Securities Report
for the Fiscal Year
Ended December 31, 2021

(The English Translation of the "Yukashoken-Houkokusho"
for the Fiscal Year Ended December 31, 2021)

Fullcast Holdings Co., Ltd.

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[Form Submitted]	Securities Report
[Legal Basis]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted To]	Director of the Kanto Local Finance Bureau
[Date Submitted]	March 28, 2022
[Fiscal Year]	FY12/21 (January 1 to December 31, 2021)
[Company Name]	Fullcast Holdings Co., Ltd.
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[Business Contact]	Katsuaki Kobayashi, General Manager of the Accounting Department
[Location to Submit to Inspection]	Tokyo Stock Exchange Group, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1: Corporate Information

Part 1: Corporate Overview

1. Trends in Key Performance Indicators

(1) Consolidated Performance Indicators

Term		Term 25	Term 26	Term 27	Term 28	Term 29
Date of settlement		Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Net sales	(Million yen)	32,066	38,852	44,479	43,226	52,366
Ordinary profit	(Million yen)	4,406	5,286	7,064	6,180	7,624
Profit attributable to owners of parent	(Million yen)	2,994	3,310	4,644	4,113	5,012
Comprehensive income	(Million yen)	3,081	3,406	5,326	3,844	5,235
Net assets	(Million yen)	11,339	13,049	16,213	17,396	20,579
Total assets	(Million yen)	16,813	19,808	23,464	23,953	29,484
Net assets per share	(Yen)	286.81	331.68	415.71	449.58	535.40
Basic earnings per share	(Yen)	78.87	87.90	124.59	111.69	137.34
Diluted earnings per share	(Yen)	78.58	87.48	123.94	111.04	136.70
Equity-to-asset ratio	(%)	64.6	63.0	65.8	68.9	66.2
Rate of return on equity	(%)	29.8	28.4	33.3	25.7	27.8
Price-earnings ratio	(Times)	29.3	20.4	20.0	14.4	17.9
Net cash provided by (used in) operating activities	(Million yen)	3,901	4,474	5,408	3,979	6,368
Net cash provided by (used in) investing activities	(Million yen)	(187)	(2,870)	8	(89)	(99)
Net cash provided by (used in) financing activities	(Million yen)	(1,306)	(2,508)	(2,073)	(2,472)	(2,168)
Cash and cash equivalents at end of period	(Million yen)	9,371	8,467	11,811	13,309	17,410
Number of employees (Others, average number of temporary employees)		635 (844)	1,013 (1,110)	1,060 (1,244)	1,174 (1,269)	1,244 (1,521)

Notes: 1. Net sales do not include consumption tax.

2. The Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the Term 27. The primary management indicators related to the Term 26 represent the indicators after retrospective application of this accounting standard.

(2) Performance Indicators for Submitting Companies

Term	Term 25	Term 26	Term 27	Term 28	Term 29
Date of settlement	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Operating revenue (Million yen)	4,745	5,741	6,845	7,035	6,481
Ordinary profit (Million yen)	2,708	3,552	4,547	4,845	4,311
Profit (Million yen)	2,454	2,462	3,639	4,659	3,804
Share capital (Million yen)	2,780	2,780	2,780	2,780	2,780
Total number of issued shares (Shares)	38,486,400	38,486,400	38,486,400	38,486,400	37,486,400
Net assets (Million yen)	7,578	8,356	10,316	12,098	13,798
Total assets (Million yen)	9,990	11,434	13,437	14,681	17,287
Net assets per share (Yen)	199.17	220.18	274.42	325.13	374.67
Dividend paid per share (Yen) (interim dividend paid per share) (Yen)	26.00 (12.00)	32.00 (14.00)	40.00 (19.00)	41.00 (19.00)	44.00 (21.00)
Basic earnings per share (Yen)	64.63	65.37	97.63	126.52	104.25
Diluted earnings per share (Yen)	64.40	65.06	97.12	125.79	103.77
Equity-to-asset ratio (%)	75.5	72.4	75.9	81.3	79.0
Rate of return on equity (%)	35.0	31.1	39.4	42.1	29.7
Price-earnings ratio (Times)	35.8	27.4	25.5	12.7	23.6
Payout ratio (%)	40.2	49.0	41.0	32.4	42.2
Number of employees (Others, average number of temporary employees)	86 (174)	87 (209)	89 (184)	93 (167)	94 (165)
Total shareholder return (index for comparison: TOPIX including dividends) (%)	242.43 (122.2)	191.91 (102.7)	268.57 (121.3)	180.81 (130.3)	274.38 (146.9)
Highest share price (Yen)	2,350	2,948	2,538	2,723	3,225
Lowest share price (Yen)	915	1,603	1,595	969	1,510

Notes:
1. Operating revenue does not include consumption tax.
2. The Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the Term 27. The primary management indicators related to the Term 26 represent the indicators after retrospective application of this accounting standard.
3. High and low share prices are those recorded by the First Section of the Tokyo Stock Exchange.

2. Corporate History

Sept. 1990	Established Resort World Co., Ltd. in Minato-ku, Tokyo
Sept. 1992	Changed our Company name to Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.)
Oct. 1992	Began short-term business contracting
Oct. 1994	Moved our head office to Shibuya-ku, Tokyo
Jan. 1995	Signed a franchise contract with Fullcast Osaka Co., Ltd.*, located in Chuo-ku, Osaka
Sept. 1995	Established Seiwa Service Co., Ltd.* in Shinjuku-ku, Tokyo
Jan. 1996	Established Entry Co., Ltd.* in Kodaira-shi, Tokyo
Oct. 1997	Established Fullcast Lady Co., Ltd.*
May 1998	Changed the name of Kanagawa School Entrance Research Association Co., Ltd. to Fullcast With Co., Ltd.
Oct. 1998	Fullcast With Co., Ltd. was approved to conduct general worker dispatching
Jan. 1999	Newly established a factory business section, and began the factory-line contracting business
	Fullcast Lady Co., Ltd.* was approved to conduct general worker dispatching
Apr. 1999	Fullcast With Co., Ltd. was approved to engage in the employment placement business
June 1999	Merged with Fullcast Osaka Co., Ltd.,* Entry Co., Ltd.,* Dual Support Co., Ltd.*
Nov. 1999	Established Fullcast System Consulting Co., Ltd.*
Mar. 2000	Established Fullcast HR Consulting Co., Ltd.* and commenced business after acquiring Fullcast With Co., Ltd.'s personnel consulting department in April of the same year
Sept. 2000	Established Fullcast Factory Co., Ltd., and commenced business after acquiring the Factory department in October of the same year
June 2001	Listed shares on an Over-The-Counter Market (currently Tokyo Stock Exchange JASDAQ, Standard)
Apr. 2002	Established Fullcast Central Co., Ltd. by merging with Central Motor Co., Ltd. and Daisho Industry Co., Ltd. and began our factory-line contracting business that caters specifically to the automobile industry
Oct. 2002	Fullcast With Co., Ltd. and Fullcast System Consulting Co., Ltd. merged, and the name of the merged company was changed to Fullcast Technology Co., Ltd.
	Assumed part of Fullcast Lady Co., Ltd.'s business through an absorption-type split, Fullcast Lady Co., Ltd. specializes in office-type short-term business contracting and dispatching, and changed its name to Fullcast Office Support Co., Ltd.*
Jan. 2003	Fullcast Office Support Co., Ltd.* was approved to engage in employment placement business
	Fullcast HR Consulting Co., Ltd. merged with Fullcast Office Support Co., Ltd.*
Sept. 2003	Listed our shares on the Second Section of the Tokyo Stock Exchange
June 2004	Acquired 100% ownership of Apayours Co., Ltd. through stock swap
July 2004	Fullcast Technology Co., Ltd. was approved to conduct general worker dispatching
Sept. 2004	Moved our shares to the First Section of the Tokyo Stock Exchange
Oct. 2004	Established Fullcast Finance Co., Ltd.
Nov. 2004	Approved to conduct general worker dispatching
Mar. 2005	Acquired 100% ownership of Human Resources Research Institute Inc.* through transfer of shares
	Acquired naming rights for Tohoku Rakuten Golden Eagles' home stadium, "Fullcast Stadium Miyagi" (in October 2007 we dissolved our contract, and declined use of the name)
June 2005	Established an American Depositary Receipt (ADR) Program

Oct. 2005	Fullcast Office Support Co., Ltd. merged with Human Resources Research Institute Inc., and changed their name to Fullcast HR Institute Co., Ltd.*
	Asia Pacific System Research Co., Ltd. became a subsidiary through third-party allocation of shares and stock acquisition
	Fullcast Technology Co., Ltd. listed its shares on an Over-The-Counter market (Currently Tokyo Stock Exchange JASDAQ, Standard)
May 2006	Acquired 100% ownership of Nihon Security Guard Co., Ltd. (currently Fullcast Advance Co., Ltd., now a consolidated subsidiary) through transfer of shares
June 2006	Acquired 100% ownership of Exe Outsourcing Co., Ltd. (currently F-PLAIN Corporation, now a consolidated subsidiary) through transfer of shares
May 2007	Acquired 100% ownership of Info-P Co., Ltd. through stock swap
June 2007	Net It Works, Inc. became a subsidiary through transfer of shares
July 2007	Transferred all shares held in Apayours Co., Ltd. to its founder
Oct. 2008	Transitioned to a pure holding company system through new division of corporate functions, and changed our corporate name Fullcast Holdings Co., Ltd., all business relating to sales performed by Fullcast HR Institute Co., Ltd.*
Nov. 2008	All shares held in Asia Pacific System Research Co., Ltd. acquired by Canon Electronics Inc. in a takeover bid
Mar. 2009	Transferred all shares held in Info-P Co., Ltd.
May 2009	Transferred all shares held in Fullcast Finance Co., Ltd.
June 2009	Transferred all shares held in Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd.
Aug. 2009	Transferred all shares held in Net It Works, Inc.
June 2010	Integrated head office functions of the Company and all Group companies (excluding Fullcast Technology Co., Ltd., East Communication Inc. (currently F-PLAIN Corporation, now a consolidated subsidiary) and EKO-SYSTEM Inc. (Currently F-PLAIN Corporation, now a consolidated subsidiary))
May 2011	Fullcast Marketing Co., Ltd. (currently F-PLAIN Corporation, now a consolidated subsidiary) was changed to an equity method affiliate through a partial transfer of stock and allocation of new stock to a third party
	A takeover bid for Fullcast Technology Co., Ltd. was offered by Yumeshin Holdings Co., Ltd. and all shares owned were transferred
Apr. 2012	Acquired 100% ownership of Otetsudai Networks, Inc. (now a consolidated subsidiary) through transfer of shares
Oct. 2012	With the implementation of the Revised Worker Dispatching Act, Fullcast Co., Ltd. and Top Spot Co., Ltd. started services including the “part-time employment placement” and “part-time worker payroll management services”
Jan. 2016	Launched “My Number Management” service
Feb. 2016	Established Work & Smile Co., Ltd., with operations started in July of the same year
Mar. 2016	Acquired shares of Beat Co., Ltd. and converted it to an equity method affiliate
Aug. 2016	Acquired shares of Dimension Pocket Co., Ltd., and made it a consolidated subsidiary
Oct. 2016	Launched “Year-End Tax Adjustment Management” service
Nov. 2016	Established Fullcast Senior Works Co., Ltd., with operations started in March 2017
Jan. 2017	Acquired shares of equity method affiliate F-PLAIN Corporation, making it a consolidated subsidiary
Mar. 2017	Established Fullcast Porter Co., Ltd., with operations started in July of the same year
May 2017	Launched “Resident Tax Update Admin Work Management” service
Jan. 2018	Acquired the shares of BOD Co., Ltd., making it a consolidated subsidiary
June 2018	Acquired shares of DeliArt Co., Ltd. and converted it to an equity method affiliate

June 2018	Established Fullcast Global Co., Ltd., with operations started in October of the same year
Aug. 2018	Acquired shares of Advancer Global Limited and converted it to an equity method affiliate
Aug. 2018	Acquired shares of Minimaid Service Co., Ltd., making it a consolidated subsidiary
Mar. 2019	Acquired shares of NIHON DENKI SERVICE Co., Ltd. and converted it to a non-consolidated equity method affiliate
Aug. 2019	Established Fullcast International Co., Ltd., with operations started in December of the same year
Dec. 2019	Transferred all the owned shares of Dimension Pockets Co., Ltd.
Jan. 2020	Made non-consolidated equity method affiliate NIHON DENKI SERVICE Co., Ltd. a consolidated subsidiary
Jan. 2020	Acquired the shares of HR Management Co., Ltd., making it a consolidated subsidiary
Dec. 2020	Transferred part of the owned shares of NIHON DENKI SERVICE Co., Ltd. and removed it from the scope of consolidation
Apr. 2021	Acquired the shares of Progress, Inc., making it a consolidated subsidiary
July 2021	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 new company renamed HR Management Co., Ltd.

*Currently Fullcast Co., Ltd. (now a consolidated subsidiary)

3. Description of Business

Our Fullcast Group is expanding the “Short-Term Operational Support Business” (providing timely short-term personnel services in response to changes in the amount of work at client companies), the “Sales Support Business” (mainly engaging in call center operations and agency sales of telecommunications products and others focused on distributor networks), and the “Security, Other Businesses” (providing security services mainly for public facilities and ordinary corporations, others.).

The following business segments are identical to the reporting segments contained in the segment information by type of business listed in “Part 5: Financial Conditions, 1 (1) Consolidated Financial Statements, Notes.”

Short-Term Operational Support Business (Short-term personnel service, human resource services for event operation, payroll management services, other services)

[Main companies] Fullcast Co., Ltd.
Top Spot Co., Ltd.
Work & Smile Co., Ltd.
Fullcast Senior Works Co., Ltd.
Fullcast Porter Co., Ltd.
Otetsudai Networks Inc.
Fullcast Advance Co., Ltd.
BOD Co., Ltd.
HR Management Co., Ltd.
Progress, Inc.
Fullcast Global Co., Ltd.
Minimaid Service Co., Ltd.
Fullcast International Co., Ltd.

Sales Support Business (Distributor sales and call center operations, other services)

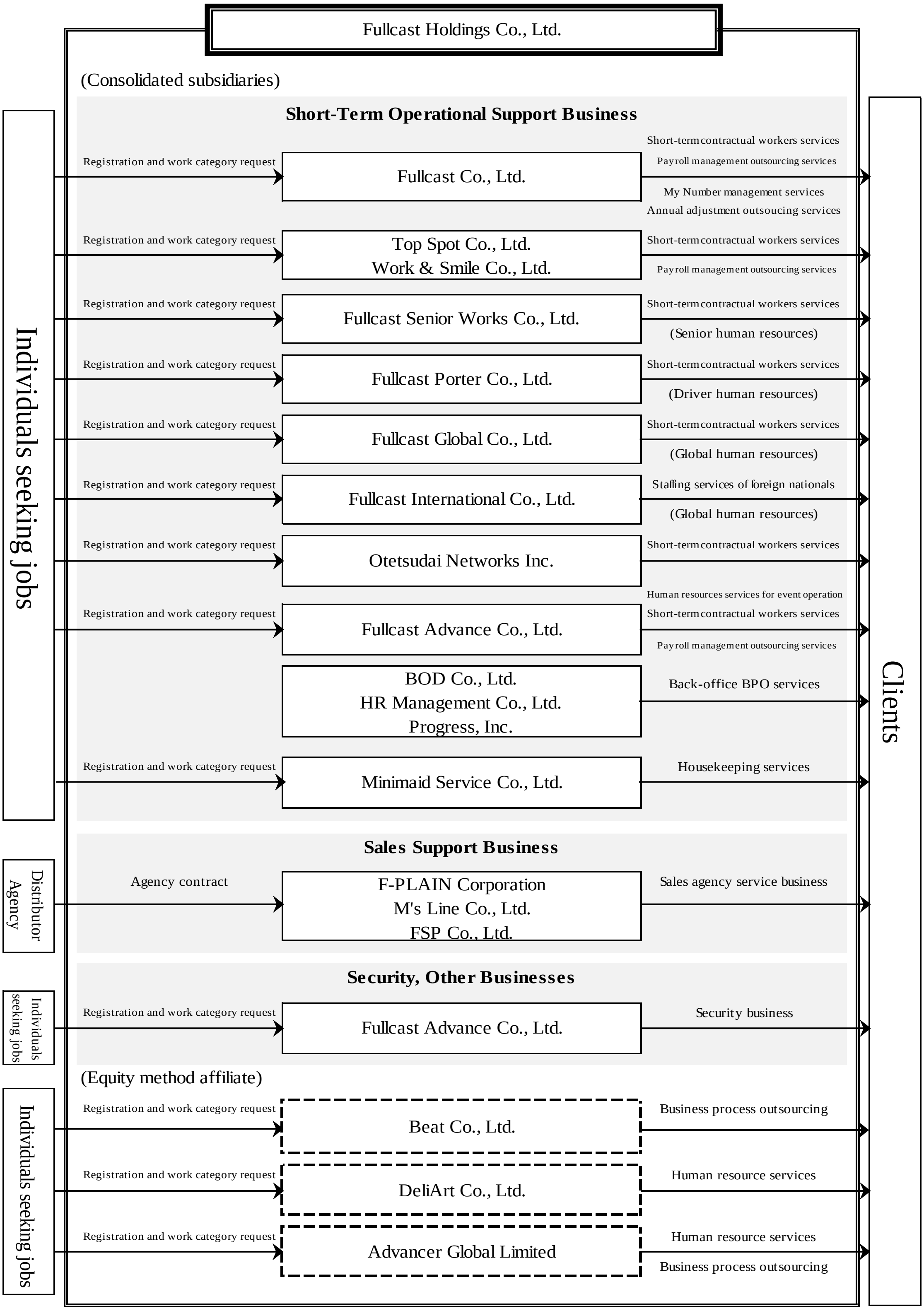
[Main companies] F-PLAIN Corporation
M’s Line Co., Ltd.
FSP Co., Ltd.

Security, Other Businesses (Security business, other services)

[Main companies] Fullcast Advance Co., Ltd.

Please note that Fullcast Holdings Co., Ltd. is a specified listed company falling under the category of a specified listed company, and de minimis standards for material facts concerning insider trading regulations will be judged based on consolidated data.

A diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2021.

Note 2: [double-bordered box] is Fullcast Holdings Co., Ltd., [single-bordered box] is a consolidated subsidiary, [dashed box] is an equity method affiliate.

Note 3: The Company acquired shares of Progress, Inc. on April 1, 2021, making it a consolidated subsidiary.

Note 4: On July 1, 2021, 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 changed to HR Management Co., Ltd.

4. Overview of affiliated entities

Company	Location	Share capital (mil. yen)	Major business activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiary) Fullcast Co., Ltd. (Notes 3, 6)	Shinagawa-ku, Tokyo	100	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd.	Shinagawa-ku, Tokyo	113	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Work & Smile Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Senior Works Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Porter Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Global Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast International Co., Ltd.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	51.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1
Otetsudai Networks Inc.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
BOD Co., Ltd.	Toshima-ku, Tokyo	80	Short-Term Operational Support Business	51.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
HR Management Co., Ltd.	Toshima-ku, Tokyo	20	Short-Term Operational Support Business	51.0 (51.0)	- Provides services such as management advice and system leases.
Progress, Inc.	Koto-ku, Tokyo	50	Short-Term Operational Support Business	60.0 (60.0)	- Provides services such as management advice and system leases.

Minimaid Service Co., Ltd.	Shibuya-ku, Tokyo	30	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
F-PLAIN Corporation	Minato-ku, Tokyo	80	Sales Support Business	78.2	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 2
M’s Line Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	- Provides services such as management advice and system leases.
FSP Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	- Provides services such as management advice and system leases.
Fullcast Advance Co., Ltd.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business Security, Other Businesses	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Company-wide	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as business outsourcing and system leases. - Provides financial support: borrowing and lending operating capital
(Equity method affiliate) Beat Co., Ltd	Yokohama-shi, Kanagawa	50	Business process outsourcing Worker dispatch business	30.0	- Concurrent directorates: 1
DeliArt Co., Ltd.	Chiyoda-ku, Tokyo	43	Worker dispatch business	20.0	–
Advancer Global Limited (Note 2)	Singapore	(million Singapore dollars) 41	Employment services Facility management services	25.9	- Concurrent directorates: 1

Notes: 1. The “Major business activities” category follows the business segment classification.
2. The capital stock of Advancer Global Limited is the amount as of June 30, 2021.
3. Specified subsidiary.
4. The ownership ratio of voting rights indicated in parentheses represents the ratio of voting rights held indirectly.
5. None of the companies have submitted annual securities report or securities registration statement.
6. Sales by Fullcast Co., Ltd. account for over 10% of consolidated net sales (excluding internal sales among consolidated companies).

Key Information about Profit and Loss (Million yen)

	Fullcast Co., Ltd.
Net sales	34,210
Ordinary profit	4,787
Profit	3,299
Net assets	3,432
Total assets	8,666

5. Number of Employees

(1) Status of Consolidated Companies

(As of December 31, 2021)

Name of Segment	Number of Employees
Short-Term Operational Support Business	981 [1,246]
Sales Support Business	81 [80]
Security, Other Businesses	54 [20]
Company-wide (Shared)	128 [175]
Total	1,244 [1,521]

Notes:
1. "Number of employees" is the number of employees engaged in work, and the approximate average annual number of temporary employees is listed within parentheses.
2. The number of employees listed as "Company-wide (shared)" indicates the number of employees who belong to administrative departments who cannot be assigned to specific business segments.
3. In the "Short-Term Operational Support Business," the number of employees and temporary employees increased by 95 and 265, respectively, compared to the end of the previous fiscal year. This change is mainly attributed to an increase in employees following the consolidation of Progress, Inc. and an increase in part-time workers at Minimaid Service Co., Ltd. following the expansion of its business lines.

(2) Status of the Submitting Company

(As of December 31, 2021)

Number of Employees	Average Age (Years old)	Average Years of Service	Average Annual Salary (Thousand yen)
94 [165]	38.0	10 years and 4 months	5,032

Notes:
1. "Number of employees" is the number of employees engaged in work, and the approximate average annual number of temporary employees is listed within parentheses.
2. "Average annual salary" includes bonuses and additional wages.
3. Our Company's employees mainly perform management and planning related to the Fullcast Group, and they are included in the Company-wide (shared) category.

(3) Status of Labor Unions

No enterprise unions have been formed within our Company or Group. Regarding labor-management relations, there are no items worthy of special mention.

Part 2: State of Business

1. Management Policy and Environment, and Issues to Be Addressed

(1) Fundamental Management Policies

Our Group considers the “sustained improvement of corporate value” to be one of its most important management issues.

We manage our business by focusing upon capital efficiency and identify ROE as a target indicator to reflect “improvement of corporate value” with the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our Company.

(2) Target Management Indicators

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 1.0 time to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. The Fullcast Group also seeks to achieve an ROE of over 20% as a target indicator of “improvement of corporate value.”

(3) Medium- to Long-Term Management Strategies

With the highest priority assigned to compliance as the basic assumption of our management, we are working toward greater business growth centered on our “Short-Term Operational Support Business” and by ensuring that our group wide corporate governance leverages the functionality of our holding company.

In addition, under “Medium-Term Management Plan 2024,” we will achieve business growth centered on the Short-Term Operational Support Business, aspiring toward a new record high consolidated operating profit of 10 billion yen in the fiscal year ending December 2024, the final year of the plan.

(4) Management Environment and Key Management Issues

Management Environment

The current operating environment surrounding the staffing service industry to which our Group’s main business operations belong continues to show signs of recovery, including a sustained increase in effective job offers and signs of a recovery in the new job offers-to-applicants ratio, despite ongoing weakness in the employment situation amid the impacts of the COVID-19 pandemic. The future outlook indicates the operating environment will remain stable.

Our Group’s mainstay segment of “Short-Term Operational Support Business” accounts for a high percentage of our Group’s consolidated net sales and operating profit at around 90%. The “Short-Term Operational Support Business” segment engages in the 4 services of placement, BPO, dispatching and outsourcing, and provides short-term staffing services in a timely manner based on changes in workload at customer companies. The Company recognizes that the “Short-Term Operational Support Business” is moving from the domain of providing necessary human resources in response to gaps in the conventional busy period and slow periods of clients driven by the declining labor force population in Japan recently, to business domains for part-time workers directly hired by companies to maintain the minimum necessary workforce. Going forward, we will endeavor to the alleviate workers shortages in Japan by providing a more sophisticated of short-term staffing services.

