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May 12, 2023

## Consolidated Financial Results Announcement for the First Quarter of the Fiscal Year Ending December 31, 2023 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.  
 Stock exchange listing: TSE Prime Market  
 Stock code: 4848  
 URL: <https://www.fullcastholdings.co.jp>  
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 Date of submission of quarterly report (Planned): May 12, 2023  
 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 Quarter of the Fiscal Year Ending December 31, 2023 (January 1 to March 31, 2023)

#### (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 FY12/23 (March 31, 2023)	15,963	4.5	2,382	(2.7)	2,393	(3.7)	1,578	(8.6)
1Q FY12/22 (March 31, 2022)	15,271	41.2	2,448	56.2	2,485	59.7	1,727	64.1

(Note) Comprehensive income: 1,651 million yen ((7.3)%) as of March 31, 2023 1,781 million yen (45.3%) as of March 31, 2022

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY12/23 (March 31, 2023)	43.71	43.47
1Q FY12/22 (March 31, 2022)	47.49	47.28

#### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
1Q FY12/23 (March 31, 2023)	34,342	25,330	70.1
FY12/22 End	35,604	24,928	66.7

(Reference) Equity: 24,085 million yen as of March 31, 2023 23,732 million yen as of December 31, 2022

### 2. Dividend Status

	Dividend per share (yen)				
	1Q End	1H End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY12/22	-	23.00	-	35.00	58.00
FY12/23	-				
FY12/23 Forecast		29.00	-	30.00	59.00

(Note) Revision of dividend forecasts in the current first quarter: None

### 3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2023 (January 1 to December 31, 2023)

(% = year-on-year change for each quarter and full-year)

	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	
First half	31,065	0.9	4,700	(2.9)	4,717	(3.8)	3,176	(4.3)		88.52
Full year	66,260	2.5	10,000	1.8	10,000	1.2	6,668	0.7		186.51

(Note) Revision of consolidated business forecasts in the current first quarter: None

#### \* Notes

(1) Important changes of subsidiaries during the current first quarter: 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)

Q1 FY12/23	37,486,400	FY12/22	37,486,400
Q1 FY12/23	1,372,151	FY12/22	1,377,051
Q1 FY12/23	36,110,702	1Q FY12/22	36,362,155

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 firm.

\* Explanation of the proper use of 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."

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

### (1) Explanation of Consolidated Operating Results

During the first quarter of the current fiscal year, Japan's economy continued to recover gradually due to signs of improvement in corporate business conditions, a moderate recovery taking place in personal consumption, and a move toward recovery in capital investments. Economic conditions are expected to continue to recover given the effects of various government policies with a new stage of life of coping with COVID-19. Amid continuing 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. As for the future outlook, the operating environment is expected to continue to recover.

Against this backdrop, in the first quarter of the current fiscal year, our Group implemented group management activities to achieve our goal of "Aiming for create of the Group structure to flexibly address changes in the business environment, and business expansion by improving customer satisfaction based on further service improvement including DX." Our Group also carried out marketing activities focused on boosting overall profitability of our 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 the entire Group.

Because of the growth in the mainstay "Placement" and "BPO" services by capturing short-term staffing needs, consolidated net sales increased by 4.5% year-on-year to 15,963 million yen due mainly to increased sales of the "Short-Term Operational Support Business" and despite a decline in public sector projects related to COVID-19-related operations due to the reduced risk of the pandemics.

In terms of profits, consolidated operating profit declined by 2.7% year-on-year to 2,382 million yen and consolidated ordinary profit decreased by 3.7% year-on-year to 2,393 million yen despite the increase in net sales, mainly because portion of social insurance premiums increased owing to the expansion of social insurance coverage.

Profit attributable to owners of parent declined by 8.6% year-on-year to 1,578 million yen, because of the 69 million yen in gain on sale of investment securities booked as an extraordinary income following the divestment of investment securities held in the same period of the previous 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" 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 Group are referred to as "BPO."

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

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

Because of the increase in the mainstay "Placement" and "BPO" services by capturing short-term staffing needs, net sales in "Short-Term Operational Support Business" increased by 4.9% year-on-year to 14,718 million yen, despite a decrease in public sector projects related to COVID-19-related operations.

In terms of profits, segment profit (operating profit) declined by 1.6% year-on-year to 2,599 million yen despite the increase in net sales, mainly because portion of social insurance premiums increased owing to the expansion of social insurance coverage.

#### 2) Sales Support Business

Net sales of the "Sales Support Business" declined by 0.5% year-on-year to 672 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 loss (operating loss) totaled 6 million yen (compared to a segment loss of 32 million yen in the previous first quarter) due to SG&A expenses being curtailed despite lower sales.

