

First Three Quarters of the Current Fiscal Year (January 1 to September 30, 2022)

Information Concerning Net 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	43,312	2,229	1,718	47,259	-	47,259
Inter-segment sales or transfers	7	9	6	21	(21)	-
Total	43,318	2,238	1,723	47,280	(21)	47,259
Segment profit	7,962	76	192	8,230	(763)	7,467

- Notes: 1. (5) million yen in inter-segment eliminations and (758) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (763) 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.