Key Management Issues

Our Group has established “Medium-Term Management Plan 2024.” For details, please see “Notice of Establishment of Medium-Term Management Plan 2024” released on February 10, 2022.

In addition, in the fiscal year ending December 2022, the initial fiscal year of the plan, Our Group will focus on the main management issue of “Under a client first approach, aim for greater business growth and expansion of peripheral services," and make efforts to resolve this issue. In implementing our management policy in "Part 2: State of Business, 1. Management Policy and Environment, and Issues to be Addressed (1) to (3)" and the medium- to long- term management strategies, our Group recognizes that the business and financial issues to be addressed with priority are as follows.

1) Sustained Improvement of Corporate Value

As stated in "Part 2: State of Business, 1. Management Policy and Environment, and Issues to be Addressed (1) Fundamental Management Policies," we consider the "sustained improvement of corporate value" as one of our most important management issues. Accordingly, we will manage our businesses by focusing upon capital efficiency through the maintenance of an appropriate level of shareholder equity while at the same time continuing to return profits to shareholders. In addition, we seek to realize further expansion of profits in the "Placement" (Note 1) and "BPO" (Note 2) services, which are the main businesses of our Group.

In the future, we will continue to promote rationalization as a means of fortifying our management structure, while at the same time assigning the highest priority to compliance. We also seek to further increase the confidence of all stakeholders in our Company.

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 Group are referred to as "BPO."

2) Achievement of "Medium-Term Management Plan 2024"

Based on "Medium-Term Management Plan 2024," we will work toward achieving the target of a "new record high consolidated operating profit of 10 billion yen in the final year of the plan."

An outline of "Medium-Term Management Plan 2024" is presented below.

a) Applicable Period

Three years from the fiscal year ending December 2022 to the fiscal year ending December 2024

b) Numerical Targets

Consolidated operating profit of 10 billion yen in the fiscal year ending December 2024

c) Main Management Indicators (KPI)

Indicators for achieving "sustained improvement of corporate value"	: ROE of 20% or higher
Indicators related to shareholder returns	: Total return ratio of 50%
Indicators supporting "basic capital policy"	: D/E ratio upper limit 1.0

d) Summary of Business Strategy

■ Short-Term Operational Support Business
- Integrate online and real-life using DX to further improve the service level provided to both staff and clients alike resulting in business growth

■ New Businesses and M&A
- Expand businesses established under the previous Medium-Term Management Plan
- Actively invest in M&A to take our business portfolio to the next stage of growth

■ Sales Support Business
- Expand the business by strengthening sales capabilities, diversifying product offerings, and horizontal expanding the entertainment business

■ Security, Other Businesses
- Increase the number of stable permanent security projects, increase collaboration with other companies, and expand Group synergies

3) Business Targets for the Fiscal Year Ending December 2022

Our Group's target for the fiscal year ending December 2022 will be "Under a client first approach, aim for greater business growth and expansion of peripheral services," under which Our Group will work toward greater business growth centered on the mainstay "Short-Term Operational Support Business." In addition, our Group will work on the following measures in the fiscal year ending December 2022 in order to continuously maximize profits by streamlining Group-wide operations and boosting productivity.

a) "Continue with initiatives aimed at greater business growth and creation of added value, including investments in DX, expansion of existing business, and development of new business, etc."

・ Move the staffing order system for clients and various ledgers online, improve services by creating an app of the Cast Portal, Our Group's dedicated website for registered staff, improve convenience and satisfaction for both clients and staff using DX and other means

・ Continue to open new offices (around 10 new offices annually)

・ Increase acquisition of public sector projects through creation of a public sector sales team

・ Expand logistics subcontracting business

b) "Grow the business by strengthening collaboration between Group companies"

・ Roll out Fullcast Porter's driver dispatching service nationwide through collaboration with Fullcast's nationwide office network

・ Roll out registration support services for foreign nationals with specified skills through collaboration between Fullcast Global, Fullcast International and Fullcast

・ Increase collaboration between Group companies across various BPO services and subcontracted projects

・ Further examine M&A opportunities to expanding our services or employment opportunities for staff

2. Risks Associated with Our Businesses

The main risks recognized by management with the potential to serious impact our consolidated financial position, operating results, cash flow conditions and other matters concerning the business and accounting conditions appearing in our securities report, are as follows. As part of our policy of proactive disclosure of information to investors, descriptions of risks may also include matters that do not necessarily fall under the category of business risks, but those which may be regarded as important factors for investors in making investment decisions or understanding our Group's business activities.

Furthermore, the possibility or timing for these risks to emerge and the impact for our Group's operating results if these risks will materialize, are not included because of the difficulty in making reasonable assessments of these.

Our Group seeks to proactively identify potential business risks, prevent their occurrence and take adequate measures to address them should they appear. The following statements may contain potential risk factors which may occur in the future, and they are based on our best judgment as of the date of reporting of these securities report.

(1) Fullcast Group's Policy for Business Growth

We endeavor to raise our competitive position by strengthening corporate governance and by promoting speed in both our strategic decision-making process and in the implementation of various strategies by our management. However, should these decisions and implementation take longer than anticipated and the contribution to our earnings does not proceed as planned, our Group's earnings could be negatively impacted.

Within the "Short-Term Operational Support Business," our Company engages in both "Placement" and "BPO" services and other services in response to the Revised Worker Dispatching Act implemented on October 1, 2012. In addition, BOD Group provides "Back Office BPO Services" and Minimaid Service Co., Ltd. provides "Housekeeping Services." If these business results do not progress according to forecasts, the performance of our

Group could potentially be adversely affected.

In the “Sales Support Business”, our Company engages in sales support for telecommunications products and call center operations. If these business results do not progress according to forecasts, or if large amounts of capital must be invested, or if the appeal of the products sold deteriorates, the performance of our Group could potentially be adversely be adversely affected.

In the “Security, Other Businesses”, our Company provides security services mainly to public facilities and general companies. If these business results do not progress according to forecasts, the performance of our Group could potentially be adversely affected.

In addition to reinforcing our existing businesses with a view to the future, our Group has the potential to launch new business ventures through the establishment of new companies, M&A, business tie-ups and among other means. However, there are many elements of uncertainty surrounding new business ventures, and in cases where the initially expected synergies are not achieved and business results does not meet forecasts due to changes in the business environment surrounding our Group or changes in legal regulations related to the new business venture, the performance of our Group could potentially be adversely affected.

Moreover, due to the acquisition of overseas companies, our Group is exposed to foreign exchange risks, risks related to local regulations applied to businesses of acquired companies, and country risks. If these risks are appeared, they may adversely affect our Group’s operating results and financial position.

We maintain a policy of selling shares in affiliates or marketable securities of companies which cease to provide synergies with our Group’s various businesses. Also, our Group’s earnings could be profoundly impacted by the implementation of impairment accounting related to goodwill as well as the shares of affiliated companies and investment securities during times when market capitalization or the actual value of companies whose shares we hold deteriorate.

(2) Legal Regulations

1) Changes in Legal Regulations

If the laws and other related ordinances applied to the business operations of the Fullcast Group are revised or legal interpretations modified due to changes in societal conditions surrounding the labor market, these revisions or new legal interpretations could adversely affect the business performance of the Fullcast Group. Applicable laws include the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Industrial Accident Compensation Insurance Act, Health Insurance Act, Employees’ Pension Insurance Act, the Act on the Use of Numbers to Identify a Specific Individual for Administrative Procedures (My Number Act), and Immigration Control and Refugee Recognition Act (Immigration Control Act), Act on the Arrangement of Related Acts to Promote Work Style Reform (Work Style Reform Act). As a countermeasure against these risks, our Group endeavors to gather information in a timely manner concerning revisions to or changes in the interpretation of the laws and regulations applied to our Group’s business operations, to address these in an appropriate manner, and quickly understand the impacts on our Group’s operating results and financial position.

2) Part-Time Employment Placement Business

Our Group provides paid-for employment placement services under the license of Minister of Health, Labor and Welfare and in accordance with the Employment Security Act. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 31 of the Act, if there is a violation of relevant laws and regulations, if there are grounds to disqualify our license as prescribed in Article 32 of the Act, or if there are grounds to cancel our license, our Group could become subject to disqualification, our license could be canceled or orders to suspend or halt our operations could be issued. As a countermeasure against these risks, our Group is committed to implementing compliance and risk management to prevent any violation of acts and ordinances. However, if licenses are canceled or if other measures are taken due to some reason in the future, we may be unable to continue providing paid-for employment placement services and our Group’s business performance could be seriously affected.

3) Worker Dispatching Service

Our Group provides worker dispatching services under the license of Minister of Health, Labor and Welfare in accordance with the Worker Dispatching Act. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 7, if there is a violation of relevant laws and regulations, if there are grounds to disqualify our license as prescribed in Article 6, or if there are grounds to cancel our license as prescribed in Article 14, our Group could become subject to disqualification, our license could be cancelled or orders to suspend or halt our operations could be issued.

As a countermeasure against these risks, our Group is committed to implementing compliance and risk management to prevent any violation of acts and ordinances. However, if licenses are canceled or if other measures are taken due to some reason in the future, we may be unable to continue providing worker dispatching services and our Group’s business performance could be seriously affected.

4) Various Management Services Including Part-Time Worker Payroll Management Service

Because our Group conducts outsourcing services independent of the contracting client company based upon an outsourcing agreement, we may become liable for damages caused by the incompletion of outsourcing services or delays in reporting. Should this risk materialize, our Group will work to absorb damages by reducing costs with internal efforts, such as increasing the efficiency of operations. However, depending upon the amount of compensation for damages, our Group’s earnings could be adversely impacted if we cannot absorb these costs.

5) Onsite Subcontracting Service

As an onsite subcontracting service provider based on subcontracts, our Group completes its subcontracting services independently and directly at the client company of said contracts. In carrying out the work involved, we follow commonly accepted practices (as defined in Notice No. 37 of 1986 by Japan’s Ministry of Health, Labor and Welfare) that separates and distinguishes between the employee dispatching and the subcontracting services and other relevant laws and regulations.

Due to the nature of the outsourcing business, our Group is exposed to productivity risks and defective product risks. As a countermeasure against these risks, our Group will work to absorb damages by reducing costs with internal efforts, such as increasing efficiency of operations. However, our Group’s earnings could be adversely impacted if we cannot absorb these costs.

6) Sharing of Social Insurance Contributions

If legal revisions expand the scope of social insurance and employment insurance in the future, or if the number of employees enrolled in social insurance increases due to growth in the worker dispatch or outsourcing businesses owing to the prolonged need for short-term human resources arising from chronic labor shortages at customer companies, the amount of social insurance premiums borne by the Company will increase. Also, this could lead to an increase in the number of cases requiring procedures for obtaining or losing coverage qualifications, which in turn could increase costs for clerical work. As a countermeasure against these risks, our Group strives to quickly understand the impacts on our Group’s operating results and financial position by gathering information in a timely manner concerning revisions to laws and regulations. At the same time, should this risk materialize, our Group will work to pass on the cost increase to the invoice amount for customers or make internal efforts, such as increasing efficiency of operations. However, if the cost increase cannot be absorbed through these efforts, our Group’s earnings could be negatively impacted.

(3) Economic Trends

Our Group’s business composition focused upon the “Short-Term Operational Support Business” is not susceptible to the impacts of economic trends during the current environment where there is a worker shortage due to structural factors regarding the population. However, if the economy deteriorates beyond our Group’s assumptions, our Group's operating results and financial condition could be affected. As a countermeasure against these risks, our Group regularly monitors economic trends and market developments, and promotes a sales strategy tailored to specific geographic regions and characteristics of customer industry. In addition to improving sales capabilities, our Group continues to work on increasing profit margin by enhancing productivity, and then working to mitigate the said risk.

(4) Managing the Database on Client Firms and Staff

Our Group always strives to provide staff best matched to the needs of client companies and deploy staff for clients promptly and efficiently. To facilitate this, our Group manages a database that contains information on staff work attitudes and experiences by job classification, and similar information regarding our clients.

To be prepared for the potential of a malfunction in servers, our Group makes backup databases and servers themselves are operated in a redundant configuration using multiple machines in preparation for any potential problems. However, if these servers were to fail simultaneously as a result of problems such as earthquakes or other natural disasters, cyberattacks, human errors or other factors, our Group's operations could be seriously impeded and our earnings may be negatively affected.

As a countermeasure against these risks in the future, our Group expects to make investments in information technologies as needed to help differentiate our Company from our competitors in terms of costs and services offered.

Deterioration in the effectiveness of these investments could contribute to reductions in their contribution to sales growth in the future. To appropriately manage personal information and other data, we endeavor to prevent unauthorized access, destruction, falsification or unauthorized disclosure of personal information by establishing clear handling rules, strictly controlling access rights to the system and stepping up internal inspections. However, our Group's earnings could be significantly affected by potential security breaches of personal information, and our Group could lose the trust of the public and become subject of claims for damages.

(5) Workplace Accidents and Transaction-Related Trouble

1) Part-Time Worker Placement Service

In the process of selecting staff members who apply for jobs, the client company may file a suit against us for breach of contract or demand other compensation in the event that our Company selects and places a staff member who does not meet the recruitment requirements of the client company due to our negligence. As a countermeasure against these risks, our Group has a compliance system under which it ensures personnel in charge of legal affairs can handle various legal risks. However, our performance may be seriously affected by accidents depending upon the legal nature and the amount of money involved.

2) Employee Dispatching Service

In the event that a staff member is injured, becomes ill or dies during the course of performing work tasks or due to causes attributable to work at the dispatched workplace, our Group as an employer may become responsible to pay compensation according to the relevant laws and regulations including the Labor Standards Act and the Workers' Accident Compensation Insurance Act (Destination business owners that are our clients bear the employer's liability in accordance with the Industrial Safety and Health Act, and are obliged to protect the safety of staff in accordance with the Civil Code.).

As a countermeasure against these risks, our Group fortifies staff awareness of safety by promoting occupational health and safety training for staff, as well as by providing safety equipment and bulletins for on-the-job vigilance to prevent injury and illness. To provide better worker protection, our Group maintains an insurance program to pay agreed claims as comprehensive general liability insurance. However, should an accident not covered by this insurance occur, our Group could be forced to pay damages on the grounds of neglecting its duty to secure safety and assume responsibility for any activity which is beyond the bounds of those stipulated in labor contracts.

In addition, our Group could be sued or pressured to make other payments on allegations of staff negligence, for violations of contracts with clients or for illegal activities of staff members in the course of performing services at the dispatched workplace. As a countermeasure against these risks, our Group has a compliance system under which it ensures personnel in charge of legal affairs can handle various legal risks. However, our performance may be seriously affected by accidents depending upon the legal nature and the amount of money involved.

(6) Securing and Retaining Employees

In order to improve employee retention, our Group implements measures to enhance employee training and motivation. However, the loss of a greater than expected number of personnel could adversely influence the various business segments of our Group.

(7) Exchange Risk

Our Group assumes foreign exchange risk because it receives remittances in the local currency when converting transactions denominated in a foreign currency, including dividend incomes from overseas affiliated companies. In addition, and as a general rule, the financial statements of overseas affiliates are prepared in local currency and converted into yen when preparing consolidated financial statements. Therefore, even if the value in local currency does not change with the exchange rate at the time of closing, the value after the conversion to yen may affect Our Group's operating results and financial statements. As a countermeasure against these risks, Our Group works to mitigate risks caused by foreign exchange contracts as needed, while considering foreign currency trends.

(8) Changes in Accounting or Tax Systems, Others.

The new introduction of or changes to accounting standards or tax systems that cannot be anticipated by our Group could affect Our Group's operating results and financial condition. As a countermeasure against these risks, Our Group strives to gather information in a timely manner concerning changes and the introduction of new accounting standards or tax systems in order to quickly understand impacts on Our Group's operating results and financial position.

(9) Large-Scale Natural Disasters and Pandemics

Our Group has implemented countermeasures after working to put into place a crisis management system for contingencies. However, if natural disasters, such as typhoons, earthquakes or tsunamis, occur that exceed Our Group's expectations or a pandemic occurs and spreads far beyond our Group's expectations, these events could impact the business activities of our Group or our Group's business partners, and have a negative effect on our Group's operating results and financial position. As a countermeasure against these risks, the Fullcast Group has established a business continuity plan (BCP) that it reviews as necessary to be able to continue or quickly restore important business operations even during a contingency.

3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management

(1) Performance Overview

A summary of Our Group's (The Company, its consolidated subsidiaries, and equity method affiliates) financial position, operating results, and cash flow status (hereinafter, "operating results, others") in the current fiscal year are presented below.

1) Financial Position and Operating Results

During the current fiscal year, Japan's economy experienced a recovery amid the gradually easing situation of the COVID-19 pandemic which led to a recovery in personal consumption, a recovery in corporate earnings with the exception of some areas of non-manufacturing and a recovery in business sentiment, despite remaining severity in some areas. 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 comprehensive measures to stop the spread of COVID-19 and the normalization economic activities. However, the economic horizon remains clouded and requires close monitoring of the rising downside risks caused by supply-side constraints and trends in raw materials prices, and the impacts on domestic and overseas economies caused by the pandemic including new variants and the impact of volatility in financial and capital markets.

The current operating environment surrounding the staffing service industry continues to show signs of recovery, including a sustained increase in effective job offers and signs of a recovery in the new job offers-to-applicants ratio, despite ongoing weakness in the employment situation amid the impacts of the COVID-19 pandemic. The future outlook indicates the operating environment will remain stable.

Against this backdrop, in current the fiscal year, 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." Our Group also carried out marketing activities focused on boosting overall profitability of the Fullcast Group, particularly in the mainstay "Placement" and "BPO" services. In addition, our Company made preparations to further expand its business while fortifying our capabilities as a robust organization to maximizes profits by continuing to increase productivity and promote operational efficiencies across our entire Group.

a. Operating Results

Consolidated net sales increased by 21.1% year-on-year to 52,366 million yen driven by sales growth in the "Short-Term Operational Support Business," due ongoing recovery in client demand and acquisition of public sector projects mainly supporting public vaccinations, despite the negative impacts associated with the COVID-19 and Japan's re-issuance of states of emergencies.

In terms of profits, consolidated operating profit increased by 23.8% year-on-year to 7,592 million yen, with consolidated ordinary profit rising by 23.4% year-on-year to 7,624 million yen, as the recovery trend in client demand continued, despite the impacts of COVID-19.

Profit attributable to owners of parent increased by 21.9% year-on-year to 5,012 million yen due to the increase in consolidated ordinary profit, although a gain on sale of investment securities was booked as an extraordinary income in the previous fiscal year.

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues. We manage our business by focusing upon capital efficiency and by Identifying ROE as a target indicator to reflect "improvement of corporate value" based on the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our company. The Group targets ROE of 20% or higher.

ROE at the current fiscal year was 27.8%, and while this represents an increase of 2.1% points from 25.7% at the end of the previous fiscal year, our ROE continues to remain above our target of 20%.

In addition, Our Group acquired shares of Progress, Inc. on April 1, 2021, making it a consolidated subsidiary. Furthermore, 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.

Results by Business Segment

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

i) Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” increased by 26.8% year-on-year to 46,550 million yen, due mainly to the recovery in client demand throughout the year and acquisition of public sector projects mainly supporting public vaccinations, despite the negative impacts associated with the persistent spread of COVID-19 and Japan’s re-issuance of states of emergencies.

Segment profit (operating profit) increased by 30.6% year-on-year to 8,181 million yen as supported by client demand showing a trend towards a recovery throughout the year, despite the impacts of COVID-19.

ii) Sales Support Business

Net sales of the “Sales Support Business” decreased by 19.6% year-on-year to 3,520 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 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 80.7% year-on-year to 87 million yen due mainly to the drop in net sales.

iii) Security, Other Businesses

Net sales of the “Security, Other Businesses” increased by 6.8% year-on-year to 2,296 million yen due to an increase in permanent security projects throughout the year 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) rose by 15.6% year-on-year to 319 million yen, due to the increase in net sales.

b. Financial Position

i) Liquidity

With regards to assets, current assets increased by 5,510 million yen from the end of the previous fiscal year to 24,815 million yen. This increase is attributed mainly to an increase in cash and deposits of 4,101 to 17,410 million yen and an increase in notes and accounts receivable - trade of 1,419 to 7,090 million yen.

With regard to liabilities, current liabilities increased by 2,251 million yen from the end of the previous fiscal year to 7,961 million yen. This increase is attributed mainly to an increase in income taxes payable of 893 to 1,407 million yen, an increase in accrued consumption taxes of 537 to 1,742 million yen, an increase in accounts payable - other of 386 to 1,553 million yen, and an increase in accrued expenses of 304 to 1,531 million yen.

As a result, working capital (current assets − current liabilities) at the end of the current fiscal year stood at 16,854 million yen, representing an increase of 3,260 million yen from the end of the previous fiscal year, and the consolidated current ratio (current assets ÷ current liabilities × 100) increased to 311.7% from 338.1% at the end of the previous fiscal year.

ii) Capital Expenditures

Capital investments executed in the current consolidated fiscal year declined by 100 million yen year-on-year to 179 million yen. The main breakdown of this investment includes the acquisition of property, plant and equipment associated with the opening of new and relocation of existing sales offices of 52 million yen, and the acquisition of intangible assets associated with the purchase of various software for use within the Company of 127 million yen.

The Company does not have any concrete plans for capital investments during the fiscal year ending December 31, 2022 at this point.

iii) Interest-Bearing Debt

The total amount of interest-bearing debt at the end of the current fiscal year was 1,000 million yen, which is the same as the end of the previous fiscal year.

iv) Net Assets

Net assets at the end of the current fiscal year stood at 20,579 million yen, representing an increase of 3,182 million yen from the end of the previous fiscal year. This increase is attributed to a rise in retained earnings of 1,648 million yen due to the realization of 5,012 million yen as profit attributable to owners of parent, and despite dividends of surplus of 1,573 million yen during the current fiscal year. At the same time, there was a decrease in treasury shares of 1,277 million yen associated with the exercising of rights for stock options and cancellation of treasury shares in response to the acquisition of treasury shares for the fiscal year ended December 2020.

As a result of these events, our debt-to-equity ratio (Interest-bearing debt ÷ equity capital (Note) × 100) decreased from 6.1% at the end of the previous fiscal year to 5.1%, and the equity ratio (Interest-bearing debt ÷ equity × 100) increased from 68.9% at the end of the previous fiscal year to 66.2%.
Note: Equity = Total net assets − Share acquisition rights − Non-controlling interests

v) Basic Policy Concerning Profit Allocation

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

We will implement shareholder returns with a target of achieving a total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. Furthermore, we will seek to achieve our target indicator for “improvement of corporate value” of ROE of over 20%.

Fullcast Holdings has established a basic policy of offering a dividend from surpluses twice a year, comprised of interim and year-end dividends. The decision-making body for the dividend is the Board of Directors for both the interim and year-end dividends.

For the fiscal year ended December 2021, a dividend of 44 yen per share (an increase of 3 yen compared to the previous year and the same as forecast) will be paid based on the goal of achieving a total return ratio of 50%. At the end of the fiscal year, a dividend of 23 yen per share (1 yen increase compared to the previous year and the same as forecast) will be offered and share repurchases totaling up to a maximum 903 million yen will be conducted. As a result, the total return ratio for the fiscal year ended December 2021 is expected to exceed 50.0%.

According to our Articles of Incorporation, our Company can determine an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act.

2) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current fiscal year increased by 4,101 million yen from the end of the previous consolidated fiscal year to 17,410 million yen (compared to an increase of 1,418 million yen in the previous fiscal year).

(Cash Flows from Operating Activities)

Funds provided by operating activities were 6,368 million yen (compared with 3,979 million yen provided in the previous fiscal year) due to an increase in accrued consumption taxes of 519 million yen, an increase in trade payables of 341 million yen, an increase in accrued expenses of 301 million yen, depreciation of 219 million yen, and amortization of goodwill of 207 million yen, compared to profit before income taxes of 7,606 million yen, income taxes paid of 1,639 million yen, and increase in trade receivables of 1,414 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities were 99 million yen (compared with 89 million yen used in the previous fiscal year) due to purchase of intangible assets of 127 million yen and purchase of property, plant and equipment of 52 million yen, compared to proceeds from collection of loans receivable of 45 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities were 2,168 million yen (compared with 2,472 million yen used in the previous fiscal year) due to dividends paid of 1,571 million yen and purchase of treasury shares of 554 million yen.