### 3) Security, Other Businesses

Net sales of “Security, Other Businesses” increased by 1.5% year-on-year to 574 million yen due to an increase in the number of temporary security projects acquired.

In terms of profits, segment profit (operating profit) decreased by 11.0% year-on-year to 59 million yen despite an increase in net sales, and due mainly to a decrease in COVID-19-related operations which carried high gross profit margin and an increase in the portion of social insurance premiums for security staff owing to the expansion of social insurance coverage.

## (2) Explanation of Consolidated Financial Position

### Assets, Liabilities and Net Assets

At the end of the first quarter, total assets decreased by 1,262 million yen from the end of the previous fiscal year to 34,342 million yen. Equity increased by 353 to 24,085 million yen (equity-to-asset ratio of 70.1%), and net assets grew by 402 to 25,330 million yen.

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

With regards to assets, current assets decreased by 1,287 million yen from the end of the previous fiscal year to 28,680 million yen. This decline is attributed mainly to falls in cash and deposits of 1,237 to 19,388 million yen and notes and accounts receivable - trade of 919 to 8,066 million yen, which offset an increase in other under current assets of 861 to 1,217 million yen caused mainly by an increase in accounts receivable - other of 840 to 909 million yen.

Non-current assets increased by 25 million yen from the end of the previous fiscal year to 5,662 million yen. This increase is attributed mainly to a rise in investment securities of 52 to 2,163 million yen.

With regard to liabilities, current liabilities decreased by 1,676 million yen from the end of the previous fiscal year to 7,983 million yen. This decline is attributed mainly to falls in income taxes payable of 892 to 817 million yen, accrued consumption taxes of 784 to 1,378 million yen, and accrued expenses of 512 to 1,362 million yen, which offset an increase in other under current liabilities of 645 to 1,359 million yen caused mainly by an increase in withholding income tax deposits of 1,111 to 1,171 million yen, while social insurance deposits decreased by 462 million yen to 114 million yen.

Non-current liabilities increased by 11 million yen from the end of the previous fiscal year to 1,028 million yen. This increase is attributed mainly to a rise in retirement benefit liability of 5 to 821 million yen.

## (3) Explanation of Consolidated Business Forecasts

Our consolidated business performance in the first quarter of the current fiscal year trended steadily centered on the mainstay “Short-Term Operational Support Business” within the assumptions estimated at the beginning of the fiscal year. Since our Group’s consolidated business performance during the current consolidated first quarter was progressing at a level which does not require revising the business forecast, our Company do not revise the consolidated business forecasts for the fiscal year ending December 2023 (first half and full-year), released on February 10, 2023.

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

(Million yen)

	FY12/22 End (December 31, 2022)	1Q FY12/23 End (March 31, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	20,626	19,388
Notes and accounts receivable - trade	8,986	8,066
Merchandise	30	37
Supplies	20	22
Other	356	1,217
Allowance for doubtful accounts	(50)	(51)
<b>Total current assets</b>	<b>29,967</b>	<b>28,680</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	269	277
Tools, furniture and fixtures, net	160	156
Land	184	184
Other, net	4	1
<b>Total property, plant and equipment</b>	<b>617</b>	<b>618</b>
Intangible assets		
Goodwill	1,305	1,258
Other	395	377
<b>Total intangible assets</b>	<b>1,699</b>	<b>1,635</b>
Investments and other assets		
Investment securities	2,111	2,163
Other	1,217	1,255
Allowance for doubtful accounts	(7)	(8)
<b>Total investments and other assets</b>	<b>3,321</b>	<b>3,409</b>
<b>Total non-current assets</b>	<b>5,637</b>	<b>5,662</b>
<b>Total assets</b>	<b>35,604</b>	<b>34,342</b>

(Million yen)

	FY12/22 End (December 31, 2022)	1Q FY12/23 End (March 31, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	52	48
Short-term borrowings	1,000	1,000
Accounts payable - other	1,860	1,726
Accrued expenses	1,874	1,362
Income taxes payable	1,710	817
Accrued consumption taxes	2,163	1,378
Provision for bonuses	286	292
Other	715	1,359
<b>Total current liabilities</b>	<b>9,659</b>	<b>7,983</b>
Non-current liabilities		
Retirement benefit liability	816	821
Other	202	208
<b>Total non-current liabilities</b>	<b>1,017</b>	<b>1,028</b>
<b>Total liabilities</b>	<b>10,676</b>	<b>9,012</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	21,286	21,595
Treasury shares	(2,664)	(2,654)
<b>Total shareholders' equity</b>	<b>23,409</b>	<b>23,727</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149	166
Foreign currency translation adjustment	174	192
<b>Total accumulated other comprehensive income</b>	<b>323</b>	<b>357</b>
Share acquisition rights	152	163
Non-controlling interests	1,044	1,082
<b>Total net assets</b>	<b>24,928</b>	<b>25,330</b>
<b>Total liabilities and net assets</b>	<b>35,604</b>	<b>34,342</b>