3) State of Production, Orders Received and Sales

a. Results of Production and Orders Received

Our Group does not typically perform production activities, and due to the extremely short period from the acceptance of orders to the booking of sales in our "Short-Term Operational Support Business," we do not display the scope of orders received as a monetary amount.

b. Sales Performance

Name of segment	Current consolidated fiscal year (January 1 to December 31, 2021) (Million yen)	Change from the previous year (%)
Short-Term Operational Support Business	46,550	26.84%
Sales Support Business	3,520	(19.57)%
Security, Other Businesses	2,296	6.83%
Total	52,366	21.14%

Notes: 1. Consumption tax is not included in the amounts listed above.
2. Elimination is performed for intersegment transactions.

(2) Awareness, Analysis and Review of Status of Operating Results, Others from the Perspective of Management

Our awareness, analysis and review of status of operating results, others from the perspective of management are presented below. Note that the following statements may contain risk factors forecast for the future, although they are based on our best judgment as of the end of the current consolidated fiscal year.

1) Significant Accounting Policies and Estimates

Our Group's consolidated financial statements are prepared based on accounting standards generally accepted in Japan. The preparation of these consolidated financial statements requires the adoption of accounting policies and estimates by management which affects the booking and disclosure of assets, liabilities, profits and costs. Management determines these estimates in a reasonable manner taking into account past performance, but actual results may differ from these estimates due to their uncertainty.

Significant accounting policies adopted for our Group's consolidated financial statements appear in "Part 5: Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Significant Accounting Policies in the Preparation of the Consolidated

Financial Statements).”

In addition, significant accounting estimates used in the preparation of our Group’s consolidated financial statements appear in “Part 5: Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Important Accounting Estimates).”

Regarding accounting estimates in conjunction with the spread of COVID-19, while there are concerns about changes in the economic situation and business environment due to the worldwide spread of COVID-19, the impacts on Our Group’s business activities during the consolidated current fiscal year are minimal, with no major impacts observed. Our Group has thus conducted accounting estimates assuming that there are no material impacts from COVID-19 during the consolidated current fiscal year. 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.

2) Awareness, Analysis and Review of Status of Operating Results, Others for the Current Fiscal Year

a. Operating Results

i) Net Sales

Consolidated net sales increased by 21.1% year-on-year to 52,366 million yen driven by sales growth in the “Short-Term Operational Support Business,” due ongoing recovery in client demand and acquisition of public sector projects mainly supporting public vaccinations, despite the negative impacts associated with the COVID-19 and Japan’s re-issuance of states of emergencies. We explain our results by business segment below.

・Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” increased by 26.8% year-on-year to 46,550 million yen, due mainly to the recovery in client demand throughout the year and acquisition of public sector projects mainly supporting public vaccinations, despite the negative impacts associated with the persistent spread of COVID-19 and Japan’s re-issuance of states of emergencies.

・Sales Support Business

Net sales of the “Sales Support Business” decreased by 19.6% year-on-year to 3,520 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 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.

・Security, Other Businesses

Net sales of the “Security, Other Businesses” increased by 6.8% year-on-year to 2,296 million yen due to an increase in permanent security projects throughout the year 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.

ii) Operating Expenses and Profit

Cost of sales increased by 8,828 million yen from the previous fiscal year to 34,336 million yen (an increase of 34.6% year-on-year), while the cost of sales ratio increased 6.6% points from 59.0% in the previous fiscal year to 65.6%. This increase was due to the more refined tabulation of elements for cost of sales in “BPO” services of the “Short-Term Operational Support Business” from the start of the current fiscal year. Selling, general and administrative expenses decreased by 1,149 million yen from the previous fiscal year to 10,438 million yen (a decrease of 9.9% year-on-year) while the ratio to net sales decreased by 6.9% points from 26.8% in the previous fiscal year to 19.9%. As a result, operating profit increased by 1,461 million yen from the previous fiscal year to 7,592 million yen (an increase of 23.8% year-on-year). We explain our results by business segment below.

・Short-Term Operational Support Business

Segment profit (operating profit) increased by 30.6% year-on-year to 8,181 million yen as supported by client demand showing a trend towards a recovery throughout the year, despite the impacts of COVID-19.

・Sales Support Business

Segment profit (operating profit) decreased by 80.7% year-on-year to 87 million yen due mainly to the drop in net sales.

・Security, Other Businesses

Segment profit (operating profit) rose by 15.6% year-on-year to 319 million yen, due to the increase in net sales.

iii) Non-Operating Income and Expenses, and Ordinary Profit

In terms of non-operating income and expenses, net income of 32 million yen was posted in the current fiscal year while net income of 49 million yen was reported in the previous fiscal year. Ordinary profit increased by 1,444 million yen from the previous fiscal year to 7,624 million yen (an increase of 23.4% year-on-year) thanks to the upswing in operating profit.

iv) Extraordinary Income and Losses, and Profit before Income Taxes

The total after deducting extraordinary losses from extraordinary income was net extraordinary losses of 18 million yen. As a result, profit before income taxes totaled 7,606 million yen (an increase of 19.6% year-on-year).

v) Income Taxes and Profit

Income taxes after tax-effect accounting is applied increased by 529 million yen from the previous fiscal year to 2,472 million yen, and profit totaled 5,134 million yen (an increase of 16.2% year-on-year).

vi) Profit Attributable to Owners of Parent

Profit attributable to non-controlling interests totaled 123 million yen after NIHON DENKI SERVICE Co., Ltd. (currently, ENECLOUD, Inc.) was excluded from the scope of consolidation.

Consequently, profit attributable to owners of parent increased by 899 million yen from the previous fiscal year to 5,012 million yen (an increase of 21.9% year-on-year). Basic earnings per share stood at 137.34 yen (111.69 yen in the previous fiscal year).

b. Significant Factors Affecting Operating Results

Significant factors affecting Our Group’s operating results are presented in “Part 2: State of Business, 2. Risks Associated with Our Businesses.”

c. Financial Resources for Capital and Liquidity of Funds

i) Funding Requirements

The main funding requirements for our Group’s business activities are working capital for maintaining and expanding business activities, capital investment funds for expenses associated with the new opening and relocation of sales offices and system investment expenses in addition to temporary funding requirements such as M&A.

ii) Financial Resources for Capital and Liquidity of Funds

Our Group strives to utilize diverse financing methods while adhering to our basic financial policy of maintaining both suitable levels of liquidity and sound financial position needed to stably conduct our business.

We believe that sufficient working capital and capital investment funds for maintaining and expanding our Group's business activities can be secured by using cash flow provided by operating activities and by utilizing borrowings from financial institutions.

In order to effectively procure working capital, the Company has concluded overdraft agreements with four banks for a maximum of 5,600 million yen.

Details regarding the status of our interest-bearing debt are presented in "Part 2: State of Business, 3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management (1) Performance Overview, 1) Financial Position and Operating Results, b. Financial Position, iii) Interest-Bearing Debt."

Our Group's policy on fund procurement and fund management is presented in "Part 5. Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Notes Regarding Financial Instruments)."

d. Management Policy, Management Strategy, and Objective Indicators for Determining the Achievement of Management Targets, Others

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues.

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 1.0 time to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. The Fullcast Group also seeks to achieve an ROE of over 20% as a target indicator of "improvement of corporate value." In addition, we maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

Indicators for achieving "sustained improvement of corporate value"	: ROE of 20% or higher
Indicators related to shareholder returns	: Total return ratio of 50%
Indicators supporting "basic capital policy"	: D/E ratio upper limit 1.0

We seek to achieve the above target indicators to realize our vision of "sustained enhancement of corporate value."

Our Group has established "Medium-Term Management Plan 2024." For details, please see "Notice of Establishment of Medium-Term Management Plan 2024" released on February 10, 2022.

4. Contracts of Vital Importance to Management

There are no relevant matters.

5. Research and Development Activities

There are no relevant matters.

Part 3: State of Equipment

1. Overview of Capital Investment

Capital investment in the current consolidated fiscal year totaled 179 million yen. Major investments included the acquisition of property, plant and equipment associated with the opening of new sales offices, relocation of existing sales offices of 52 million yen and the acquisition of intangible assets associated with the purchase of various software for use within the Company of 127 million yen.

2. State of Major Equipment

(1) Submitting Companies

(As of December 31, 2021)

Company name	Name of business office(Location)	Name of segment	Nature of equipment	Book-value (Million yen)				Employees
				Buildings and structures	Tools, furniture and fixtures	Software	Total	
Fullcast Holdings Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office	15	43	222	280	94 [165]

Notes:
1. All figures exclude consumption tax.
2. "Employees" refers to staff engaged in work. The number of temporary employees is represented by the figures in parentheses apart from the number of regular employees, and it is the average yearly number of employees.
3. Apart from those listed above, assets rented from parties other than consolidated companies are as outlined below (amounts are annual rental charges, excluding parking).

(As of December 31, 2021)

Name of business office(Location)	Name of segment	Nature of equipment	Annual rent expenses (Million yen)
Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Leased buildings	100
Company housing for employees	Company-wide (Shared)	Leased buildings	1
Total	−	−	101

(2) Domestic Subsidiaries

(As of December 31, 2021)

Company name	Name of business office(Location)	Name of segment	Nature of equipment	Book-value (Million yen)					Number of employees
				Buildings and structures	Tools, furniture and fixtures	Land (area; ㎡)	Other	Total	
Fullcast Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	98	35	-	2	135	446 [495]
Top Spot Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	20	10	-	1	31	68 [56]
Fullcast Advance Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Security, Other Businesses Short-Term Operational Support Business	Business office Operating equipment	11	7	-	0	18	76 [60]
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office Operating equipment	-	1	-	0	1	34 [10]
Otetsudai Networks Inc.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	-	0	-	16	16	2 [2]
Work & Smile Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	2	1	-	-	2	5 [5]
Fullcast Senior Works Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	1	0	-	0	1	5 [-]
Fullcast Porter Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	1	0	-	-	1	6 [1]
F-PLAIN Corporation	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office Operating equipment	2	2	-	30	34	63 [56]
M’s Line Co., Ltd.	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office Operating equipment	-	-	-	-	-	18 [24]
BOD Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	72	50	-	35	156	255 [84]
Fullcast Global Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	0	-	-	0	3 [-]
Minimaid Service Co., Ltd.	Head office (Shibuya-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	51	1	184 (276.84)	7	243	44 [558]
HR Management Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	-	-	1	1	43 [1]
Fullcast International Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	0	-	-	0	2 [-]
Progress, Inc.	Head office (Koto-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	25	0	-	-	25	80 [4]

Notes: 1. “Other” in “book-value” includes vehicles, construction in progress, and software.
All figures exclude consumption tax.
2. “Employees” refers to staff engaged in work. The number of temporary employees is represented by the figures in parentheses apart from the number of regular employees, and it is the average yearly number of employees.
3. Apart from those listed above, assets rented from parties other than consolidated companies are as outlined below (amounts are annual rental charges, excluding parking).

(As of December 31, 2021)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Annual rent expenses (Million yen)
Fullcast Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	336
	Company housing for employees		Leased buildings	94
Top Spot Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	44
	Company housing for employees		Leased buildings	11
Fullcast Advance Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Security, Other Businesses Short-Term Operational Support Business	Leased buildings	37
	Company housing for employees		Leased buildings	3
Fullcast Business Support Co., Ltd.	Company housing for employees	Company-wide (Shared)	Leased buildings	0
Work & Smile Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	3
	Company housing for employees		Leased buildings	1
Fullcast Senior Works Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	5
	Company housing for employees		Leased buildings	1
Fullcast Porter Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	4
F-PLAIN Corporation	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	23
	Company housing for employees		Leased buildings	2
M’s Line Co., Ltd.	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	3
	Company housing for employees		Leased buildings	0
BOD Co., Ltd.	Head office, branches (Toshima-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	162
Fullcast Global Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	2
	Company housing for employees		Leased buildings	1
Minimaid Service Co., Ltd.	Head office, branches (Shibuya-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	11
	Company housing for employees		Leased buildings	2
HR Management Co., Ltd.	Company housing for employees	Short-Term Operational Support Business	Leased buildings	0
Fullcast International Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	0
	Company housing for employees		Leased buildings	1
Progress, Inc.	Head office, branches (Koto-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	18

3. Plans for Creation and Retirement of Equipment

(1) New major equipment

There are no relevant matters.

(2) Major equipment retired

There are no relevant matters.

Part 4: Status of Submitting Companies

1. Status of Shares

(1) Total Number of Shares, Other Information

1) Total number of shares

Type	Total number of authorized shares (Shares)
Ordinary shares	110,000,000
Total	110,000,000

2) Outstanding shares

Type	Number of shares issued by the end of the fiscal year (Dec. 31, 2021)	Number of shares issued at the date of submission (Mar. 28, 2022)	Name of exchange for listed financial instruments, or name of association trading registered and approved financial instruments	Description
Ordinary shares	37,486,400	37,486,400	Tokyo Stock Exchange (the First section)	One unit of shares: 100 shares
Total	37,486,400	37,486,400	－	－

(2) State of New Share Acquisition Rights

1) Details of stock option system

Fullcast Holdings Co., Ltd. No. 1-1 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	4 Directors of the Company (excluding those who are Audit Supervisory Committee Members) 8 Directors of the Company’s wholly-owned subsidiaries 2 Auditors of the Company’s wholly-owned subsidiaries
Number of share acquisition rights (Rights)*	1,634 [1,553] (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Ordinary shares: 163,400 [155,300] (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)*	1 (Note 2)
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issue price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning the transfer of share acquisition rights*	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2021). For matters that have changed from the end of the current fiscal year to the end of the month prior to submission date (February 28, 2022), the contents as of the end of the month prior to the submission date are described in brackets [ ], and there is no change from the contents at the end of the current fiscal year.

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares.The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company’s ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights.However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is the day after the end of the meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.

3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.

   (2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.

4. (1) For share acquisition rights allotted to the Company’s Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of the Company at the time the rights are exercised.

   (2) For share acquisition rights allotted to the Directors or Corporate Auditors of the Company wholly-owned subsidiaries, in principle, the person receiving the allotment of share acquisition rights (hereinafter, referred to as “share acquisition right holder” collectively with persons receiving the allotment of share acquisition rights per (1) above), must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.

   (3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.

5. When undertaking a merger (limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (limited to instances where each company will become a wholly-owned subsidiary) (hereinafter, “organizational restructuring act” shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, “residual share acquisition rights”) recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be canceled and the Company subject to restructuring shall newly issue share acquisition rights.

   The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company
The number of share acquisition rights held by share acquisition rights holders and the same number will each be issued, respectively.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary shares of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment
The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416, Paragraph 4 of the Companies Act), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which the Company is not the surviving company

(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company

(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan

(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment

(v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 1-2 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	8 employees of the Company’s wholly-owned subsidiaries
Number of share acquisition rights (Rights)*	63 [35] (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Ordinary shares: 6,300 [3,500] (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)*	1 (Note 2)
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issue price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning the transfer of share acquisition rights*	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2021). For matters that have changed from the end of the fiscal year to the end of the month prior to submission date (February 28, 2022), the contents as of the end of the month prior to the submission date are described in brackets [ ], and there is no change from the contents at the end of the current fiscal year.

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company’s ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is the day after the end of the meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.

3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.

(2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.

4. (1) In principle, persons who receive an allotment of share acquisition rights (hereinafter, “share acquisition rights

holders") must be an employee of the Company's wholly-owned subsidiaries at the time of exercising these rights.

(2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.

5. When undertaking a merger (limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (limited to instances where each company will become a wholly-owned subsidiary) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "residual share acquisition rights") recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply).In such cases, the residual share acquisition rights will be canceled and the Company subject to restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company
The number of share acquisition rights held by share acquisition rights holders and the same number will each be issued, respectively.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary shares of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above.
The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment
The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the

Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416, Paragraph 4 of the Companies Act), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which the Company is not the surviving company
(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company
(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan
(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment
(v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 2-1 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 25, 2022
Category of persons granted share acquisition rights and number (Persons)	4 Directors of the Company (excluding those who are Audit Supervisory Committee Members) 13 Directors of the Company's subsidiaries
Number of share acquisition rights (Rights)	Upper limit 587 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)	Ordinary shares: Upper limit 58,700 (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)	1 (Note 2)
Exercise period of share acquisition rights	April 12, 2025 to April 11, 2075
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)	Issue price: − Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights	(Note 4)
Matters concerning the transfer of share acquisition rights	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring	(Note 5)

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is the day after the end of the meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
   (2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.
4. (1) For share acquisition rights allotted to the Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of the Company at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of the Company resolves that there are other justifiable reasons.
   (2) For share acquisition rights allotted to the Directors of the Company's subsidiaries, in principle, the person receiving the allotment of share acquisition rights (hereinafter, referred to as "share acquisition rights holder" collectively with persons receiving the allotment of share acquisition rights per (1) above), must be a Director of the subsidiary at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of the Company resolves that there are other justifiable reasons.
   (3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the final year of the Medium-Term Management Plan.
   (4) If the share acquisition rights holder dies, the inheritor of his/her estate may succeed the share acquisition rights.
   (5) Partial exercising of one unit of share acquisition rights shall not be permitted.
   (6) Other conditions for the exercise of these rights shall be stipulated by the Company's Board of Directors, which determines the subscription matters for share acquisition rights.
5. When undertaking a merger (limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (limited to instances where each company will become a wholly-owned subsidiary) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "residual share acquisition rights") recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be canceled and the Company subject to restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company

The number of share acquisition rights held by share acquisition rights holders and the same number will each be issued, respectively.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights

The ordinary shares of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights

Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights

The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights

The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights

Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment

The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights

If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the Company’s Board of Directors), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which the Company is not the surviving company

(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company

(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan

(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company’s approval concerning the acquisition of the shares by assignment

(v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company’s approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 2-2 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 25, 2022
Category of persons granted share acquisition rights and number (Persons)	66 employees of the Company and the Company’s subsidiaries
Number of share acquisition rights (Rights)	Upper limit 511 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)	Ordinary shares: Upper limit 51,100 (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)	1 (Note 2)

Exercise period of share acquisition rights	April 12, 2025 to April 11, 2075
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)	Issue price: − Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights	(Note 4)
Matters concerning the transfer of share acquisition rights	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring	(Note 5)

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date (hereinafter "allotment date") of the share acquisition rights. However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is the day after the end of the meeting of shareholders.
In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
   (2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.
4. (1) In principle, persons who receive an allotment of share acquisition rights (hereinafter, "share acquisition rights holders") must be an employee of the Company and the Company's subsidiaries at the time of exercising these rights. Provided, however, that this shall not apply in case of mandatory retirement, retirement due to company reasons, or if the Board of Directors of the Company resolves that there are other justifiable reasons.
   (2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ending December 2024, final year of the Medium-Term Management Plan.
   (3) If the share acquisition rights holder dies, the inheritor of his/her estate may succeed the share acquisition rights.
   (4) Partial exercising of one unit of share acquisition rights shall not be permitted.
5. When undertaking a merger (limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (limited to instances where each company will become a wholly-

owned subsidiary) (hereinafter, “organizational restructuring act” shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, “residual share acquisition rights”) recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be canceled and the Company subject to restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company
The number of share acquisition rights held by share acquisition rights holders and the same number will each be issued, respectively.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary shares of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above.
The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment
The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the Company’s Board of Directors), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.
(i) Agenda items on approval of merger agreements in which the Company is not the surviving company
(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company
(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan
(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of

Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment

(v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

2) Description of rights plan

There are no relevant matters.

3) State of other new share acquisition rights

There are no relevant matters.

(3) State of exercising of bonds with share subscription rights, with exercise-price amendments attached

There are no relevant matters.

(4) Trends in total number of outstanding shares and share capital

Date	Change in total number of outstanding shares (Shares)	Balance of total number of outstanding shares (Shares)	Change in share capital (Million yen)	Balance of share capital (Million yen)	Change in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
February 16, 2021 (Note 1)	(1,000,000)	37,486,400	-	2,780	-	-

Note: Treasury shares were cancelled on February 16, 2021 in accordance with the resolution of the Board of Directors Meeting on February 12, 2021.

(5) Shareholder ownership status

(As of December 31, 2021)

Classification	Stock information (One unit of shares: 100 shares)								State of share less than one unit (Shares)
	Government and local public organizations	Financial organizations	Financial commodity traders	Other corporations	Foreign corporations etc.		Individual and others	Total	
					Non-individual	Individual			
Shareholders	-	17	17	27	195	7	3,224	3,487	–
Shares held (Unit)	-	55,516	3,561	185,299	94,097	48	36,295	374,816	4,800
Percentage of shares - held (%)	-	14.811	0.950	49.437	25.104	0.012	9.683	100.00	–

Notes: 1. The 1,015,666 shares of treasury shares include 10,156 units in “Individual and others” and 66 shares in “State of share less than one unit (Shares).”

2. 10 units are included in the “Other corporations” column under the name of Japan Securities Depository Center, Inc.

(6) Major shareholders

(As of December 31, 2021)

Name	Address	Number of shares held	Percentage of shares held to total outstanding shares (excluding treasury shares) (%)
Hirano Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	13,586,600	37.25
Hikari Tsushin Co., Ltd.	1-4-10 Nishi Ikebukuro, Toshima-ku, Tokyo	3,529,500	9.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	2,897,600	7.95
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,905,500	5.22
UH Partners2, Inc.	2-9-9 Minami Ikebukuro, Toshima-ku, Tokyo	1,321,100	3.62
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1 Konan, Minato-ku, Tokyo)	625,937	1.72
Victory Trivalent International Small-Cap Fund (Standing proxy: Citibank N.A., Tokyo Branch)	3435 Stelzer Road, Columbus OH 43219 - 6004 US (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	500,100	1.37
State Street Bank and Trust Company 505019	AIB International Centre P.O. Box 518 IFSC Dublin, Ireland	428,600	1.18

(Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Division)	(3-11-1 Nihonbashi, Chuo-ku, Tokyo)		
State Street Bank and Trust Company 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	P.O. Box 351 Boston Massachusetts 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	426,179	1.17
The Bank of New York Mellon SA/NV. 10 (Standing proxy: MUFG Bank, Ltd.)	Rue Montoyerstraat 46, 1000 Brussels, Belgium (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	380,000	1.04
Total	–	25,601,116	70.20

Note: In addition to the above, there is 1,015,666 shares of treasury shares owned by the Company.

(7) Voting Rights

1) Outstanding shares

(As of December 31, 2021)

Classification	Number of shares	Number of voting rights (Individual)	Description
Nonvoting shares	–	–	–
Shares with limited voting rights (Treasury shares, other)	–	–	–
Shares with limited voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, other)	(Treasury shares) Ordinary shares 1,015,600	–	–
Shares with full voting rights (Other)	Ordinary shares 36,466,000	364,660	–
Share less than one unit	Ordinary shares 4,800	–	–
Total number of issued shares	37,486,400	–	–
Voting rights of shareholders	–	364,660	–

Note: 1,000 shares (10 voting rights) are included in the “Shares with full voting rights (Other)” column under the name of Japan Securities Depository Center, Inc.

2) Treasury shares

(As of December 31, 2021)

Name	Address	Number of shares held by own name (Shares)	Number of shares owned by other holders (Shares)	Total number of shares owned (Shares)	Percentage of shares held to total outstanding shares (%)
Fullcast Holdings Co., Ltd.	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo	1,015,600	–	1,015,600	2.71
Total	–	1,015,600	–	1,015,600	2.71

2. Acquisitions of Treasury Shares

Class of shares: Acquisition of ordinary shares under Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisitions based upon decisions made at the Annual General Meeting of Shareholders

There are no relevant matters.

(2) Acquisitions based upon decisions made at Board of Directors Meetings

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the Board of Directors (February 12, 2021) (Acquisition period: February 15, 2021 to March 24, 2021)	331,700	552,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	286,400	551,875,800
Total number of shares of residual resolutions and total cost	45,300	124,200
Ratio of unexercised rights as of the last day of the current fiscal year (%)	13.7	0.0
Treasury shares acquired during the current period	-	-
Ratio of unexercised rights as of the date of submission of this report (%)	13.7	0.0

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the Board of Directors (February 10, 2022) (Acquisition period: February 14, 2022 to March 24, 2022)	533,900	903,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	-	-
Total number of shares of residual resolutions and total cost	-	-
Ratio of unexercised rights as of the last day of the current fiscal year (%)	-	-
Treasury shares acquired during the current period	393,500	902,848,400
Ratio of unexercised rights as of the date of submission of this report (%)	26.3	0.0

(3) Description of items not based upon decisions made at either Annual General Meeting of Shareholders or Board of Directors Meetings

Classification	Number of shares (Shares)	Total cost (Yen)
Treasury shares acquired in the current fiscal year	68	141,836
Treasury shares acquired during the current period	-	-

Note: Treasury shares acquired during the period does not include the purchase of share less than one unit from March 1, 2022 up to the submission date of the securities report.

(4) Handling and Possession of Treasury Shares Acquired

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares for which a purchaser was solicited	-	-	-	-
Acquired treasury shares that were retired	1,000,000	1,742,000,000	-	-
Acquired treasury shares that were transferred due to a merger, share exchange, share issuance or company split	-	-	-	-
Other (exercise of the share acquisition rights)	48,700	87,319,100	10,900	19,609,300

Treasury shares in possession	1,015,666	-	1,398,266	-

Note: Treasury shares held during the period does not include the purchase of shares less than one unit and exercise of the share acquisition rights from March 1, 2022 up to the submission date of the securities report.

3. Dividend Policy

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50%.

We will implement shareholder returns with a target of achieving a total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve ROE of 20% or higher, which is an indicator used to represent “improvement of corporate value.”

Fullcast Holdings has established a basic policy of offering a dividend from surpluses twice a year, comprised of an interim and year-end dividends. The decision-making body for the dividend is the Board of Directors for both the interim and year-end dividends.

As for the dividend for the current fiscal year, a dividend of 44 yen per share (an increase of 3 yen compared to the previous year and the same as forecast) will be paid based on our goal of achieving a total return ratio of 50%. At the end of the fiscal year, a dividend of 23 yen per share (1 yen increase compared to the previous year and the same as forecast) will be offered and share repurchases totaling up to a maximum 903 million yen will be conducted per the resolution passed at the meeting of the Board of Directors held on February 10, 2022. As a result, the total return ratio for the fiscal year ended December 2021 is expected to exceed 50.0%.

With regards to internal reserves, we plan to improve our business base in order to achieve sustainable growth through allocation to preparation for future business expansion, development of systems, and enhancement of internal programs such as employee education.

According to our Articles of Incorporation, our Company can determine an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act.

Note: The following are dividends to be paid from retained earnings whose record date are in the current fiscal year.

Date of resolution	Total amount of dividend (Million yen)	Dividend per share (Yen)
Resolution by Board of Directors Meeting on Aug. 6, 2021	765	21
Resolution by Board of Directors Meeting on Feb. 10, 2022	839	23

4. Corporate Governance

(1) Corporate Governance

1) Basic Approach to Corporate Governance

Our Group considers the basic principles and aims of corporate governance to ensure transparent management for all concerned parties including shareholders, as well as to improve the efficiency of management in order to realize the “sustained improvement of corporate value.”

2) Overview of Corporate Governance Systems and Reasons for this Systems Adoption

A. Overview of Corporate Governance Systems

The following is an overview of corporate structures.

a) Board of Directors

It is our policy for the composition of the Board of Directors to consist of at least one-third Outside Directors and to report all Outside Directors as Independent Directors as stipulated by the Tokyo Stock Exchange. We have chosen Outside Directors to serve as 3 of our 7 Directors, and in so doing we aim to strengthen the supervisory function of overall enforcement from an external perspective.

As of March 28, 2022, the Board was comprised of 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members (3 of whom are Outside Directors) for a total of 7 members (7 males and no female). The Board of Directors ensures transparent management and makes decisions on matters of importance for management, such as supervision of execution of overall management of Our Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing Our Group.

The Board of Directors comprises 7 members: President, Representative Director and CEO Kazuki Sakamaki, Chairperson of the Board of Directors Takehito Hirano, Director Takahiro Ishikawa, Director Shiro Kaizuka, Audit & Supervisory Committee Member Kouji Sasaki, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani.

The Board of Directors Meeting was held 12 times during the fiscal year ended December 2021 and all Directors attended all of the meetings of the Board of Directors meetings, except for one absence due to one director. The main matters considered included the Medium-Term Management Plan, shareholder returns and the capital policy, M&A and business alliances, internal control and compliance, officer remuneration, corporate governance (including an examination of the appropriateness of retaining cross-shareholdings and an evaluation of the effectiveness of the Board of Directors), and related party transactions.

b) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of 3 outside directors who are independent and Audit & Supervisory Committee Members (3 males and no female) and discusses, deliberates and makes decisions on important matters concerning audits. The Audit & Supervisory Committee also works to establish ties in which it can receive timely reports from Accounting Auditors.

The Audit & Supervisory Committee comprises 3 members: Audit & Supervisory Committee Member Kouji Sasaki who serves as the chairperson, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani. The Audit & Supervisory Committee Meeting is basically presided by Kouji Sasaki.

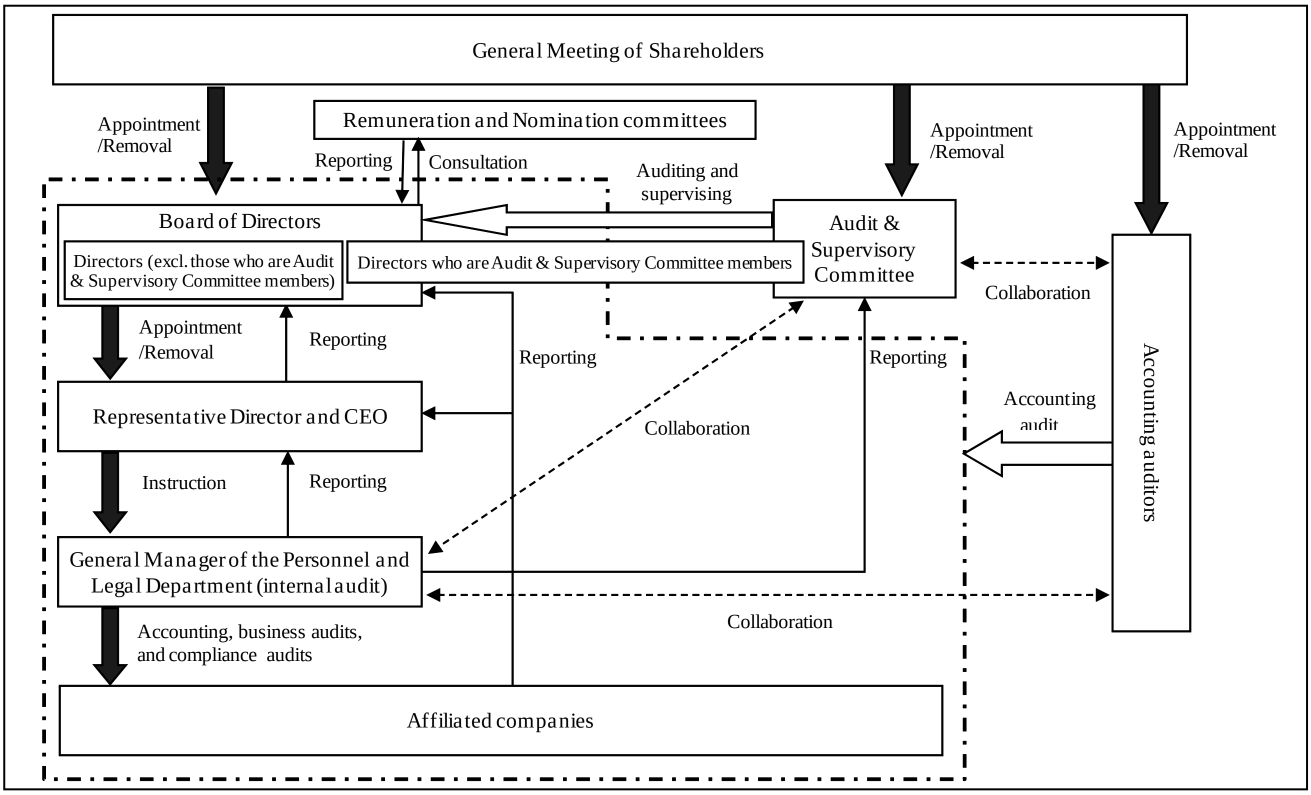
c) General Manager of the Personnel and Legal Department

The General Manager of the Personnel and Legal Department works to promote a climate of compliance awareness, which is a prerequisite for company management throughout the entire group of companies and promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control systems and guidelines related to financial reporting, and internal auditing work including information security system organization are used to improve the corporate value of our Group.

d) Accounting Auditors

As an auditing company in charge of accounting audits, we have entered into contracts with PricewaterhouseCoopers Aarata LLC. for audits based upon the Financial Instruments and Exchange Act and the Companies Act. In addition to regular audits, we also receive confirmation on issues regarding accounting and internal control as required, and endeavor to ensure that our accounting practices and internal control systems are adequate.

(Pattern Diagram of the Company's Corporate Governance Systems)



B. Reasons for Corporate Governance Systems Adoption

Fullcast Holdings Co., Ltd. transitioned from a company with a Board of Corporate Auditors to a company with an Audit & Supervisory Committee after a resolution to make changes to the Articles of Incorporation including the transition to a company with an Audit & Supervisory Committee was passed at the 23rd Annual General Meeting of Shareholders held on March 25, 2016.

As of March 28, 2022, Fullcast Holdings Co., Ltd. is a company with the Board of Directors, which is comprised of 7 Directors, including 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members, and also a company with an Audit & Supervisory Committee, which is comprised of the 3 Directors who are Audit & Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, we have chosen outside directors to serve as 3 of our 7 directors, and in so doing we aim to strengthen the supervisory function of overall management from an external perspective.

Regarding directors who are Audit & Supervisory Committee Members, by appointing all 3 as outside auditors (One of them being a fulltime Audit & Supervisory Committee Member), we perform effective and appropriate oversight of business execution by directors and have put in place a system that ensures objectivity and neutrality.

We believe that these systems allow our corporate governance to function properly.

3) Other Matters on Corporate Governance

A. Internal Control Systems

a) The following measures shall be taken to ensure a system of preventive measures regarding risk, compliance with laws and ordinances, and risk management (hereinafter, Risk Management System) at Board of Directors Meeting.

i. For matters that can affect our entire company—such as important non-customary transactions, important accounting estimates, transactions with companies and directors, and important transactions with subsidiaries—decisions must be made by the Board of Directors.

ii. The Chief Executive Officer (hereinafter, CEO) regularly reports to the Board of Directors about efforts being made for the Risk Management System and business process improvement.

When serious problems arise, they are reported immediately to the Board of Directors Meeting.

b) The following measures shall be taken to ensure the Risk Management System is maintained in the performance of duties by directors (excluding those who are Audit & Supervisory Committee Members) and employees (the same “Risk Management System” detailed in “a”).

i. The CEO shall be placed as chief of risk management and the General Manager of the Personnel and Legal Department as the chief of risk management practices.

Risk managers in charge of each Group company shall be placed within the Company, while the General Manager of the Personnel and Legal Department, under the direction of the CEO, will supervise practices of “ii” through “vii.”

ii. Put in place administrative authority regulations and work to establish internal control systems that will prevent authority from being centralized in specific people.

iii. Establish a Risk Management System based on these regulations in accordance with basic risk management regulations.

iv. Create standards for important information that must be reported immediately to the Board of Directors and disclosure standards, to carry out timely disclosure of issues of noncompliance, risks and other important information.

v. Provide specific training for directors (excluding those who are Audit & Supervisory Committee Members), managerial employees and regular employees. In cases where relevant laws have been enacted or revised, or where major scandals or accidents have arisen in Our Group or other companies, we quickly provide any necessary guidance.

vi. With the rigorous Risk Management System in business management and internal auditing being conducted, through the risk managers placed within the Company who are in charge of each Group company, every effort shall be made to ensure thorough Risk Management System at each Group company.

vii. In transactions throughout all of our businesses, processes established by financial statements, and business accounting systems, we check all events for the possibility of misstatements or mistakes and streamline systems to ensure that no fraudulent actions are taken during the course of our business. Also, when and where necessary, we set up lateral organizations for the specific purpose of streamlining various processes.

c) The following measures shall be taken to put in place systems for storing and managing information.

i. The General Manager of the Personnel and Legal Department will instruct directors (excluding those who are Audit & Supervisory Committee Members) and employees to appropriately store and manage documents based on document management rules.

ii. The General Manager of the Personnel and Legal Department shall store and manage materials relating to the following documents (including electromagnetic records) for at least ten years:

(i) Minutes from Annual General Meeting of Shareholders

(ii) Minutes from Board of Directors Meeting

(iii) Financial documents

(iv) Other documents determined by the Board of Directors Meeting

iii. Directors (excluding directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members can always review documents in “ii” above.

d) The following measures shall be taken to ensure the efficient execution of duties of Directors of Fullcast Holdings Co., Ltd. and the Fullcast Group.

i. At the beginning of initial Board of Directors Meeting in each term, Directors shall develop a business plan toward achieving common goal for the employees. The Board of Directors shall regularly review the implementation of the business plan.

ii. As a foundation for systems to ensure that work is being executed efficiently by directors, the Board of

Directors Meeting shall in principle be held at regular one-month intervals, and extraordinary sessions shall also be held whenever necessary.

iii. Regarding execution of work based upon decisions made at Board of Directors Meetings, organizational rules, division of duties regulations, and administrative authority regulations, their responsibilities and execution procedures shall be decided.

e) The following measures shall be taken to develop a system for ensuring proper operations in the business group.

i. The Company shall draw up a Fullcast Group Employee Code of Conduct for all Group companies, and work to gain compliance by all employees. As well as making ensuring compliance by the whole company, the Board of Directors at Group companies will also lead by example by acting based on this code of conduct.

ii. Where they have discovered serious legal violations by Group companies or other important facts concerning risk have been discovered, Directors and employees at Group companies must report to the General Manager of the Personnel and Legal Department, who shall in turn report them to the CEO. Under the direction of the CEO, the General Manager of the Personnel and Legal Department will conduct and supervise an audit of the reported facts, and where deemed necessary, will decide upon appropriate countermeasures. Also, where necessary, the CEO shall report matters to the Board of Directors, and the General Manager of the Personnel and Legal Department shall report it to the Audit & Supervisory Committee.

iii. The General Manager of the Personnel and Legal Department will instruct Our Group companies to put in place appropriate internal control systems.

f) The following measures shall be taken to develop a system for ensuring the effectiveness of audits carried out by Audit & Supervisory Committee.

i. When a request is made by an Audit & Supervisory Committee Member for an employee to be allocated to assist in their work, the Company’s employees shall be assigned to provide them with assistance. Audit & Supervisory Committee Member’s assistants shall not be subject to the direction of directors (excluding those who are not Audit & Supervisory Committee Members), and Audit & Supervisory Committee Members shall conduct their performance reviews. Consent must be gained from the Audit & Supervisory Committee to transfer or reprimand the assistants.

ii. Audit & Supervisory Committee Member’s assistants shall not jointly take on posts that involve execution of work.

iii. When Directors (excluding those who are Audit & Supervisory Committee Members) and employees of Fullcast Holdings Co., Ltd. or the Fullcast Group have discovered facts about legal violations or matters that may cause significant damage to the Company, they must promptly report these facts to an Audit & Supervisory Committee Member. Directors (excluding those who are Audit & Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group who report these matters shall be kept anonymous and persons who report these matters will not treated unfairly because they reported these matters.

iv. A whistleblower hotline will be set up outside the Company. Persons who use the whistleblower system will be kept anonymous and these individuals will not be treated unfairly because they used the whistleblower system. In addition, a system will be put in place to report information submitted to the whistleblower hotline outside the Company to the General Manager of the Personnel and Legal Department and Full-Time Audit & Supervisory Committee Member.

v. Directors (excluding those who are Audit & Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group must report immediately to an Audit & Supervisory Committee member if requested by an Audit & Supervisory Committee Member to report matters concerning the execution of business.

vi. Audit & Supervisory Committee Members can attend the Board of Directors Meetings of subsidiaries and other meetings deemed necessary for audit purposes by and Audit & Supervisory Committee Member. In addition, Audit & Supervisory Committee Members can browse documents they determine as necessary for audit purposes.

vii. Audit & Supervisory Committee Members shall work closely with the Accounting Auditor and Internal Audit Departments and can receive advice from outside experts such as an attorney, when necessary.

viii. When an Audit & Supervisory Committee Member requests the prepayment of expenses necessary to carry out their duties, the Company shall pay such costs or obligations immediately, excluding instances where deliberations with the department in charge determine that the costs or obligations related to the request are not necessary for the execution of the Auditor & Supervisory Committee Member's duties.

g) The following measures shall be taken to develop a basic concept toward eliminating anti-social forces and to ensure its effectiveness.

i. The Company and Group companies shall act in accordance with the Fullcast Group Employee Code of Conduct, sever relations with anti-social forces, and not conduct any transactions with such forces.

ii. Information on anti-social forces shall be collected in-house, managed as well as used with information from external specialized agencies, which is in turn are used to determine whether or not the counterpart is anti-social.

iii. Unreasonable requests from anti-social forces shall be firmly rejected. Furthermore, the unreasonable demands shall be handled with a firm stance as an organization.

iv. Links with external specialized agencies shall be established to provide access to cooperation and appropriate advice on elimination of anti-social forces.

B. Summary of Limited Liability Contracts

Based on Article 427, Paragraph 1 of the Companies Act, the Company and our outside directors who are Audit & Supervisory Committee Members have signed a limited liability contract concerning liability for damages under Article 423, Paragraph 1 of the Companies Act. Based upon this contract, where work has been performed in good faith and without gross negligence, the maximum amount of damages that the Company is liable for is the total minimum liability stipulated in Article 425, Paragraph 1 of the Companies Act.

C. Matters related to directors and officers liability insurance agreements

The Company has concluded a directors and officers liability insurance (D&O insurance) agreement prescribed in Article 430-3, Paragraph 1 of the Companies Act, with Directors, Audit & Supervisory Board Members, and managers of the Company and its subsidiaries under the Companies Act as insured persons so that officers can fully fulfill their expected roles in performing their duties and the Company can recruit useful personnel. In the insurance contract, the insured officers, etc. shall be liable for the execution of duties, or compensation for damages that may arise from being pursued for such liability. However, there are certain grounds of indemnification, such as not being covered for damages caused by acts after a recognized violation of laws and regulations.

In addition, the Company bears the full amount of insurance premiums, including the rider, and there is no insurance premium burden for the insured person.

D. Resolution matters for the General Meeting of Shareholders that can be decided upon at the Board of Directors Meetings

In the Articles of Incorporation, it is stipulated that the Company may decide on the following matters at Board of Directors Meetings, regardless of decisions made at Annual General Meeting of Shareholders.

a) It may acquire treasury shares

To be able to improve capital efficiency and increase returns to shareholders

b) It may pay dividends from retained earnings

To be able to implement flexible capital policy and dividend policy

c) It may pay interim dividends

To be able to implement flexible capital policy and dividend policy

d) According to decisions made by the Board of Directors Meeting, it may be exempt from liability for damages, to the limit of the law, for directors and Audit & Supervisory Committee Members (including who were previously directors, former Audit & Supervisory Committee Members, and members of Board of Corporate Auditors) resulting from negligence of duty

To be able to adequately conduct the roles that are expected to be performed in normal course of business.

E. Number of Directors

It is stipulated in the Articles of Incorporation that there are to be no more than 10 directors (excluding those who are Audit & Supervisory Committee Members), and no more than 4 directors who are Audit & Supervisory Committee members at the Company.

F. Decision requirements for appointment of Directors

Regarding decisions to appoint directors, it is stipulated in the Articles of Incorporation that shareholders with at least 1/3 of shareholders' voting rights, and who can exercise voting rights, must be present and that the Company requires the majority of these voting rights to be exercised.

Regarding appointments of directors through cumulative voting, it is stipulated in the Articles of Incorporation that voting must not be done through cumulative voting.

G. Special decision requirements for General Meeting of Shareholders

The Company endeavors to smoothly conduct the Annual General Meeting of Shareholders, and regarding special decision requirements for Annual General Meeting of Shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act, it is stipulated in the Articles of Incorporation that shareholders with at least 1/3 of shareholders' voting rights and who can exercise voting rights, must be present, and that the Company requires 2/3 of these voting rights to act.

H. Investor Relation, Other Activities

The Company considers endeavors to ensure highly transparent management and timely and appropriate disclosure of corporate information to be of vital importance in gaining understanding and trust for our management.

The Company considers shareholders to be an important class of stakeholder and dates for shareholder related meetings such as the Annual General Meeting of Shareholders are set at times that allow for constructive dialogue with shareholders and to provide information that is accurate to achieve this dialogue.

The Company holds briefings for institutional investors and analysts two times per year in order to as part of our efforts to promote constructive dialogue with investors within a reasonable scope outside of General Meetings of Shareholders from the perspective of contributing to sustainable growth and the medium- to long-term improvement of corporate value. The President, Representative Director and CEO attend all briefings where he endeavors to engage in proactive dialogue with participants.

Furthermore, the Company has established a system for disclosing information equally to investors in Japan and overseas through its website.

The Company, through its initiatives, endeavors to be the most accountable company in the industry and promotes discussions on corporate governance and important management policies with major shareholders who have an investment policy to realize returns over the medium to long term.

(2) Officers

1) List of Officers

There are 7 males and no female officers (ratio of female officers: 0.0%)

Title	Name	Date of birth	Career summary		Term	Number of shares held
Director and Chairperson	Takehito Hirano	August 25, 1961	Apr. 1984 Sept. 1990 July 2006 Sept. 2007 Dec. 2009 Mar. 2015 Apr. 2017 Oct. 2018	Joined Harvest Futures Inc. Established Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) and served as President, Representative Director President, Representative Director of Fullcast Marketing Co., Ltd. (currently F-PLAIN Corporation) Director of the Company Director and Advisor of the Company Director and Chairman of the Company (present post) Representative Director and Chairman of F-PLAIN Corporation (present post) Director of Advancer Global Limited (present post)	(Note 2)	2,000
President, Representative Director and CEO	Kazuki Sakamaki	September 30, 1970	Apr. 1989 Feb. 1995 Oct. 2005 Oct. 2007 Oct. 2008 June 2009 Dec. 2011 Jan. 2013 Jan. 2014	Joined AI Tusho Co., Ltd. Joined Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast HR Institute Co., Ltd. (currently Fullcast Co., Ltd.) Corporate Executive Officer, General Manager of the Business Engineering Dept. of Fullcast Co., Ltd. Corporate Executive Officer, General Manager of the Tokai & Kansai Sales Dept. of Fullcast Co., Ltd. Representative Director of Fullcast Co., Ltd. Director of the Company President and Representative Director of Fullcast Co., Ltd. (present post) President, Representative Director and CEO of the Company (present post)	(Note 2)	99,142
Director	Takahiro Ishikawa	July 22, 1967	Sept. 1990 Sept. 2000 Apr. 2006 Jan. 2012 May 2012 Dec. 2014 Mar. 2016 Apr. 2016 Jan. 2017	Senior Managing Director of Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast Factory Co., Ltd. Representative Director of Fullcast Central Co., Ltd. Director of STARTLINE Co., Ltd. (present post) President and Representative Director of Beat Co., Ltd. President and Representative Director of Beattech Co., Ltd. Director of the Company (present post) Representative Director and Chairman of Beat Co., Ltd. (present post) Representative Director and Chairman of Beattech Co., Ltd. (present post)	(Note 2)	154,600
Director	Shiro Kaizuka	October 3, 1961	Sept. 1990 May 2002 Oct. 2002 Feb. 2010 Sept. 2013 Apr. 2016 June 2016 Mar. 2017	Senior Managing Director of Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.) Director of Interbiz Limited (present post) Representative Director of Rearvio Co., Ltd. (present post) Representative Director of Dimension Pockets Co., Ltd. (present post) Representative Partner of IPM G.K. (present post) Representative Partner of One Suite G.K. (present post) Director of the Company (present post)	(Note 2)	75,200

Title	Name	Date of birth	Career summary		Term	Number of shares held
Director (Full-time Audit & Supervisory Committee Member)	Kouji Sasaki	August 2, 1945	Apr. 1966 Dec. 1984 June 1995 Sept. 1995 Dec. 1999 Sept. 2008 Mar. 2016	Joined Tokyo Regional Taxation Bureau and worked in the general affairs division, before later working in tax offices Passed the tax accountant examination Retired as a special examiner at Nakano tax office Opened Sasaki Tax Accounting Office Outside Audit & Supervisory Board Member of the Company Audit & Supervisory Board Member of Fullcast HR Research Institute Co., Ltd. (currently Fullcast Co., Ltd.) Director (full-time Audit & Supervisory Committee Member) of the Company (present post)	(Note 3)	9,600
Director (Audit & Supervisory Committee Member)	Masataka Uesugi	July 31, 1965	Apr. 1995 Apr. 1999 June 2003 June 2003 June 2004 Dec. 2012 June 2013 Dec. 2013 Nov. 2014 Mar. 2015 Mar. 2016 June 2016 Mar. 2021	Registered as an attorney- at- law (Tokyo Bar Association) Founded Uesugi Law Office Partner of Amlec Law and Accounting Firm Audit & Supervisory Board Member of Digital Arts Inc. Audit & Supervisory Board Member of Nextech Co., Ltd. Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Commerce One Holdings Inc. (present post) Outside Audit & Supervisory Board Member of Ceres Inc. Outside Audit & Supervisory Board Member of Aiming Inc. (present post) Founded Sakurada Dori Partners (partner, present post) Director (Audit & Supervisory Committee Member) of the Company (present post) Outside Director (Audit & Supervisory Committee Member) of Digital Arts Inc. (present post) Outside Director (Audit & Supervisory Committee Member) of Ceres Inc. (present post)	(Note 3)	–
Director (Audit & Supervisory Committee Member)	Hideyuki Totani	January 5, 1979	Oct. 2003 June 2007 July 2007 June 2013 July 2014 Dec. 2015 Mar. 2016 July 2016 July 2021	Joined Ernst & Young ShinNihon LLC Registered as Certified Public Accountant Partner at Seiwa Audit Corporation (currently RSM Seiwa Audit Corporation) Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Ichigo Holdings, Inc. (present post) Auditor of F-PLAIN Corporation (present post) Director (Audit & Supervisory Committee Member) of the Company (present post) Representative at RSM Seiwa Audit Corporation President at RSM Seiwa Audit Corporation (present post)	(Note 3)	–
Total						340,542

Notes: 1. Directors Kouji Sasaki, Masataka Uesugi and Hideyuki Totani are Outside Director, as defined in Article 2, Item 15 of the Companies Act.