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

## Quarterly Consolidated Statement of Income

[First Quarter of the Current Fiscal Year]

(Million yen)

	1Q FY12/22 (January 1 to March 31, 2022)	1Q FY12/23 (January 1 to March 31, 2023)
Net sales	15,271	15,963
Cost of sales	10,064	10,708
Gross profit	5,207	5,255
Selling, general and administrative expenses	2,759	2,872
Operating profit	2,448	2,382
Non-operating income		
Dividend income	1	1
Share of profit of entities accounted for using equity method	28	0
Revenue - advertising	17	19
Other	16	9
Total non-operating income	61	29
Non-operating expenses		
Interest expenses	2	2
Settlement payments	11	8
Other	12	9
Total non-operating expenses	24	19
Ordinary profit	2,485	2,393
Extraordinary income		
Gain on sale of investment securities	69	-
Other	10	-
Total extraordinary income	78	-
Extraordinary losses		
Loss on retirement of non-current assets	21	1
Loss on COVID-19	8	-
Total extraordinary losses	29	1
Profit before income taxes	2,534	2,392
Income taxes - current	918	830
Income taxes - deferred	(126)	(49)
Total income taxes	792	780
Profit	1,742	1,612
Profit attributable to non-controlling interests	15	33
Profit attributable to owners of parent	1,727	1,578



## Quarterly Consolidated Statement of Comprehensive Income

[First Quarter of the Current Fiscal Year]

(Million yen)

	1Q FY12/22 (January 1 to March 31, 2022)	1Q FY12/23 (January 1 to March 31, 2023)
Profit	1,742	1,612
Other comprehensive income		
Valuation difference on available-for-sale securities	(16)	22
Foreign currency translation adjustment	55	18
Total other comprehensive income	39	40
Comprehensive income	1,781	1,651
(Comprehensive income attributable to)		
Owners of parent	1,766	1,613
Non-controlling interests	15	38

### **(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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

Our Company applied "Implementation Guideline on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter the "Fair Value Measurement Standards") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Standards, the new accounting policy stipulated by the Fair Value Measurement Standards is to be applied into the future. This will have no impact on the quarterly consolidated financial statements.

(Additional Information)

(Accounting Estimates Associated with the Impact of the COVID-19 Pandemic)

In the accounting estimates associated with the impact of the COVID-19 pandemic, no material change has been made to our assumptions published in the "Additional Information" section of the Securities Report for the previous fiscal year.

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

Effective from the first quarter of the current fiscal year, our Company and some of its subsidiaries have shifted to the Group Tax Sharing System from the Consolidated Taxation System. Accordingly, the accounting treatment and disclosure of income taxes, local income taxes, and tax effect accounting are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42; August 12, 2021, hereinafter "ASBJ PITF No. 42"). In accordance with Paragraph 32 (1) of the ASBJ PITF No. 42, our Company has assumed that there is no impact from the change in accounting policy resulting from the application of the ASBJ PITF No. 42.

## (Segment Information and Others)

## [Segment information]

First Quarter of the Previous Fiscal Year (January 1 to March 31, 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	14,031	675	565	15,271	-	15,271
Inter-segment sales or transfers	4	3	2	9	(9)	-
Total	14,035	678	567	15,280	(9)	15,271
Segment profit or loss (-)	2,642	(32)	66	2,676	(228)	2,448

- Notes: 1. (0) million yen in inter-segment eliminations and (227) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (228) million yen segment profit or loss adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit or loss is adjusted with operating profit as listed in our quarterly consolidated statement of income.

First Quarter of the Current Fiscal Year (January 1 to March 31, 2023)

## 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	14,718	672	574	15,963	-	15,963
Inter-segment sales or transfers	4	8	3	15	(15)	-
Total	14,722	680	576	15,978	(15)	15,963
Segment profit or loss (-)	2,599	(6)	59	2,652	(270)	2,382

- Notes: 1. (3) million yen in inter-segment eliminations and (267) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (270) million yen segment profit or loss adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit or loss is adjusted with operating profit as listed in our quarterly consolidated statement of income.