2. The term of office for Directors who are not Audit & Supervisory Committee Members is from the Annual General Meeting of Shareholders for the fiscal year ended December 2021 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2022.

3. The term of office for Directors who are Audit & Supervisory Committee Members is from the Annual General Meeting of Shareholders for the fiscal year ended December 2021 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2023.

4. The Audit & Supervisory Committee is comprised of the following members:
   Chair: Kouji Sasaki; Members: Masataka Uesugi and Hideyuki Totani
5. The number of shares held by Representative Director Kazuki Sakamaki shows the effective number of shares held, including those in the Directors shareholders association of Fullcast Holdings Co., Ltd.

2) Outside Officers

A. Overview of outside directors' personal relationships, capital relationships and other concerns over business relationships

The shareholdings of our Company by our 3 Outside Directors are outlined below.

(As of March 28, 2022)

Position in the Company	Name	Number of shares held
Full-Time Audit & Supervisory Committee Members	Kouji Sasaki	9,600
Audit & Supervisory Committee Members	Masataka Uesugi	-
Audit & Supervisory Committee Members	Hideyuki Totani	-

Hideyuki Totani has a concurrent post at F-PLAIN Corporation which is a consolidated subsidiary of the company.

There is no special conflict of interest between the Company and the other important concurrent offices of the Company's outside directors.

B. Attitudes towards functions, roles and appointment of Outside Directors

In appointing outside directors, we select them based on the following line of thought.

(Outside Directors)

・Outside directors are selected from those who are judged to be qualified as having rich experience and special knowledge in governance, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for overall execution of work and ensuring transparency of management.

・In order to meet the objectives of appointing outside directors, their independence is objectively judged in appointing new outside directors, in accordance with the judgment criteria for independence of independent directors stipulated by the Tokyo Stock Exchange, Inc. and the Standards for Independence of outside directors created by the Company.

・When a corporate manager becomes an outside director, conflict of interest may arise in business transactions with the director's own company. Conflict of interest in individual cases shall be appropriately dealt with in the procedures of the Board of Directors.

(Reference) Criteria for the Independence of Outside Officers

The Company has stipulated the following criteria for determining the independence of the Company's Outside Directors (including Directors who are Audit & Supervisory Committee Members) as part of its efforts to strengthen corporate governance.

[Conditions of Independence for Independent Officers]

The Company's independent officers are Outside Directors as stipulated in the Companies Act and Ordinance for Enforcement of the Companies Act and they are persons who satisfy the following conditions, in addition to the conditions for independence set forth by financial instrument exchanges in Japan, including the Tokyo Stock Exchange.

① Persons who do not fall into any of the following categories

(1) A Director who is not an executor of business or executor of business of the Company's parent company;
(2) An executor of business of the Company's sister company;
(3) An organization for whom Company or the Company's subsidiaries (hereinafter, "Our Group") is the major customer or a person who executes the business of that major customer;
(4) A major customer of Our Group or a person who executes the business of that major customer;
(5) A consultant, accounting expert or legal expert who, in addition to Director's remuneration receives money exceeding a certain amount or other assets from Our Group (or an organization that receives the said assets or person who belongs to the said organization);

(6) A person who fell into any of the categories described in (1) to (5) above in the last one year;
(7) A relative of a person (excluding unimportant persons) who falls into any of the following categories (i) to (iii) within the second degree of the relationship:
   (i) A person who falls into any of the above categories (1) to (6);
   (ii) An executor of business for a subsidiary of the Company;
   (iii) A person who falls into (ii) or was an executor of business for the Company in the last year.

② Individuals who do not have other circumstances that prevents them from fulfilling their duties as independent officer.

③ Even when 1 or 2 above applies, an individual can still be appointed as independent officer if it is determined they effectively possess independence, and the reason is explained and disclosed at the time of their appointment as outside officer.

(Notes)
1. An "executor of business" means a Director in charge of business execution, an executive officer, or an employee.
2. A "major customer" means a company whose payments or receivables account for over 2% of annual consolidated net sales of Our Group within most recent business year.
3. "In addition to Director's remuneration receives money exceeding a certain amount or other assets from Our Group" means a person who received monetary proceeds of 10 million yen or more or interests with the equivalent value from Our Group, in addition to Director's remuneration, in the most recent business year.

Audit & Supervisory Committee Members Kouji Sasaki, Masataka Uesugi, and Hideyuki Totani, who are also outside directors, were appointed after being judged to be qualified as having rich experience in governance and specialist knowledge, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for the overall execution of work and ensuring transparency of management. The Company has appointed them as independent officers (which refers to outside directors and outside auditors for whom there is no risk of conflict of interest with general shareholders), which the Tokyo Stock Exchange stipulates as a "matter to be observed" under the Corporate Code of Conduct. The Company has also notified the stock exchange of their appointment.

Kouji Sasaki maintains the qualification of professional tax accountant, Masataka Uesugi as attorney-at-law, and Hideyuki Totani as certified public accountant.

3) Supervision and Audits by Outside Directors who are Audit & Supervisory Committee Members, mutual cooperation with audits by internal, Audit & Supervisory Committee, and accounting audits, and relationships between the internal control department and those members

In the Board of Directors Meetings, Outside Directors who are Audit & Supervisory Committee Members provide necessary comments for resolutions and discussions as required, and state opinions on resolutions and discussions as the need arises, from the perspective of decision-making processes used in execution of duties by directors (excluding those who are Audit & Supervisory Committee Members), and in corporate resolutions are appropriate.

Audit & Supervisory Committee Members and the Internal Audit Department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. At the Audit & Supervisory Committee Meetings, audit plans and detailed explanations on audit plans are carried out in a timely manner by PricewaterhouseCoopers Aarata LLC., the Company's Accounting Auditor.

The internal control department (Personnel and Legal Department) summarizes findings from effectiveness assessments on the state of operation and maintenance of internal controls. The President, Representative Director and CEO then report the summarized findings to the Board of Directors Meetings, the Audit & Supervisory Committee and Accounting Auditor as required in a timely manner. Even in cases where dishonest actions have been committed by people with roles that are crucial for internal control as part of financial reporting, or where major changes have been made in internal control, they still report to the Board of Directors Meeting, the Audit & Supervisory Committee and Accounting Auditors as required in a timely manner.

(3) Audits

1) Status of Audits by Audit & Supervisory Committee

(i) Organization, Personnel and Procedures of Audits by Audit & Supervisory Committee

All 3 Audit & Supervisory Committee Members on our Audit & Supervisory Committee are outside directors who are independent. Outside directors who are Audit & Supervisory Committee Members include a tax accountant and a lawyer. As well as conducting audits from various expert standpoints, based upon standards for audits and other tasks by the Audit & Supervisory Committee, they also audit execution of work by directors, and state their opinions on matters such as appropriate operations and streamlining of operations.

The Company has a policy in place to appoint full-time Audit & Supervisory Committee members to enable sufficient collaboration among the Audit & Supervisory Committee and Internal Audit Departments as well as share information at important meetings, and gather information from Directors (excluding those who are Audit & Supervisory Committee Members), in order to strengthen the audit and supervisory functions of the Audit & Supervisory Committee. Currently, the Company has appointed Kouji Sasaki as full-time Audit & Supervisory Committee member. He has professional experience as a tax accountant and possesses considerable knowledge concerning finance and accounting.

ii) Status of Activities by Audit & Supervisory Committee and Audit & Supervisory Committee Members

In the current fiscal year, the Company's Audit & Supervisory Committee held meetings on 11 occasions, with each meeting lasting around 1 hour. The attendance record of individual Audit & Supervisory Committee members is as follows:

Classification	Name	Number of times attended Audit & Supervisory Committee meetings
Outside Director (Full-time Audit & Supervisory Committee Member)	Kouji Sasaki	11/11
Outside Director (Audit & Supervisory Committee Member)	Masataka Uesugi	11/11
Outside Director (Audit & Supervisory Committee Member)	Hideyuki Totani	11/11

The main topics discussed by the Audit & Supervisory Committee include establishment of the audit plan, deliberations on important audit items, development and operation of the internal control system, evaluation of accounting auditor and determination of its reappointment, and advanced deliberation of matters to be reported to the Board of Directors.

The following resolutions, reports and discussions were held throughout the year.

10 resolutions: Submission of audit report, determination of remuneration of directors who are Audit & Supervisory Committee members, etc.

13 reports and discussions: Results of the 28th audits, progress and status of compliance, etc.

In addition, the main activities of the full-time Audit & Supervisory Committee member included serving as he chairs of meetings of the Audit & Supervisory Committee as well as facilitating communication with directors (excluding those who are Audit & Supervisory Committee Members), attendance at meetings of the Board of Directors, and if necessary, reporting the viewing of important documents or status of execution of duties by directors and employees to the Audit & Supervisory Committee.

2) Status of Internal Audits

Internal Audits are conducted based on internal audit regulations.

Regarding internal audit regulations, the functions of Internal Audits are to properly understand the company's property and operations from the standpoint of management analysis, and to contribute to the streamlining of management and increasing of its efficiency, and also to achieve effective communication and coordination in all of its operations. The General Manager of the Personnel and Legal Department is responsible for audits.

3) Status of Accounting Audits

A. Name of accounting auditor

PricewaterhouseCoopers Aarata LLC

B. Duration as accounting auditor

10 years

C. Certified public accountants engaging in auditing work

Shigeru Takahama

Masahide Kobayashi

D. Composition of audit assistants involved in auditing work

Assistants involved in the Company's accounting audit work include 2 certified public accountants, 7 persons who have passed the certified public accountant exam, and 7 others.

E. Selection Method of Audit Corporation and Reason

The Company selects the audit corporation based comprehensively on such areas as quality control, independence, specialization, audit remuneration, communication with audit committee members and management, and response to illicit risks, etc., referencing the "Practical Guidelines for Auditors, etc. Concerning the Formulation of Evaluation and Selection Standards for Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.

When it deems necessary, such as when the duties of the accounting auditor are hindered, etc., the Audit & Supervisory Committee determines the details of resolutions on the dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders.

In addition, if the accounting auditor is deemed to fall under each item set forth in Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed based on the consent of all Audit & Supervisory Board Members. In such a case, the Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee will report the nature and reason for the dismissal of the accounting auditor at the first general meeting of shareholders convened after the dismissal.

F. Evaluation of Audit Corporation by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprehensively evaluates the audit system and the status of the execution of duties by the accounting auditor.

4) Details of Audit Remuneration and Other Information

A. Remuneration for audit-certified public accountants and other information

(Million yen)

Classification	Previous fiscal year		Current fiscal year	
	Remuneration based on audit certification work	Remuneration based on non-auditing work	Remuneration based on audit certification work	Remuneration based on non-auditing work
Submitting company	36	-	36	-
Consolidated subsidiaries	-	-	-	-
Total	36	-	36	-

B. Remuneration for the same network (PricewaterhouseCoopers) as audit certified public accountants (excluding A.)

There are no relevant matters.

C. Other details of remuneration based on significant audit certification work

There are no relevant matters.

D. Policy for determining audit remuneration

At the Company, we determine audit remuneration after giving consideration of factors such as audit-certified accountants' audit plans, audit contents and audit days.

E. Reasons why the Audit & Supervisory Committee approved the remuneration of the Accounting Auditor

The Audit & Supervisory Committee, based on the "Practical Guideline on Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, confirmed and reviewed the evaluation and analysis of auditing results from the previous fiscal year, plan for auditing hours and assignment of personnel in the audit plan, status of business execution by the accounting auditor, and appropriateness of estimates for remuneration. As a result, consent has been received related to Article 399, Paragraph 1 of the Companies Act on remuneration for the accounting auditor.

(4) Officer Remuneration

1) Policy concerning the Approval of Calculation Method of Officer Remuneration and its Amount

It is stated in the Articles of Incorporation that officers' remunerations are stipulated based upon decisions made at the Annual General Meeting of Shareholders.

The Company determines the amount of remuneration for executive officers once each year, which must be within the range of remuneration limits determined at the General Meeting of Shareholders.

The limit on remuneration of directors (excluding those who are Audit & Supervisory Committee Members) is set at 200 million yen per year and the limit of remuneration for directors who are Audit & Supervisory Committee Members is 50 million yen per year based on the resolution at the 23rd Annual General Meeting of Shareholders held on March 25, 2016 (number of eligible directors at the time of the resolution: 3 directors (excluding those who are Audit & Supervisory Committee Members) and 3 directors who are Audit & Supervisory Committee Members). In addition, at the 29th Annual General Meeting of Shareholders held on March 25, 2022, new share acquisition rights were issued as stock options to directors (excluding those who are Audit & Supervisory Committee Members) within the scope of this maximum remuneration.

Remuneration-type stock options adopt consolidated operating profit, a primary financial target of the Medium-Term Management Plan, as the indicator related to performance-linked remuneration. Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ending December 2024, the final year of the Medium-Term Management Plan. Since the Company has set consolidated operating profit targets for the fiscal year ending December 2024 as an indicator, there is no performance against our targets for the fiscal year under review.

At the Board of Directors meeting held on February 26, 2021, the Company resolved "Policy for determining the details of remuneration of individual directors." The organization with the authority to decide on the policy for determining the amount of remuneration of officers of the Company and the method of calculating such remuneration is the Board of Directors. With regard to the remuneration of Directors (excluding those who are Audit & Supervisory Committee Members), the President, Representative Director and CEO who is an executive officer, formulates a compensation plan including the total amount of remuneration, and after deliberations by the Remuneration Committee consisting of 3 independent outside directors and the President, Representative Director and CEO who is an executive officer, and the total amount of remuneration is resolved by the Board of Directors.

The specific details of the remuneration amounts of each Director shall be left to the President, Representative Director and CEO who is an executive officer, and the content of the authority shall be the amount of base remuneration for each Director and the amount of performance-linked remuneration of each Director. The reason for delegating these powers is that when determining individual remuneration of Directors the Remuneration

Committee deliberates in accordance with the policy and reports to the Board of Directors, and those who have been delegated determine such matters by respecting the report.

The Board of Directors has resolved to delegate the determination of individual remuneration of Directors pertaining to this fiscal year to Kazuki Sakamaki, President, Representative Director and CEO, and the Board of Directors has resolved that the method of determining the content of remuneration and the content of the determined remuneration are consistent with the policy resolved by the Board of Directors for the individual remuneration of Directors pertaining to this fiscal year. The Company has confirmed that the report from the Remuneration Committee is respected and judges that it is in line with the policy.

During the relevant fiscal year, deliberation and resolution were made by the Board of Directors as follows:

・March 26, 2021:Deliberation and resolution on remuneration of directors (excluding those who are Audit & Supervisory Committee Members)

The remuneration of directors who are Audit & Supervisory Committee Members is determined individually based on deliberations by the Audit & Supervisory Committee.

The details of "Policy for determining the details of remuneration of individual directors" are presented below.

1. Fundamental policy

The fundamental policy for the determination of remuneration of the Company's individual directors shall be to set this remuneration at an appropriate level based on the importance of each of their duties and their achievements using a remuneration system linked to the Company's business performance and return to shareholders so that remuneration works sufficiently as an incentive for the sustainable enhancement of corporate value. Specifically, the remuneration of the President, Representative Director and CEO who serves as an executive officer and the director responsible for audit functions (excluding those who are Audit & Supervisory Committee Members) shall be comprised of base remuneration (monetary compensation) as the fixed remuneration and performance-linked remuneration (monetary compensation) and stock-based compensation (non-monetary remuneration). The remuneration of outside directors who are Audit & Supervisory Committee members shall comprise only base pay as fixed remuneration in view of their duties.

2. Policy regarding the amount of remuneration for each individual in terms of base remuneration (monetary remuneration) (including the policy on determining the timing or conditions for the granting of remuneration)

The base remuneration of the Company's directors shall be comprised of monthly fixed remuneration, which shall be determined holistically while considering the level of other companies, the Company's performance, and level of employee pay based on the director's position, duties, and number of years in office.

3. Policy regarding the details and amount or calculation method of performance-linked remuneration and non-monetary remuneration (including the policy on determining the timing or conditions for the granting of remuneration)

Performance-linked remuneration shall be comprised of cash remuneration reflecting key performance indicators (KPI) to elevate awareness about improving performance each business year. The amount calculated is based on the level of achievement of targets for consolidated operating profit for each respective business year and shall be paid monthly in conjunction with monthly fixed remuneration. The target KPIs and their values, in principle, shall be set when the time of formulating the Medium-Term Management Plan is formulated to ensure consistency with this plan or medium-term consolidated operating profit targets set by the Company and be reviewed as necessary based on changes in the operating environment.

Non-monetary compensation shall be comprised of remuneration-type stock options and adopt consolidated operating profit, a primary financial target of the Medium-Term Management Plan or medium-term consolidated operating profit targets set by the Company, as the indicator related to performance-linked remuneration. Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the consolidated operating profit target for the final year of the Medium-Term Management Plan or of medium-term consolidated operating profit target.

4. Policy regarding determination of the proportion of monetary remuneration, performance-linked remuneration or non-monetary remuneration for each Director

The ratio of each type of remuneration for Executive Director and Director (excluding those who are Audit & Supervisory Committee Members) shall be determined considering remuneration levels of other companies engaged in related business types or formats or whose business size is similar to the Company. Furthermore, the benchmark ratio of each type of remuneration shall be 8:1:1 representing base remuneration: performance-linked remuneration: non-monetary remuneration (in case the level of KPI achievement is 100%).

Note: Performance-linked remuneration shall be cash remuneration and non-monetary remuneration shall be remuneration type stock options.

5. Matters regarding the determination of details of remuneration for individual Directors

The remuneration of the President, Representative Director and CEO who serves as an executive officer and the director (excluding those who are Audit & Supervisory Committee Members) will be proposed by the President, Representative Director and CEO who serves as an executive officer that will include the total amount of remuneration following the aforementioned fundamental policy on determining remuneration and individual policies. Next, the Board of Directors passes a resolution on the total amount of remuneration (each amount of base remuneration, performance-linked remuneration and stock-type remuneration, if applicable), timing, conditions and other important matters, if any. The specific details of each individual director are entrusted to the discretion of the President, Representative Director and CEO who serves as an executive officer. The details of this authority shall comprise the amount of base remuneration of each director and performance-linked remuneration of each director

However, the Company will establish a Remuneration Committee comprised of 3 independent outside directors who are Audit & Supervisory Committee members and the President, Representative Director and CEO who serves as an executive officer to prevent arbitrary decisions on remuneration by the President, Representative Director and CEO who serves as an executive officer and ensure that authority is exercised appropriately. The Remuneration Committee deliberates on whether the individual remuneration proposals established by the President, Representative Director and CEO who serves as an executive officer are appropriate or not in accordance with the above mentioned policies for determination of remuneration. After this, revisions are made if necessary and the Remuneration Committee establishes a remuneration proposal within the scope of the total amount approved by the Board of Directors. The Remuneration Committee submits its proposal to the President, Representative Director and CEO who serves as an executive officer, and the President, Representative Director and CEO who serves as an executive officer determines the remuneration amount for individual directors while respecting the details of this proposal.

2) Total amount of remuneration by officer classification, total amount by type of remuneration, and number of officers covered

Classification	Total amount of remuneration (Million yen)	Total amount by type of remuneration (Million yen)			Number of officers covered
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	
Directors (excluding Audit & Supervisory Committee Members) (excluding outside directors)	105	101	5	-	4
Directors (Audit & Supervisory Committee Members) (excluding outside directors)	-	-	-	-	-
Outside officers	14	14	-	-	3

Notes:
1. The limit on remuneration of directors (excluding those who are Audit & Supervisory Committee Members) is set at 200 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016, and share acquisition rights were issued as part of stock option to the directors (excluding those who are Audit & Supervisory Committee Members), as determined at the General Meeting of Shareholders on March 24, 2017.
2. The limit on remuneration of directors (Audit & Supervisory Committee Members) is set at 50 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016.

3) Total Amount of Consolidated Remuneration for Each Officer

Not listed, as there is no one for whom the total amount of consolidated remuneration exceeds 100 million yen.

4) Important items among employee bonuses for people working jointly as employees and officers

There are no relevant matters.

(5) Possession of shares

1) Standards and Approach to Categories of Investment Securities

Regarding the categories of investment securities owned purely for investment purposes and investment security owned for reasons other than purely investment purposes, the Company categorizes shares held for the purpose of business strategy such as maintaining and strengthening relationships with business partners as cross-shareholdings and categorizes shares held for purpose of all other asset management as purely investment.

2) Ownership of Shares by Fullcast Holdings Co., Ltd.

The following shows the status of Fullcast Holdings Co., Ltd., which is the company with the highest balance sheet amount for investment shares among the Company and its consolidated subsidiaries (highest holding company).

A. Investment shares that are held for purposes other than net investment purposes

a) Method of examining ownership policy and ownership rationale as well as details of examinations by the Board of Directors on suitability of ownership of individual shares

Our Group acquires and holds cross-shareholdings of publicly listed stocks when it is determined to contribute to the improved medium to long-term corporate value of Our Group from the perspective of maintaining and strengthening cooperative business relations and maintaining and strengthening stable, long-term transactional relationships between our Group and its business partners, restricted to alliance relationships, transactional relationships or other business relationships. The Company plans to sell and reduce its holdings of shares of associates and investment securities for which these business synergies are not expected to materialize.

In addition, the Board of Directors carefully screened our Group's cross-shareholdings (5 stocks), including whether ownership is appropriate or not, and verified that ownership is indeed suitable. As a result of this verification, the Board of Directors determined that at the current point in time it is appropriate to continue owning these cross-shareholdings.

With regard to exercising the voting rights of cross-shareholdings, our Group determines whether it approves or disapproves of a proposal and exercises its voting rights after comprehensively determining, based on individual scrutiny, whether the proposal contributes to the enhancement of the corporate value of the company and our Group and whether there is a possibility the proposal will damage shareholder value, for each individual proposal, taking into account the purpose of each individual holdings and referencing the criteria for exercising voting rights of the voting advisory company.

b) Number of different stocks and total value recorded in balance sheets

	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	5	33
Securities other than unlisted equity securities	2	102

(Stocks for which the Company’s shareholdings increased in the fiscal year)

There are no relevant matters.

(Stocks for which the Company’s shareholdings decreased in the fiscal year)

	Number of different stocks	Total selling price related to decrease in the number of shares (millions of yen)
Unlisted equity securities	-	-
Securities other than unlisted equity securities	1	20

c) Information concerning special stocks, number of shares for each stock considered deemed holding, and amount appearing in balance sheet

Special Stocks

Stock	Current fiscal year	Previous fiscal year	Purpose of ownership, quantitative effects of ownership, and reason for the increase in the number of shares	Shares owned by the Company
	Number of shares	Number of shares		
	Amount recorded in balance sheets (Million yen)	Amount recorded in balance sheets (Million yen)		
e-LogiT Co., Ltd.	90,000	100,000	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a).	None
	73	1		
Saint Care Holding Corporation	36,000	36,000	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a).	None
	28	32		

Deemed holdings

There are no relevant matters.

B. Investment shares held for net investment purposes

Classification	Current fiscal year		Previous fiscal year	
	Number of different stocks	Total value recorded in balance sheets (Million yen)	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	-	-	-	-
Securities other than unlisted equity securities	1	133	1	185

Classification	Current fiscal year		
	Total amount of dividend income (Million yen)	Total amount of sales gain (loss) (Million yen)	Total amount of valuation gain (loss) (Million yen)
Unlisted equity securities	-	-	-
Securities other than unlisted equity securities	-	-	(52)

3) Ownership of shares by F-PLAIN Corporation

The following shows the status of F-PLAIN Corporation, which is the company with the next highest balance sheet amount for investment shares among the Company and its consolidated subsidiaries.

A. Investment shares that are held for purposes other than net investment purposes

a) Method of examining ownership policy and ownership rationale as well as details of examinations by the Board of Directors on suitability of ownership of individual shares

Our Group acquires and holds cross-shareholdings of publicly listed stocks when it is determined to contribute to the improved medium to long-term corporate value of our Group from the perspective of maintaining and strengthening cooperative business relations and maintaining and strengthening stable, long-term transactional relationships between our Group and its business partners, restricted to alliance relationships, transactional relationships or other business relationships. The Company plans to sell and reduce its holdings of shares of associates and investment securities for which these business synergies are not expected to materialize.

In addition, the Board of Directors carefully screened our Group’s cross-shareholdings (5 stocks), including whether ownership is appropriate or not, and verified that ownership is indeed suitable. As a result of this verification, the Board of Directors determined that at the current point in time it is appropriate to continue owning these cross-shareholdings.

With regard to exercising the voting rights of cross-shareholdings, our Group determines whether it approves or disapproves of a proposal and exercises its voting rights after comprehensively determining, based on individual scrutiny, whether the proposal contributes to the enhancement of the corporate value of the company and our Group and whether there is a possibility the proposal will damage shareholder value, for each individual proposal, taking into account the purpose of each individual holdings and referencing the criteria for exercising voting rights of the voting advisory company.

b) Number of different stocks and total value recorded in balance sheets

	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	-	-
Securities other than unlisted equity securities	1	206

(Stocks for which the Company’s shareholdings increased in the fiscal year)

There are no relevant matters.

(Stocks for which the Company's shareholdings decreased in the fiscal year)

There are no relevant matters.

c) Information concerning special stocks, number of shares for each stock considered deemed holding, and amount appearing in balance sheet

Special Stocks

Stock	Current fiscal year	Previous fiscal year	Purpose of ownership, quantitative effects of ownership, and reason for the increase in the number of shares	Shares owned by the Company
	Number of shares	Number of shares		
	Amount recorded in balance sheets (Million yen)	Amount recorded in balance sheets (Million yen)		
Vision Co., Ltd.	177,600	177,600	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a).	Yes
	206	184		

Deemed holdings

There are no relevant matters.

B. Investment shares held for net investment purposes

There are no relevant matters.

4) Possession of shares for Submitting Companies

The submitting company is the same as that appearing in "2) Ownership of Shares by Fullcast Holdings Co., Ltd."

Part 5: Financial Conditions

1. Preparation Methods for Consolidated and Non-Consolidated Financial Statements

(1) The Company's consolidated financial statements are prepared in accordance with "Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Minister of Finance Decree No. 28, 1976).

(2) The Company's consolidated financial statements are prepared in accordance with "Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Minister of Finance Decree No. 59, 1963).

The Company falls under the companies submitting special consolidated financial statements and prepares financial statements in accordance with the provisions of the Article 127 of the Regulations for Financial Statements.

2. Audit Certification

Based on Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company underwent audits by PricewaterhouseCoopers Arata LLC. for consolidated financial statements of the current consolidated fiscal year (January 1 to December 31, 2021) and for financial statements of the current fiscal year (January 1 to December 31, 2021).

3. Special Initiatives for Ensuring the Adequacy of Consolidated Financial Statements

The Company engages in special initiatives to ensure the adequacy of consolidated financial statements. Specifically, we have joined the Financial Accounting Standards Foundation to properly understand the details of accounting standards, and to respond appropriately to changes in these standards. Furthermore, we have put in place systems for receiving information from companies specializing in disclosure on both a regular and occasional basis.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
ASSETS		
Current assets		
Cash and deposits	13,309	17,410
Notes and accounts receivable - trade	5,671	7,090
Merchandise	22	19
Supplies	13	13
Other	313	303
Allowance for doubtful accounts	(24)	(20)
Total current assets	19,304	24,815
Non-current assets		
Property, plant and equipment		
Buildings and structures	615	680
Accumulated depreciation and impairment	(352)	(384)
Buildings and structures, net	264	296
Machinery, equipment and vehicles	8	5
Accumulated depreciation and impairment	(7)	(5)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	722	742
Accumulated depreciation and impairment	(536)	(592)
Tools, furniture and fixtures, net	186	150
Land	184	184
Construction in progress	1	2
Total property, plant and equipment	634	632
Intangible assets		
Software	300	312
Goodwill	774	607
Other	22	22
Total intangible assets	1,096	940
Investments and other assets		
Investment securities	*1 1,921	*1 2,014
Guarantee deposits	576	636
Deferred tax assets	364	394
Other	102	57
Allowance for doubtful accounts	(44)	(5)
Total investments and other assets	2,919	3,096
Total non-current assets	4,649	4,669
Total assets	23,953	29,484

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	21	22
Short-term borrowings	*2 1,000	*2 1,000
Accounts payable - other	1,167	1,553
Accrued expenses	1,226	1,531
Income taxes payable	514	1,407
Accrued consumption taxes	1,204	1,742
Provision for bonuses	100	161
Allowance for subscription cancellations	60	36
Other	417	510
Total current liabilities	5,710	7,961
Non-current liabilities		
Retirement benefit liability	691	747
Asset retirement obligations	79	118
Deferred tax liabilities	21	44
Other	55	36
Total non-current liabilities	847	945
Total liabilities	6,557	8,905
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	14,721	16,369
Treasury shares	(3,099)	(1,821)
Total shareholders' equity	16,408	19,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128	152
Foreign currency translation adjustment	(33)	41
Total accumulated other comprehensive income	95	193
Share acquisition rights	162	133
Non-controlling interests	730	919
Total net assets	17,396	20,579
Total liabilities and net assets	23,953	29,484

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Million yen)

	FY12/20 (January 1 to December 31,2020)	FY12/21 (January 1 to December 31, 2021)
Net sales	43,226	52,366
Cost of sales	25,508	34,336
Gross profit	17,718	18,030
Selling, general and administrative expenses		
Salaries and bonuses	4,328	3,471
Other salaries	1,305	1,267
Provision for bonuses	7	19
Legal welfare expenses	888	716
Retirement benefit expenses	88	97
Communication expenses	357	340
Travel and transportation expenses	433	385
Rent expenses on land and buildings	956	796
Depreciation	254	208
Advertising expenses	641	665
Recruitment expenses	256	362
Provision of allowance for doubtful accounts	9	9
Amortization of goodwill	201	207
Other	1,865	1,896
Total selling, general and administrative expenses	11,587	10,438
Operating profit	6,131	7,592
Non-operating income		
Interest income	1	1
Dividend income	2	3
Share of profit of entities accounted for using equity method	163	26
Reversal of allowance for doubtful accounts	12	39
Revenue - advertising	2	34
Other	58	34
Total non-operating income	238	137
Non-operating expenses		
Interest expenses	7	7
Settlement package	37	46
Commission for purchase of treasury shares	25	2
Business commencement expenses	56	-
Compensation expenses	-	18
Other	64	33
Total non-operating expenses	188	105
Ordinary profit	6,180	7,624

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Extraordinary income		
Gain on sale of investment securities	250	20
Subsidy income	22	22
Other	-	2
Total extraordinary income	272	45
Extraordinary losses		
Loss on retirement of non-current assets	*1 17	*1 22
Loss on COVID-19	*2 62	*2 37
Other	13	3
Total extraordinary losses	93	62
Profit before income taxes	6,360	7,606
Income taxes - current	1,949	2,493
Income taxes - deferred	(6)	(21)
Total income taxes	1,943	2,472
Profit	4,417	5,134
Profit attributable to non-controlling interests	305	123
Profit attributable to owners of parent	4,113	5,012

Consolidated Statement of Comprehensive Income

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Profit	4,417	5,134
Other comprehensive income		
Valuation difference on available-for-sale securities	(540)	26
Foreign currency translation adjustment	(33)	75
Total other comprehensive income	* (573)	*101
Comprehensive income	3,844	5,235
(Comprehensive income attributable to)		
Owners of parent	3,559	5,109
Non-controlling interests	285	126

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (January 1 to December 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	2,006	12,119	(2,107)	14,798
Changes during period					
Dividends of surplus			(1,478)		(1,478)
Profit attributable to owners of parent			4,113		4,113
Purchase of treasury shares				(992)	(992)
Increase (decrease) in retained earnings resulting from exclusion of subsidiaries from consolidation			(33)		(33)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,602	(992)	1,610
Balance at end of period	2,780	2,006	14,721	(3,099)	16,408

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	649	-	649	119	646	16,213
Changes during period						
Dividends of surplus						(1,478)
Profit attributable to owners of parent						4,113
Purchase of treasury shares						(992)
Increase (decrease) in retained earnings resulting from exclusion of subsidiaries from consolidation						(33)
Net changes in items other than shareholders' equity	(520)	(33)	(554)	43	84	(426)
Total changes during period	(520)	(33)	(554)	43	84	1,184
Balance at end of period	128	(33)	95	162	730	17,396

Current consolidated fiscal year (January 1 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	2,006	14,721	(3,099)	16,408
Changes during period					
Dividends of surplus			(1,573)		(1,573)
Profit attributable to owners of parent			5,012		5,012
Purchase of treasury shares				(552)	(552)
Disposal of treasury shares			(49)	87	38
Cancellation of treasury shares			(1,742)	1,742	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,648	1,277	2,925
Balance at end of period	2,780	2,006	16,369	(1,821)	19,334

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	128	(33)	95	162	730	17,396
Changes during period						
Dividends of surplus						(1,573)
Profit attributable to owners of parent						5,012
Purchase of treasury shares						(552)
Disposal of treasury shares						38
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	23	75	98	(29)	189	257
Total changes during period	23	75	98	(29)	189	3,182
Balance at end of period	152	41	193	133	919	20,579

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,360	7,606
Depreciation	268	219
Amortization of goodwill	201	207
Increase (decrease) in allowance for doubtful accounts	2	(43)
Increase (decrease) in provision for bonuses	21	37
Increase (decrease) in allowance for subscription cancellations	12	(24)
Interest and dividend income	(3)	(3)
Interest expenses	7	7
Share of loss (profit) of entities accounted for using equity method	(163)	(26)
Loss on retirement of non-current assets	17	22
Loss (gain) on sale of investment securities	(250)	(20)
Loss (gain) on valuation of investment securities	10	0
Loss on COVID-19	62	37
Decrease (increase) in trade receivables	93	(1,414)
Decrease (increase) in inventories	23	3
Decrease (increase) in accounts receivable - other	(5)	85
Increase (decrease) in trade payables	(117)	341
Increase (decrease) in accrued expenses	(7)	301
Increase (decrease) in accrued consumption taxes	1	519
Increase (decrease) in accrued enterprise taxes	(86)	38
Increase (decrease) in retirement benefit liability	62	56
Other, net	80	49
Subtotal	6,587	7,996
Interest and dividends received	32	45
Interest paid	(7)	(7)
Payment of loss on COVID-19	(54)	(34)
Income taxes paid	(2,580)	(1,639)
Income taxes refund	1	7
Net cash provided by (used in) operating activities	3,979	6,368
Cash flows from investing activities		
Purchase of property, plant and equipment	(150)	(52)
Purchase of intangible assets	(129)	(127)
Proceeds from sale of investment securities	416	20
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(18)	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	*2 (233)	-
Proceeds from collection of loans receivable	18	45
Proceeds from cancellation of insurance funds	17	-
Other, net	(9)	14
Net cash provided by (used in) investing activities	(89)	(99)

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(80)
Purchase of treasury shares	(995)	(554)
Dividends paid	(1,476)	(1,571)
Other, net	(2)	37
Net cash provided by (used in) financing activities	(2,472)	(2,168)
Net increase (decrease) in cash and cash equivalents	1,418	4,101
Cash and cash equivalents at beginning of period	11,811	13,309
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	80	-
Cash and cash equivalents at end of period	*1 13,309	*1 17,410

Notes on Consolidated Financial Statements

(Significant Accounting Policies in the Preparation of the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

Consolidated subsidiaries: 17

Name of the consolidated subsidiaries:

Fullcast Co., Ltd.; Top Spot Co., Ltd.; Fullcast Advance Co., Ltd.;
Fullcast Business Support Co., Ltd.; Otetsudai Networks Inc.;
Work & Smile Co., Ltd.; Fullcast Senior Works Co., Ltd.;
Fullcast Porter Co., Ltd.; F-PLAIN Corporation; M's Line Co., Ltd.;
FSP Co., Ltd.; BOD Co., Ltd.; HR Management Co., Ltd.;
Fullcast Global Co., Ltd.; Minimaid Service Co., Ltd.;
Fullcast International Co., Ltd.; and Progress, Inc.

Progress, Inc., whose shares the Company acquired in the consolidated fiscal year, is included within the scope of consolidation.

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 new company changed to HR Management Co., Ltd.

2. Matters concerning the application of the equity accounting method

(1) Number of equity method affiliates: 3

Beat Co., Ltd.; DeliArt Co., Ltd.; Advancer Global Limited

(2) Items requiring mention with regards to procedures for applying the equity method

Of the Company's equity method affiliates, Beat Co., Ltd. and DeliArt Co., Ltd. have different fiscal year ends, and therefore, financial statements based upon provisional settlement of accounts as of the consolidated fiscal year end are used in preparing consolidated financial statements.

3. Matters concerning the fiscal year end date and other information of consolidated subsidiaries

The settlement date of consolidated subsidiaries matches the consolidated closing date.

4. Matters related to accounting policies

(1) Valuation rules and methods for significant assets

1) Securities

Other securities

Securities with fair market value: Mark-to-market price method based on the market price at end of the consolidated fiscal year (Valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)

Securities without fair market value: Stated at cost, as determined by the moving average method

2) Inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Products and supplies

First-in first-out method

(2) Depreciation methods of significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) as well as facilities attached to buildings structures acquired on or after April 1, 2016.

The main service life is as follows:

Buildings and structures: 2 to 50 years

Machinery and transportation equipment: 2 to 6 years

Tools, furniture and fixtures: 2 to 20 years

2) Intangible assets (excluding lease assets)

Straight-line method

The straight-line method based on the usable period in-house (2 to 5 years) is used for software (portion used by the Company).

3) Lease assets

Lease assets from ownership non-transfer finance lease is calculated for the lease period as the service life and based on the straight-line method with zero residue prices.

(3) Accounting for significant allowance

1) Allowance for doubtful accounts

To prepare for credit losses on receivables, our Company and its consolidated subsidiaries reserve an estimated doubtful account allowance on ordinary receivables based on historical doubtful account ratios, and on highly doubtful receivables based on the recoverability from individual customers.

2) Provision for bonuses

To prepare for the payment of bonuses to employees, an amount accrued for the subject fiscal year among the estimated future obligations is designated in the reserve account.

3) Allowance for subscription cancellations

An allowance for subscription cancellations containing an estimated reversal amount versus net sales of the fiscal year under review has been established in order to prepare for reversal of incentive income triggered upon the cancellation of mail-order merchandise by individual customers.

(4) Accounting treatment methods for retirement benefits

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it’s incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it’s incurred.

3) Adoption of simplified method for small-scale corporations, etc.

Certain consolidated subsidiaries adopt the simplified method which assumes the benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, within the calculation of retirement benefit liabilities and retirement benefit costs.

(5) Amortization method and period for goodwill

Goodwill is amortized over the period during which the influence of the goodwill is estimated to apply. However, if the monetary amount is small, goodwill is amortized all at once when it incurred.

(6) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash in hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(7) Other important matters for the preparation of consolidated financial statements

1) Accounting treatment of consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

2) Application of the consolidated tax payment system

The consolidated tax payment system has been applied to the Company and certain consolidated subsidiaries.

3) Application of Tax Effect Accounting Related to the Transition from the Consolidated Taxation System to Our 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 Our 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.

(Important Accounting Estimates)

(Deferred tax assets)

(1) Amount recorded on the consolidated financial statements for the current fiscal year

Deferred tax assets 394 million yen

(2) Information concerning details of important accounting estimates related to identified items

The Company records deferred tax assets after examining recoverability based on the adequacy of future taxable income based on business plans, the existence of tax planning strategies, and the adequacy of scheduled reversal of taxable temporary differences.

The calculation of future taxable income is based on the business plan, and deferred tax assets are recorded based on the legal effective tax rates applied at the time of elimination of the difference for the tax effect pertaining to the temporary difference. For temporary differences that are deemed uncertain to resolve in the future, deferred tax assets have been reduced as the valuation reserve amount.

Changes in the expected amount of future taxable income or changes in the recoverability assessment of deferred tax assets based on other factors may affect the amount of profit for the subsequent consolidated fiscal year.

(Goodwill Valuation)

(1) Amount recorded on the consolidated financial statements for the current fiscal year

Goodwill 607 million yen

(2) Information concerning details of important accounting estimates related to identified items

Goodwill occurs in relation to the excess profitability expected in the future by the acquired business at the time of acquisition of control, and the period during which the effect will be expressed is estimated and evenly amortized.

In accordance with the ASBJ Accounting Standard for Impairment of Fixed Assets, the Company examines whether there are any signs of impairment based on the evaluation of excess profitability identified at the time of acquisition of control. When signs of impairment are identified, the Company determines the necessity of recognizing impairment losses by comparing the undiscounted future cash flows and book value within remaining amortization period of goodwill calculated based on future business plans. If the Company judges that recognition of impairment losses is necessary, goodwill will be reduced to the recoverable value, and the reduction amount will be recognized as impairment losses.

Business plans, etc., which are the basis for estimating the undiscounted future cash flows, include important assumptions regarding earnings and expense forecasts.

If such assumptions need to be reviewed due to uncertain changes in future economic conditions, or if the future cash flows and recoverable value decrease, there is a risk of affecting the consolidated financial statements for the subsequent consolidated fiscal year.

(Unapplied Accounting Standards)

1. Accounting Standard for Revenue Recognition, etc.

・Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)

・Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 26, 2021)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed a converged accounting standard for revenue recognition and released Revenue from Contracts with Customers (IFRS No. 15 at the IASB and Topic 606 at the FASB) in May 2014. In light of this, the Accounting Standards Board of Japan (ASBJ) has developed a converged accounting standard for revenue recognition, and it was released together with the implementation guidance.

The basic policy of the ASBJ in developing an accounting standard for revenue recognition was to use incorporation of the fundamental general principles of IFRS No. 15 as a starting point from the perspective of comparability of financial statements, which is one of the benefits to ensure consistency with IFRS No. 15, in the establishment of an accounting standard as well as the addition of alternative treatment within the scope of not losing comparability in the case of considerations such as conventional practices in Japan.

(2) Date of Planned Application

The Company plans to apply the standard from the beginning of the fiscal year ending December 31, 2022.

(3) Effect of the Application of the such Accounting Standard

The effect is being evaluated at the time of preparing the consolidated financial statements.

2. Accounting standard for Fair Value Measurement, etc.

・ Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)

・ Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

・ Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)

・ Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)

・ Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

In order to improve comparability with the provisions of International Accounting Standards, the Accounting Standards Board of Japan developed “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter, “Fair Value Measurement Accounting Standards”) and stipulated guidance on measurement methods of fair value. The Fair Value Measurement Accounting Standards are applied to the fair value of the following items:

・Financial instruments in “Accounting Standards for Financial Instruments”

・Inventory assets held for the purpose of trading in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised to include notes on the breakdown of each level of fair value of financial instruments.

(2) Date of Planned Application

The Company plans to apply the standard from the beginning of the fiscal year ending December 31, 2022.

(3) Effect of the Application of the such Accounting Standard

The effect is being evaluated at the time of preparing the consolidated financial statements.

3. Handling of accounting and disclosure when applying Our Group Tax Sharing System

・”Handling of accounting and disclosure when applying Our Group Tax Sharing System” (Practical Issues Task Force No. 42, August 12, 2021)

(1) Overview

In line with the transition to Our Group Tax Sharing System, the Company has established handling for accounting and disclosure of income tax and local tax and tax effect accounting when Our Group Tax Sharing System is applied.

(2) Date of Planned Application

The Company plans to apply the standard from the beginning of the fiscal year ending December 31, 2023.

(3) Effect of the Application of the such Accounting Standard

The effect is being evaluated at the time of preparing the consolidated financial statements.

(Changes in Presentation Method)

(Application of “Accounting Standards for Disclosure of Accounting Estimates”)

The Company has applied “Accounting Standard for Disclosure of Accounting Estimates”(ASBJ Accounting Standard No. 31, March 31, 2020) from the consolidated financial statements for the fiscal year ended December 31, 2021, and notes on important accounting estimates are included in the consolidated financial statements.

However, the notes do not describe the contents pertaining to the previous consolidated fiscal year in accordance with the transitional handling stipulated in the proviso to Paragraph 11 of the Accounting Standard.

(Notes on Consolidated Statement of Income)

(1) “Gain on adjustment of account payable” under “Non-operating income” in the previous fiscal year have been included in “other” in the current consolidated fiscal year because the monetary amount has become insignificant.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 23 million yen for “gain on adjustment of account payable” presented in “Non-operating income” in consolidated financial statements for the previous fiscal year have been restated as “other.”

(2) In the previous consolidated fiscal year, the “Reversal of allowance for doubtful accounts” and “Revenue-advertising” included in “Other” of “Non-operating income” exceeded 10/100 of the total non-operating income, and as such, they are stated separately from the current consolidated fiscal year. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 49 million yen for “Other” presented in “Non-operating income” in consolidated financial statements for the previous fiscal year has been restated as “Reversal of allowance for doubtful accounts” of 12 million yen, “Revenue-advertising” of 2 million yen, and “Other” of 35 million yen.

(3) In the previous consolidated fiscal year, “Subsidy income” included in “Other” of “Extraordinary income” exceeded 10/100 of the total amount of extraordinary income, and thus, it is stated separately from the current consolidated fiscal year. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 22 million yen for “Other” presented in “Extraordinary income” in consolidated financial statements for the previous fiscal year has been restated as “Subsidy income” of 22 million yen.

(4) “Loss on valuation of investment securities” under “Extraordinary loss” in the previous fiscal year has been included in “Other” in the current consolidated fiscal year because the monetary amount has become insignificant.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 10 million yen for “Loss on valuation of investment securities” presented in “Extraordinary losses” in consolidated financial statements for the previous fiscal year has been restated as “Other.”

(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 consolidated current fiscal year because it is difficult to predict when the COVID-19 pandemic will end. However, there is a possibility that material impacts will influence our consolidated financial statements in subsequent fiscal years, if we review our judgments according to changes in the future situation.

(Notes on Consolidated Balance Sheet)

*1 The following figures reflect associates.

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Investment securities (equities)	1,443	1,502

*2 The Company and its subsidiaries signed an agreement for overdraft with four banks to procure operating capital efficiently.

The balance of borrowings involved in the agreement for overdraft at the end of this consolidated fiscal year is as follows:

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Limit of overdraft account	5,600	5,600
Borrowing	1,000	1,000
Balance	4,600	4,600

(Notes on Consolidated Statement of Income)

*1 Significant components of gain on sales of non-current assets are as follows:

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Buildings and structures	4	2
Machinery, equipment and vehicles	-	0
Tools, furniture and fixtures	4	1
Software	-	3
Other	9	15
Total	17	22

*2 Loss on COVID-19

Previous consolidated fiscal year (January 1 to December 31, 2020)

The main breakdown of loss on COVID-19 is allowance for business closure and loss on disposal of inventory.

Current consolidated fiscal year (January 1 to December 31, 2021)

The main breakdown of loss on COVID-19 is allowance for business closure, loss on disposal of inventory, and other fixed expenses.

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	(786)	39
Reclassification adjustment	-	-
Before tax effect adjustment	(786)	39
Tax effect	246	(13)
Valuation difference on available-for-sale securities	(540)	26
Foreign currency translation adjustment:		
Amount incurred during the current fiscal year	(33)	75
Reclassification adjustment	-	-
Foreign currency translation adjustment	(33)	75
Total other comprehensive income	(573)	101

(Notes on in Consolidated Statement of Changes in Equity)

Previous consolidated fiscal year (January 1 to December 31, 2020)

1. Matters concerning the type and the number of shares issued and treasury shares

Type of shares	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued Ordinary shares	38,486,400	-	-	38,486,400
Total	38,486,400	-	-	38,486,400
Treasury shares Ordinary shares	1,328,352	449,546	-	1,777,898
Total	1,328,352	449,546	-	1,777,898

(Summary of reason for change)

Acquisition of treasury shares resolution of the Board of Directors on February 7, 2020:449,500 shares

Purchase of share less than one unit:46 shares

2. Matters concerning share acquisition rights

Company name	Details of share acquisition rights	Type of share for the purpose of share acquisition rights	Number of shares for the purpose of share acquisition rights				Balance at the end of the fiscal year (Million yen)
			As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	162
Total		-	-	-	-	-	162

Note: The first day of the rights exercise period for share acquisition rights awarded as stock options has yet to arrive.

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on February 7, 2020	Ordinary shares	780	21.00	December 31, 2019	March 13, 2020
Board of Directors Meeting on August 7, 2020	Ordinary shares	697	19.00	June 30, 2020	September 1, 2020

(2) Of dividends the record date of which belongs to the fiscal year, those the effective date of which falls in or after the following fiscal year

Resolution	Type of shares	Dividend resource	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on February 12, 2021	Ordinary shares	Retained earnings	808	22.00	December 31, 2020	March 12, 2021

Current consolidated fiscal year (January 1 to December 31, 2021)

1. Matters concerning the type and the number of shares issued and treasury shares

Type of shares	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued Ordinary shares	38,486,400	-	1,000,000	37,486,400
Total	38,486,400	-	1,000,000	37,486,400
Treasury shares Ordinary shares	1,777,898	286,468	1,048,700	1,015,666
Total	1,777,898	286,468	1,048,700	1,015,666

(Summary of reason for change)

(1) The main breakdown of the decrease in the number of shares issued is as follows.

Cancellation of treasury shares resolution of the Board of Directors on February 12, 2021:1,000,000 shares

(2) The main breakdown of the increase in the number of treasury shares is as follows.

Acquisition of treasury shares resolution of the Board of Directors on February 12, 2021:286,400 shares

Purchase of share less than one unit:68 shares

(3) The main breakdown of the decrease in the number of treasury shares is as follows.

Cancellation of treasury shares resolution of the Board of Directors on February 12, 2021:1,000,000 shares

Disposal of treasury shares by exercise of share acquisition rights48,700 shares

2. Matters concerning share acquisition rights

Company name	Details of share acquisition rights	Type of share for the purpose of share acquisition rights	Number of shares for the purpose of share acquisition rights				Balance at the end of the fiscal year (Million yen)
			As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	133
Total		-	-	-	-	-	133

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on February 12, 2021	Ordinary shares	808	22.00	December 31, 2020	March 12, 2021
Board of Directors Meeting on August 6, 2021	Ordinary shares	765	21.00	June 30, 2021	September 6, 2021

(2) Of dividends the record date of which belongs to the fiscal year, those the effective date of which falls in or after the following fiscal year

Resolution	Type of shares	Dividend resource	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on February 10, 2022	Ordinary shares	Retained earnings	839	23.00	December 31, 2021	March 11, 2022

(Notes on Consolidated Statement of Cash Flows)

*1 Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated statement of cash flows are as follows:

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Cash and deposits	13,309	17,410
Cash and cash equivalents	13,309	17,410

*2 Main breakdown of assets and liabilities of companies that are no longer consolidated subsidiaries through the sale of shares

Previous consolidated fiscal year (January 1 to December 31, 2020)

The breakdown of assets and liabilities following NIHON DENKI SERVICE Co., Ltd. no longer being a consolidated subsidiary through the sale of its shares as well as the selling price of the shares and loss from the sale are as follows:

	(Million yen)
Current assets	346
Non-current assets	63
Current liabilities	(54)
Non-current liabilities	(25)
Non-controlling interests	(264)
Commission on the sale of shares	1
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation	(33)
Loss on sale of shares	(3)
Selling price of shares	30
Commission on the sale of shares	(1)
Cash and cash equivalents	(263)
Allowance: loss on sales	(233)

Current consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

(Notes Regarding Financial Instruments)

Previous consolidated fiscal year (January 1 to December 31, 2020)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

Our Group assumes bank loans for necessary funds. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable-other and accrued expenses, which are operating debts, have due dates of within one year. As for borrowings, the Company signed an agreement for overdraft with four main banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, and managing settlement dates and balances for each trading client of core short-term human resources services businesses such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery risks resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are estimated to be minimal.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

The Company conducts daily deposit balance management for Our Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based upon market prices, in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these, as recorded on December 31, 2020 are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.).

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and deposits	13,309	13,309	-
(2) Notes and accounts receivable - trade	5,671	5,671	-
(3) Investment securities (*)	1,287	960	(327)
(4) Guarantee deposits	576	575	(1)
Total assets	20,843	20,515	(328)
(5) Short-term borrowings	1,000	1,000	-
(6) Accounts payable - other	1,167	1,167	-
(7) Accrued expenses	1,226	1,226	-
(8) Income taxes payable	514	514	-
(9) Accrued consumption taxes	1,204	1,204	-
Total liabilities	5,112	5,112	-

* Investment securities include the shares of listed equity method affiliates and the difference is due to the market valuation of said shares.

Notes: 1. Calculation method of the market price of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values.

(3) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4) Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts-reflecting collectability-once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(5) Short-term borrowings, (6) Accounts payable - other, (7) Accrued expenses, (8) Income taxes payable, and (9) Accrued consumption taxes

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 634 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in “(3) Investment securities.”

3. Expected redemption amounts of pecuniary claims after the settlement date

(Million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and deposits	13,309	-	-	-
Notes and accounts receivable - trade	5,671	-	-	-
Total	18,980	-	-	-

4. Expected repayment amount of short-term borrowings

(Million yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	1,000	-	-	-	-	-
Total	1,000	-	-	-	-	-

Current consolidated fiscal year (January 1 to December 31, 2021)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

Our Group assumes bank loans for necessary funds. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable - other and accrued expenses, which are operating debts, have due dates of within one year. As for borrowings, the Company signed an agreement for overdraft with four main banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, and managing settlement dates and balances for each trading client of core short-term human resources services businesses such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery risks resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are estimated to be minimal.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

The Company conducts daily deposit balance management for Our Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based upon market prices, in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these, as recorded on December 31, 2021 are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.).

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and deposits	17,410	17,410	-
(2) Notes and accounts receivable - trade	7,090	7,090	-
(3) Investment securities (*)	1,289	1,226	(63)
(4) Guarantee deposits	636	631	(4)
Total assets	26,425	26,358	(67)
(5) Short-term borrowings	1,000	1,000	-
(6) Accounts payable - other	1,553	1,553	-
(7) Accrued expenses	1,531	1,531	-
(8) Income taxes payable	1,407	1,407	-
(9) Accrued consumption taxes	1,742	1,742	-
Total liabilities	7,232	7,232	-

* Investment securities include the shares of listed equity method affiliates and the difference is due to the market valuation of said shares.

Notes: 1. Calculation method of the market price of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values.

(3) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4) Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts-reflecting collectability-once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(5) Short-term borrowings, (6) Accounts payable - other, (7) Accrued expenses, (8) Income taxes payable, and (9) Accrued consumption taxes

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 725 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in "(3) Investment securities."

3. Expected redemption amounts of pecuniary claims after the settlement date

(Million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and deposits	17,410	-	-	-
Notes and accounts receivable - trade	7,090	-	-	-
Total	24,500	-	-	-

4. Expected repayment amount of short-term borrowings

(Million yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	1,000	-	-	-	-	-
Total	1,000	-	-	-	-	-

(Notes on Marketable Securities)

Previous consolidated fiscal year

1. Other marketable securities (as of December 31, 2020)

(Million yen)

Classification	Consolidated balance sheet amount	Acquisition cost	Difference
Items for which consolidated balance sheet amount exceeds acquisition cost Shares	423	159	264
Subtotal	423	159	264
Items for which consolidated balance sheet amount does not exceed acquisition cost Shares	-	-	-
Subtotal	-	-	-
Total	423	159	264

2. Other marketable securities sold during the previous consolidated fiscal year (January 1 to December 31, 2020)

(Million yen)

Classification	Sale value	Total of sale gain	Total of sale loss
Shares	416	250	-

3. Other marketable securities for which impairment was performed (January 1 to December 31, 2020)

Impairment of 10 million yen from other investment securities was recorded in the previous fiscal year.

When performing impairment, if the market value at end of term has fallen by 50% or more of the cost of the acquisition, impairment is performed on the entire amount, but if the decline is between 30% to 50%, impairment is performed with respect to the amount deemed to be necessary in light of the potential of recovery and other factors. In addition, in cases where the actual value has declined significantly due to deteriorating financial position, impairment of stocks for which the market value is deemed extremely difficult to grasp is performed based on the need after determining the recoverability individually.

Current consolidated fiscal year

1. Other marketable securities (as of December 31, 2021)

(Million yen)

Classification	Consolidated balance sheet amount	Acquisition cost	Difference
Items for which consolidated balance sheet amount exceeds acquisition cost Shares	463	159	303
Subtotal	463	159	303
Items for which consolidated balance sheet amount does not exceed acquisition cost Shares	-	-	-
Subtotal	-	-	-
Total	463	159	303

2. Other marketable securities sold during the current consolidated fiscal year (January 1 to December 31, 2021)

(Million yen)

Classification	Sale value	Total of sale gain	Total of sale loss
Shares	20	20	-

3. Other marketable securities for which impairment was performed (January 1 to December 31, 2021)

Impairment of 0 million yen from other investment securities was recorded in the current fiscal year.

When performing impairment, if the market value at end of term has fallen by 50% or more of the cost of the acquisition, impairment is performed on the entire amount, but if the decline is between 30% to 50%, impairment is performed with respect to the amount deemed to be necessary in light of the potential of recovery and other factors. In addition, in cases where the actual value has declined significantly due to deteriorating financial position, impairment of stocks for which the market value is deemed extremely difficult to grasp is performed based on the need after determining the recoverability individually.

(Retirement benefits)

1. Summary of the retirement benefit scheme adopted

The Company and its consolidated subsidiaries have established employees' termination allowance plans as fixed benefit-type programs.

As of the end of the current fiscal year, two companies among the Company and its consolidated subsidiaries maintain termination allowance plans.

2. Defined benefit plan

(1) Adjustment table for balances at beginning and end of period for retirement benefit obligations (excluding those which a simple method is applied)

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Retirement benefit obligations at beginning of period	547	596
Service cost	69	70
Interest cost	2	2
Actuarial differences occurred	4	12
Retirement benefits paid	(27)	(34)
Other	-	-
Retirement benefit obligations at end of period	596	646

(2) Adjustment table for liabilities for retirement benefits under a simple method at beginning and end of period

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Liabilities for retirement benefits at beginning of period	82	95
Retirement benefit expenses	13	13
Retirement benefits paid	-	(9)
Other	-	2
Liabilities for retirement benefits at end of period	95	101

(3) Adjustment table between retirement benefit obligations/pension assets at end of period and liabilities/assets for retirement benefits recorded in the consolidated balance sheet

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Retirement benefit obligations under the non-cumulative system	691	747
Net liabilities and assets recorded in the consolidated balance sheet	691	747
Retirement benefit liability	691	747
Net liabilities and assets recorded in the consolidated balance sheet	691	747

Note: Including the system under a simple method.

(4) Amount of retirement benefit expenses and their breakdowns

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Service cost	69	70
Interest cost	2	2
Cost to dispose of actuarial differences	4	12
Retirement benefit expenses calculated by a simple method	13	13
Other	(0)	(0)
Retirement benefit expenses for the defined benefit plan	88	97

(5) Matters concerning the actuarial calculation base

Main actuarial calculation base

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Discount rate	Mainly 0.4%	Mainly 0.4%
Expected rate of increase	3.9%	3.8%

(Stock options)

1. Stock option expenses and subjects

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Selling, general and administrative expenses	43	11

2. Stock option content, scale and changes

(1) Stock option content

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Categories and number of persons eligible for grants	4 Directors of the Company (excluding those who are Audit & Supervisory Committee Members) 8 Directors of the Company's wholly-owned subsidiaries 2 Auditors of the Company's wholly-owned subsidiaries	8 employees of the Company's wholly-owned subsidiaries
Class of stock and amount granted	Ordinary shares, 201,600 shares	Ordinary shares, 19,200 shares
Grant date	April 10, 2017	April 10, 2017
Rights determination terms	Note 1.	Note 2.
Eligibility service (vesting) period	Not determined	Not determined
Rights exercise period	April 11, 2021 to April 10, 2051	April 11, 2021 to April 10, 2051

Notes: 1. Conditions for the exercise of share acquisition rights

1) For share acquisition rights allotted to the Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of the Company at the time the rights are exercised.

2) For share acquisition rights allotted to the Directors or Corporate Auditors of the Company wholly-owned subsidiaries, in principle, the person receiving the allotment of share acquisition rights, must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.

3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.

2. Conditions for the exercise of share acquisition rights

1) In principle, persons who receive an allotment of share acquisition rights must be an employee of the Company's wholly-owned subsidiaries at the time of exercising these rights.

2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.

(2) Stock option scale and changes

The number of existing stock options subject to conversion to stock in the fiscal year ended December 2021 is as shown below.

1) Quantity of stock options

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Before rights determined (shares)		
Previous fiscal year end	201,600	19,200
Granted	-	-
Expired	-	2,400
Rights determined	201,600	16,800
Undetermined balance	-	-
After rights determined (shares)		
Previous fiscal year end	-	-
Rights determined	201,600	16,800
Rights exercised	38,200	10,500
Expired	-	-
Unexercised balance	163,400	6,300

2) Unit price

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Exercise price (yen)	1	1
Average share price at exercise (yen)	2,300	2,373
Fair value unit price at grant date (yen)	1,121	1,121

3. Method of estimating the stock option numbers vested

Basically, it is difficult to estimate rationally the future expired number, so a method reflecting only the actual expired number is adopted.

(Notes on Tax Effect Accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Deferred tax assets		
Allowance for doubtful accounts and bad debt expenses	21	8
Retirement benefit liability	212	229
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	50	50
Loss on valuation of investment securities	6	6
Loss on valuation of shares of subsidiaries and associates	356	356
Loss carried forward for tax purposes (Note)	15	38
Accrued enterprise taxes	65	92
Accrued social insurance premiums	4	6
Accrued business office taxes	8	9
Allowance for subscription cancellations	21	12
Asset retirement obligations	21	19
Commission for purchase of treasury shares	84	85
Share-based remuneration expenses	45	39
Other	78	92
Subtotal deferred tax assets	985	1,041
Valuation reserve amount	(556)	(591)
Offsetting with deferred tax liabilities	(66)	(56)
Total deferred tax assets	364	394
Deferred tax liabilities		
Valuation difference on available-for-sale securities, etc.	(87)	(100)
Subtotal deferred tax liability	(87)	(100)
Offsetting with deferred tax assets	66	56
Total deferred tax liability	(21)	(44)
Net deferred tax assets	342	350

Notes: The amounts for loss carried forward for tax purposes and deferred tax assets carried forward for each period are omitted because the monetary amount of loss carried forward for tax purposes is immaterial.

2. Itemized details of the main reasons for differentials between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Legal effective tax rates	-	30.6%
(Adjustment)		
Fixed-rate residents on inhabitant tax	-	0.6%
Amortization of goodwill	-	0.8%
Share of loss (profit) of entities accounted for using equity method	-	(0.1) %
Applicable tax rate difference of consolidated subsidiaries	-	0.4%
Valuation reserve amount	-	0.1%
Other	-	0.1%
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	-	32.5%

Note: The note has been omitted for the previous consolidated fiscal year because the difference between the legal effective tax rate and the ratio of tax expenses, including corporate taxes, after tax effect accounting is less than 5% of the legal effective tax rate.

(Asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of the asset retirement obligations

Restoration obligation under the real estate rental agreement regarding the head office property, others

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a discount rate of 0.00% to 0.426%, with estimated period estimated individually based on contract term.

(3) Increase (decrease) in total asset retirement obligations

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Balance at beginning of period	82	79
Increase in purchase of property, plant and equipment	-	39
Adjustment for lapse of time	0	0
Decrease due to fulfillment of asset retirement obligations	(0)	(0)
Increase (decrease) in others	(2)	-
Balance at end of period	79	118

(Segment Information and Others)

[Segment information]

Previous consolidated fiscal year (January 1 to December 31, 2020)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examination by the Board of Directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) "Short-Term Operational Support Business", 2) "Sales Support Business" and 3) "Security, Other Businesses". The "Short-Term Operational Support Business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "Sales Support Business" mainly engages in call center operations and agency sales of telecommunications products focused on distributor networks. The "Security, Other Businesses" mainly conducts security work for public facilities and general companies.

2. Information concerning the calculation of the amount of sales, profits and losses, assets, and others for each reporting segment

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

The profit of each reporting segment is an amount based upon its operating profit. Inter-segment profits and transfers are based on market prices.

3. Information concerning the amount of sales, profits and losses, assets, and other items for each reporting segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	36,700	4,377	2,149	43,226	-	43,226
Inter-segment sales or transfers	37	3	9	49	(49)	-
Total	36,737	4,380	2,158	43,275	(49)	43,226
Segment profit	6,264	449	276	6,989	(858)	6,131
Segment assets	10,724	2,796	803	14,323	9,630	23,953
Other						
Depreciation	218	9	9	236	31	268
Amortization of goodwill	91	109	-	201	-	201
Increase of property, plant and equipment and intangible assets	70	63	-	133	146	279

Notes: 1. (23) million yen in inter-segment eliminations and (835) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (858) 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 has been adjusted with the operating profit shown in the consolidated statement of income.

3. The amount of 9,630 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent Company.

4. The amount of 31 million yen for adjusting the depreciation expenses primarily consists of depreciation for the

buildings and structures, and software of the head office of the Company.

5. The amount of 146 million yen in adjustment for increased amount of the property, plant and equipment, and intangible assets is primarily comprised of those for buildings and structures of the head office of the Company and tools, furniture and fixtures, and software for a new system.

Current consolidated fiscal year (January 1 to December 31, 2021)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examination by the Board of Directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) "Short-Term Operational Support Business", 2) "Sales Support Business" and 3) "Security, Other Businesses". The "Short-Term Operational Support Business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "Sales Support Business" mainly engages in call center operations and agency sales of telecommunications products focused on distributor networks. The "Security, Other Businesses" mainly conducts security work for public facilities and general companies.

2. Information concerning the calculation of the amount of sales, profits and losses, assets, and others for each reporting segment

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

The profit of each reporting segment is an amount based upon its operating profit. Inter-segment profits and transfers are based on market prices.

3. Information concerning the amount of sales, profits and losses, assets, and other items for each reporting segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	46,550	3,520	2,296	52,366	-	52,366
Inter-segment sales or transfers	45	12	7	65	(65)	-
Total	46,595	3,533	2,303	52,431	(65)	52,366
Segment profit	8,181	87	319	8,587	(995)	7,592
Segment assets	14,015	2,678	910	17,603	11,881	29,484
Other						
Depreciation	187	11	5	203	16	219
Amortization of goodwill	97	109	-	207	-	207
Increase of property, plant and equipment and intangible assets	77	4	1	82	97	179

Notes: 1. (34) million yen in inter-segment eliminations and (960) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (995) 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 has been adjusted with the operating profit shown in the consolidated statement of income.

3. The amount of 11,881 million yen in adjustment of segment-based assets primarily consists of long-term

investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the Company.

4. The amount of 16 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings and structures, and software of the head office of the parent Company.
5. The amount of 97 million yen in adjustment for increased amount of the property, plant and equipment, and intangible assets is primarily comprised of those for buildings and structures of the head office of the Company and tools, furniture and fixtures, and software for a new system.

(Related Information)

Previous consolidated fiscal year (January 1 to December 31, 2020)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated statement of income.

Current consolidated fiscal year (January 1 to December 31, 2021)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated statement of income.

(Information concerning impairment losses on non-current assets for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2020)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

(Information regarding the amount of amortization of goodwill and unamortized balance for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2020)

(Million yen)

	Reporting segment				Company-wide/amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization of period	91	109	-	201	-	201
Balance at end of period	665	109	-	774	-	774

Current consolidated fiscal year (January 1 to December 31, 2021)

(Million yen)

	Reporting segment				Company-wide/amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization of period	97	109	-	207	-	207
Balance at end of period	607	-	-	607	-	607

(Information concerning gain on negative goodwill for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2020)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

[Information on related parties]

Transactions with related parties

Transactions between consolidated financial statement submitting companies and related parties

1) Parent companies of the consolidated financial statement submitting company and corporate principal shareholders

Previous consolidated fiscal year (January 1 to December 31, 2020)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen) (Note 2)	Subject	Balance at end of period (Million yen)
Principal shareholder	Hikari Tsushin, Inc.	Toshima-ku, Tokyo	Share capital 54,259	Agency operation related to procedures for mobile phone subscriptions, etc.	(Owned) Indirect: 13.22%	-	Sale of shares (Note 1)	416	-	-
							Gain on sale of shares related to this transaction	250	-	-

Notes: 1. The share sale is rationally determined based on discussions in light of the actual market price.

2. Consumption taxes are not included in the amounts of the above transactions.

Current consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

2) Directors of the consolidated financial statement submitting company and individual principal shareholders

Previous consolidated fiscal year (January 1 to December 31, 2020)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

(Per-share information)

FY12/20 (January 1 to December 31, 2020)		FY12/21 (January 1 to December 31, 2021)	
Net assets per share	449.58 yen	Net assets per share	535.40 yen
Basic earnings per share	111.69 yen	Basic earnings per share	137.34 yen
Diluted earnings per share	111.04 yen	Diluted earnings per share	136.70 yen

Notes: The basis for calculating basic earnings per share and diluted earnings per share in the current fiscal year is as follows.

Item	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	4,113	5,012
Profit attributable to owners of parent related to ordinary shares (million yen)	4,113	5,012
Profit not available to ordinary shares (million yen)	-	-
Average number of ordinary shares outstanding during the period (shares)	36,821,528	36,491,354
Diluted earnings per share		
Adjusted profit attributable to owners of parent (million yen)	-	-
Increase of ordinary shares (shares)	213,535	169,622
(of these, share acquisition rights [shares])	(213,535)	(169,622)
Overview of potential stock not included in calculation of diluted earnings per share because the stock has no dilution effect	-	-

(Major Subsequent Events)

(Purchase of treasury shares)

Fullcast Holdings Co., Ltd. passed a resolution at the Board of Directors meeting held on February 10, 2022 on matters related to the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the same act, and implemented the repurchase as follows:

(1) Reason:	Treasury shares are acquired in order to provide greater returns to shareholders as well as to implement a flexible capital policy to enhance capital efficiency.
(2) Type of shares to be acquired:	Ordinary shares
(3) Number of shares to be acquired:	533,900 shares (max.)
(4) Total value of repurchases:	903 million yen (max.)
(5) Acquisition period:	February 14 to March 24, 2022
(6) Acquisition method:	Purchase on the open market of the Tokyo Stock Exchange

(Revisions to Remuneration-type stock options (share acquisition rights))

At the 29th Annual General Meeting of Shareholders held on March 25, 2022, the Company resolved the revisions to the details related to share acquisition rights resolved at the 24th Ordinary General Meeting of Shareholders as remuneration-type stock options for Directors of the Company (excluding those who are Audit & Supervisory Committee Members).

Details of remuneration-type stock options

(1) Type and number of shares available under share acquisition rights

The maximum number of shares available under share acquisition rights issued on a date within 1 year of the date of the annual general meeting of shareholders related to each business year shall be 26,400 of the Company's ordinary shares. However, in cases where adjustments to the number of shares granted are made as prescribed below, the number shall be adjusted by multiplying the number of shares granted after adjustment by the total number of share acquisition rights.

The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, "number of shares granted") shall be 100 ordinary shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a stock split (including the gratis allotment of the Company's ordinary shares; hereinafter the same shall apply) or reverse stock splits on a date after the resolution for this proposal. However, such adjustments shall be made for the number of granted shares not exercised at that time, and fractional quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of stock split or reverse stock splits

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

(2) Total number of share acquisition rights

The maximum number of share acquisition rights that will be issued within 1 year from the date of the general meeting of shareholders for each business year shall be 264.

(3) Payment amount of share acquisition rights

The payment amount of each acquisition right shall be the amount prescribed by the Company's Board of Directors using the fair value of the share acquisition rights calculated when allotting the share acquisition rights.

(4) Amount of assets required for exercise of share acquisition rights

The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the acquisition rights.

(5) Period for exercise of share acquisition rights

The period for exercising share acquisition rights shall be prescribed by the Company's Board of Directors, which will determine subscription matters for the share acquisition rights, and shall be within 50 years from the date 3 years from the day after the allotment date of the share acquisition rights.

(6) Conditions for the exercise of share acquisition rights

(イ) Persons who received the allotment of share acquisition rights (hereinafter, "holder of the share acquisition rights") are, in principle required to be a Director of the Company at the time of exercising these rights. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of the Company resolves that there are other justifiable reasons.

(ウ) Share acquisition rights may be exercised only for the number of share acquisition rights allotted that can be determined according to the degree of achievement of the operating income target for the final year of the medium-term management plan.

(エ) If the holder of the share acquisition rights dies, the inheritor of his/her estate may succeed the share acquisition rights.

(オ) Partial exercising of one unit of share acquisition rights shall not be permitted.

(カ) Other conditions for the exercise of these rights shall be stipulated by the Company's Board of Directors, which determines the subscription matters for share acquisition rights.

(7) Details for acquisition of share acquisition rights

If the following agenda items i., ii., iii., iv., or v. are approved at the general meeting of shareholders of the Company (if resolution of the meeting of shareholders is not required, or when approved by resolution of the Company's Board of Directors), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

i. Agenda items on approval of merger agreements in which the Company is not the surviving company

ii. Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company

iii. Agenda items on approval of a stock swap agreement or a stock transfer plan based upon which the Company will become a wholly-owned subsidiary

iv. Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment

v. Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the general meeting of shareholders of the Company with regard to the shares

(8) Details of restrictions on the acquisition of share acquisition rights by assignment

The acquisition of share acquisition rights by assignment requires approval of the Company's Board of Directors.

(9) Other details of the share acquisition rights

Details of the matters described in (1) through (8) above and other matters shall be prescribed by the Company's Board of Directors, which will determine subscription matters for the share acquisition rights.

(Granting of stock options (share acquisition rights))

At the 29th Annual General Meeting of Shareholders held on March 25, 2022, pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, the Company resolved the gratis issuance of share acquisition rights as stock options and the matter regarding the delegation to the Board of Directors of decisions regarding subscription matters.

Outline of issuance of share acquisition rights

(1) Persons receiving allotment of share acquisition rights

Employees of the Company and Company's subsidiaries

(2) Type and number of shares available under share acquisition rights

The maximum number of shares available shall be 51,100 shares of the Company's ordinary shares. However, in cases where adjustments to the number of shares granted are made as prescribed below, the number shall be adjusted by multiplying the number of shares granted after adjustment by the total number of share acquisition rights.

The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, "number of shares granted") shall be 100 ordinary shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a stock split (including the gratis allotment of the Company's ordinary shares; hereinafter the same shall apply) or reverse stock splits after the allotment date of the share acquisition rights (hereinafter, "allotment date"). However, such adjustments shall be made for the number of granted shares not exercised at that time, and fractional quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of stock split or reverse stock splits

The number of shares granted after adjustment shall apply on and after the day after the Record Date of stock splits when the Company executes a stock split and on and after the effective when the Company executes reverse stock splits. However, when a stock split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of the Company, and when a date prior to the end of this meeting of shareholders is set as the Record Date for the stock split, the number of shares granted after adjustment shall apply retroactively to the day after the Record Date, which is on the day after the end of this meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

(3) Total number of share acquisition rights

The maximum number of share acquisition rights shall be 511.

(4) Payment amount in exchange for share acquisition rights

The payment of cash is not required for share acquisition rights for which subscription matters can be determined based on delegation of the general meeting of shareholders of the Company.

(5) Amount of assets required for exercise of share acquisition rights

The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the acquisition rights.

(6) Period for exercise of share acquisition rights

The period for exercising share acquisition rights shall be from April 12, 2025, to April 11, 2075.

(7) Conditions for the exercise of share acquisition rights

i. Persons who received the allotment of share acquisition rights (hereinafter, "holder of the share acquisition rights") must, in principle, hold a position as employee of the Company or the Company's subsidiary at the time of exercising these rights. Provided, however, that this shall not apply in case of mandatory retirement, retirement due to company reasons, or if the Board of Directors of the Company resolves that there are other justifiable reasons.

ii. Share acquisition rights may be exercised only for the number of share acquisition rights allotted that can be determined according to the degree of achievement of the operating income target for the fiscal year ending December 31, 2024, the final year of the medium-term management plan.

iii. If the holder of the share acquisition rights dies, the inheritor of his/her estate may succeed the share acquisition rights.

iv. Partial exercising of one unit of share acquisition rights shall not be permitted.

(8) Matters relating to increments of capital reserve and additional paid-in capital that would increase share issuance by the exercise of share acquisition rights

i. The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with "Article 17(1) of Corporate Accounting Rules", and any fractions of less than one yen resulting from such calculation shall be rounded up.

ii. The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in i. above subtracted from the maximum of an increase in paid-in capital described in i. above.

(9) Restrictions on the acquisition of share acquisition rights by assignment

The acquisition of share acquisition rights by assignment requires approval of the Company's Board of Directors.

(10) Details for acquisition of share acquisition rights

If the following agenda items i., ii., iii., iv., or v. are approved at the general meeting of shareholders of the Company (if resolution of the meeting of shareholders is not required, or when approved by resolution of the Company's Board of Directors), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

i. Agenda items on approval of merger agreements in which the Company is not the surviving company

ii. Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company
iii. Agenda items on approval of a stock swap agreement or a stock transfer plan based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan
iv. Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment
v. Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the general meeting of shareholders of the Company with regard to the shares

(11) Handling of share acquisition rights upon organization restructurings

When undertaking a merger (limited to instances where the company is the non- surviving company in the merger),absorption-type demergers and incorporation-type demergers (limited to instances where the Company will become a spin-off company of each of them), or stock swaps or stock transfers (limited to instances where the Company will become a wholly- owned subsidiary of each of them) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in (a) to (e) of Item 8, Paragraph I, Article 236 of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "residual share acquisition rights") recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be canceled and the Company Subject to Restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the Restructuring Company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

i. Number of share acquisition rights issued by restructuring company

The number of share acquisition rights held by share acquisition rights holders and the same number will each be issued, respectively.

ii. Type of shares of restructuring company required for share acquisition rights

The ordinary stock of the Restructuring Company.

iii. Number of shares of restructuring company required for share acquisition rights

Determined following (2) above based on the conditions of the organizational restructuring actions.

iv. Amount of assets required for exercise of share acquisition rights

The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the Restructuring Company with the purpose of the said share acquisition rights approved in accordance with iii. above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be received by exercise of each share acquisition right to be issued.

v. Period for exercise of share acquisition rights

The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights prescribed in (6) above can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights prescribed in (6) above can be exercised.

vi. Matters relating to increments of capital reserve and additional paid-in capital that would increase stock issuance by the exercise of share acquisition rights

Determined following (8) above.

vii. Restrictions on the acquisition of share acquisition rights by assignment

The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the Restructuring Company.

viii. Reason and conditions for acquisition of share acquisition rights

Determined following (10) above.

(12) Handling of fractional number of shares for issuance from the issuance of share acquisition rights

Fractional quantities of less than one share resulting from the exercise of share acquisition rights shall be rounded down.

5) Consolidated statement schedule

[Corporate bond schedules]

There are no relevant matters.

[Schedule of debt]

Classification	Balance at beginning of period (Million yen)	Balance at end of period (Million yen)	Average interest rate (%)	Repayment term
Short-term borrowings	1,000	1,000	0.64	-
Current portion of long-term borrowings	-	-	-	-
Lease obligations due within one year	2	3	1.50	-
Long-term borrowings (excluding current portion of loans)	-	-	-	-
Lease obligations (excluding obligations due within 1 year)	3	4	1.50	January 1, 2023 to July 31, 2026
Other interest-bearing debt	-	-	-	-
Total	1,004	1,007	-	-

Notes: 1. The average weighted interest rate for term-end balance on loans is listed as the average interest rate.

2. Total repayment schedule per year within 5 years after the consolidated settlement date of lease obligations (excluding obligations due within 1 year)

(Million yen)

Classification	Over 1 years and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years
Lease obligations	2	1	1	1

[Schedule of asset retirement obligations]

Items are omitted because their amount does not exceed one-hundredth of the sum of liabilities and net assets at the respective time-neither at the beginning nor end of the current fiscal year.

(2) Other

Information for each fiscal quarter in the current fiscal year

(Aggregate period)		First quarter	First half	First three quarters	Full year
Net sales	(Million yen)	10,815	23,717	38,076	52,366
Quarterly profit before income taxes	(Million yen)	1,575	3,579	5,807	7,606
Quarterly profit attributable to owners of parent	(Million yen)	1,052	2,359	3,840	5,012
Quarterly basic earnings per share	(Yen)	28.73	64.59	105.20	137.34

(Accounting period)		First quarter	First half	First three quarters	Full year
Quarterly basic earnings per share	(Yen)	28.73	35.87	40.62	32.14

2. Financial Statements

(1) Financial Statements

1) Balance sheet

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
ASSETS		
Current assets		
Cash and deposits	7,232	9,440
Supplies	7	6
Prepaid expenses	98	*1 102
Short-term loans receivable from subsidiaries and associates	0	-
Current portion of long-term loans receivable from subsidiaries and associates	104	104
Accounts receivable - other	*1 2,049	*1 2,614
Other	*1 46	*1 40
Total current assets	9,536	12,306
Non-current assets		
Property, plant and equipment		
Buildings	19	15
Tools, furniture and fixtures	69	43
Total property, plant and equipment	87	58
Intangible assets		
Software	218	222
Other	0	0
Total intangible assets	218	222
Investments and other assets		
Investment securities	251	268
Shares of subsidiaries and associates	4,132	4,099
Investments in capital	0	0
Long-term loans receivable from subsidiaries and associates	104	-
Guarantee deposits	104	96
Long-term prepaid expenses	15	14
Deferred tax assets	234	225
Total investments and other assets	4,840	4,701
Total non-current assets	5,145	4,981
Total assets	14,681	17,287

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
LIABILITIES		
Current liabilities		
Short-term borrowings	*2 1,000	*2 1,000
Accounts payable - other	*1 205	*1 282
Accrued expenses	347	374
Income taxes payable	260	1,005
Accrued consumption taxes	68	72
Deposits received	70	77
Unearned revenue	*1 5	*1 3
Total current liabilities	1,956	2,813
Non-current liabilities		
Long-term guarantee deposits	*1 8	*1 8
Provision for retirement benefits	596	646
Asset retirement obligations	22	22
Other	*1 2	-
Total non-current liabilities	628	677
Total liabilities	2,584	3,490
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Retained earnings brought forward	11,491	11,932
Total retained earnings	12,186	12,627
Treasury shares	(3,099)	(1,821)
Total shareholders' equity	11,868	13,586
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	67	79
Total valuation and translation adjustments	67	79
Share acquisition rights	162	133
Total net assets	12,098	13,798
Total liabilities and net assets	14,681	17,287

2) Statement of income

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Operating revenue		
Consulting fee income	1,940	2,258
Commissions from subsidiaries and associates	1,475	1,393
Dividends from subsidiaries and associates	3,620	2,830
Total operating revenue	*1 7,035	*1 6,481
Operating expenses	*1, *2 2,196	*1, *2 2,216
Operating profit	4,839	4,265
Non-operating income		
Interest income	*1 18	*1 19
Dividend income	*1 31	*1 44
Rental income from real estate	*1 21	*1 22
Other	*1 3	*1 2
Total non-operating income	73	86
Non-operating expenses		
Interest expenses	7	7
Depreciation	1	1
Cost of real estate lease revenue	21	22
Commission for purchase of treasury shares	25	2
Other	13	8
Total non-operating expenses	67	40
Ordinary profit	4,845	4,311
Extraordinary income		
Gain on sales of shares of subsidiaries	*3 30	-
Gain on sale of investment securities	250	20
Other	1	2
Total extraordinary income	281	22
Extraordinary losses		
Loss on retirement of non-current assets	*4 3	*4 6
Loss on valuation of shares of subsidiaries	-	*5 75
Other	11	1
Total extraordinary losses	14	82
Profit before income taxes	5,112	4,252
Income taxes - current	476	444
Income taxes - deferred	(23)	4
Total income taxes	453	447
Profit	4,659	3,804

3) Statements of Shareholders' Equity

FY12/20 (January 1 to December 31, 2020)

(Million yen)

	Shareholders' equity					
	Share capital	Retained earnings			Treasury shares	Total shareholders' equity
		Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	2,780	555	8,451	9,005	(2,107)	9,678
Changes during period						
Dividends of surplus			(1,478)	(1,478)		(1,478)
Provision of legal retained earnings		140	(140)	-		-
Profit			4,659	4,659		4,659
Purchase of treasury shares					(992)	(992)
Net changes in items other than shareholders' equity						
Total changes during period	-	140	3,041	3,181	(992)	2,189
Balance at end of period	2,780	695	11,491	12,186	(3,099)	11,868

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	519	519	119	10,316
Changes during period				
Dividends of surplus				(1,478)
Provision of legal retained earnings				-
Profit				4,659
Purchase of treasury shares				(992)
Net changes in items other than shareholders' equity	(451)	(451)	43	(408)
Total changes during period	(451)	(451)	43	1,781
Balance at end of period	67	67	162	12,098

FY12/21 (January 1 to December 31, 2021)

(Million yen)

	Shareholders' equity					
		Retained earnings				
	Share capital	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	695	11,491	12,186	(3,099)	11,868
Changes during period						
Dividends of surplus			(1,573)	(1,573)		(1,573)
Profit			3,804	3,804		3,804
Purchase of treasury shares					(552)	(552)
Disposal of treasury shares			(49)	(49)	87	38
Cancellation of treasury shares			(1,742)	(1,742)	1,742	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	440	440	1,277	1,718
Balance at end of period	2,780	695	11,932	12,627	(1,821)	13,586

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	67	67	162	12,098
Changes during period				
Dividends of surplus				(1,573)
Profit				3,804
Purchase of treasury shares				(552)
Disposal of treasury shares				38
Cancellation of treasury shares				-
Net changes in items other than shareholders' equity	12	12	(29)	(18)
Total changes during period	12	12	(29)	1,700
Balance at end of period	79	79	133	13,798

Notes on Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for marketable securities

(1) Shares in subsidiaries and associates

Stated at cost, as determined by the moving average method

(2) Other securities

With fair market value:	Mark-to-market price method based on the market price on the settlement date (valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)
Without fair market value:	Stated at cost, as determined by the moving average method

2. Depreciation/amortization method for non-current assets

(1) Property, plant and equipment

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (Excluding facilities attached to buildings) as well as facilities attached to buildings acquired on or after April 1, 2016.

The main service life is as follows:

Buildings: 3 to 15 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible assets

Software: The straight-line method based on the usable period in-house (5 years) is used for portion used by the Company

Other: Straight-line method

3. Standards for allowances

Provision for retirement benefits

To prepare for employee retirement benefits, a provision for retirement benefits is booked pursuant to the expected amount of retirement benefit obligations at the end of the current fiscal year.

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it is incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it is incurred.

4. Other important matters for the preparation of financial statements

(1) Accounting treatment of consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

(2) Application of the consolidated tax payment system

The consolidated tax payment system has been applied.

(3) 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 has 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 Our 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.

(Important Accounting Estimates)

Valuation of shares of subsidiaries and associates

(1) Amount recorded on the financial statements for the current fiscal year

Shares of subsidiaries and associates	4,099 million yen
Loss on valuation of shares of subsidiaries	75 million yen

(2) Information concerning details of important accounting estimates related to identified items

Shares of subsidiaries and associates are stated at cost, as determined by the moving average method.

The acquisition cost reflects excess profitability based on the business plan at the time of the acquisition of shares. Therefore, if the conditions and assumptions based on the evaluation are changed due to significant changes in the business environment or deterioration in the earnings situation, valuation losses may be recorded.

(Changes in Presentation Method)

(Application of ”Accounting Standards for Disclosure of Accounting Estimates”)

The Company has applied ”Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Accounting Standard No. 31, March 31, 2020) from the financial statements for the fiscal year ended December 31, 2021, and notes on important accounting estimates are included in the financial statements.

However, the notes do not describe the contents pertaining to the previous fiscal year in accordance with the transitional handling stipulated in the proviso to Paragraph 11 of the Accounting Standard.

(Notes on Statement of income)

”Loss on valuation of investment securities” (0 yen in the current fiscal year) stated separately in the previous fiscal year has been included in “Other” under “Extraordinary losses” in the current fiscal year because the monetary amount has become insignificant.

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

While there are concerns about changes in the economic situation and business environments 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 fiscal year because it is difficult to predict when the COVID-19 pandemic will end.

However, there is a possibility that material impacts will influence our financial statements in subsequent fiscal years, if we review our judgments according to changes in the future situation.

(Notes on Balance Sheet)

*1 Assets and liabilities vis-a-vis subsidiaries and associates

Other than those separately recorded, amounts of pecuniary claims to associates or pecuniary debts are as follows.

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Short-term pecuniary claims	2,083	2,644
Short-term pecuniary debts	61	51
Long-term pecuniary debts	10	8

*2 The Company signed an agreement for overdraft with four banks to procure operating capital efficiently. The balance of borrowings involved in the agreement for overdraft at the end of this fiscal year is as follows.

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Limit of overdraft account	5,500	5,500
Borrowing	1,000	1,000
Balance	4,500	4,500

(Notes on Statement of income)

*1 Total amount of turnover for business and non-business transactions with associates are as follows.

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Turnover for Business transaction		
Operating revenue	7,035	6,481
Operating expenses	198	197
Turnover for non-business transaction	69	83

*2 Significant components of operating expenses and its amounts are as follows.

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Salaries and bonuses	460	458
Other salaries	280	271
Retirement benefit expenses	19	19
Commission expenses	384	450
Depreciation	163	122

Please note that all are included in general, and administrative expenses.

*3 Details of the gain on sales of shares of subsidiaries are as follows.

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
(Shares of subsidiaries) NIHON DENKI SERVICE Co., Ltd.	30	-

*4 Details of loss on retirement of non-current assets are as follows.

(Million yen)

	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
Tools, furniture and fixtures	3	-
Software	-	3
Other	-	3
Total	3	6

*5 Details of Loss on valuation of shares of subsidiaries are as follows.

(Million yen)

2	FY12/20 (January 1 to December 31, 2020)	FY12/21 (January 1 to December 31, 2021)
(Shares of subsidiaries)		
Fullcast Global Co., Ltd.	-	48
Fullcast International Co., Ltd.	-	27
Total	-	75

(Notes on Marketable Securities)

Shares of subsidiaries and associates

(Previous fiscal year)

(Million yen)

Classification	Amount recorded in balance sheets	Market value	Difference
Shares of associates	717	537	(179)
Total	717	537	(179)

(Current fiscal year)

(Million yen)

Classification	Amount recorded in balance sheets	Market value	Difference
Shares of associates	717	764	47
Total	717	764	47

Note: Balance sheet amounts for shares of subsidiaries and associates for which the assessment of market value is recognized as being extremely difficult.

(Million yen)

Classification	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
(1) Shares of subsidiaries	3,245	3,212
(2) Shares of associates	170	170
Total	3,416	3,382

(Notes on Tax Effect Accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

(Million yen)

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Deferred tax assets		
Provision for retirement benefits	182	198
Loss on valuation of shares of subsidiaries and associates	845	868
Gains on sales of shares of subsidiaries under the Corporation Tax Act	50	50
Loss on valuation of investment securities	6	6
Accrued enterprise taxes	18	13
Other	70	55
Subtotal deferred tax assets	1,172	1,191
Valuation reserve amount	(908)	(931)
Total deferred tax assets	264	260
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(30)	(35)
Total deferred tax liability	(30)	(35)
Net deferred tax assets or liabilities (-)	234	225

2. Itemized details of the main reasons for differentials between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/20 End (December 31, 2020)	FY12/21 End (December 31, 2021)
Legal effective tax rates	30.6%	30.6%
(Adjustment)		
Dividend income	(21.7)%	(20.4)%
Fixed-rate residents on inhabitant tax	0.1%	0.1%
Loss on valuation of shares of subsidiaries and associates	-	0.5%
Other	0.0%	(0.3)%
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	9.0%	10.5%

(Major Subsequent Events)

Mention has been omitted here because it appears in “Notes on Financial Statements (Major subsequent events)” of the consolidated financial statements.

4) Statement schedule

(Schedule of property, plant and equipment)

(Million yen)

Classification	Type of asset	Balance at beginning of period	Increase during the period	Decrease during the period	Amount of amortization during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	19	-	-	4	15	95
	Tools, furniture and fixtures	69	3	-	28	43	270
	Total	87	3	-	32	58	365
Intangible assets	Software	218	99	3	91	222	-
	Other	0	-	-	-	0	-
	Total	218	99	3	91	222	-

* Main increases in software, other items are as follows.

Various software for in-house use 99 million yen

(Schedule of allowances)

There are no relevant matters.

(2) Details of major assets and liabilities

Comments have been omitted as consolidated financial statements are prepared.

(3) Other

There are no relevant matters.

Part 6: Overview of the Shares of Company Affairs

Fiscal year	January 1 to December 31
Annual General Meeting of Shareholders	During March
Record date	December 31
Record date for dividends of surplus	June 30, December 31
Number of shares per unit	100 shares
Purchase of share less than one unit	
Handling position	(Special account) Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Agency office	-
Negotiation commission	Amount separately determined as stock brokerage commissions
Public announcement method	Announcements by our Company are made through electronic announcements. However, where it is not possible to make announcements through electronic announcements, or where other unavoidable circumstances arise, we list announcements in Nihon Keizai Shimbun. Details about electronic announcements are contained on our website (https://www.fullcastholdings.co.jp).
Benefits to shareholders	There are no relevant matters.

Note: Shareholders of the Company have no exercise rights with respect to shares less than one unit held by them other than the rights listed below.

- The rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act
- The right to make a request in accordance with the provisions of Article 166, Paragraph 1 of the Companies Act
- The right to receive the allotment of shares for subscription and the allotment of share option in accordance with the number of shares held by the shareholder

Part 7: Reference Information on Submitting Companies

1. Information on Parent Companies of Submitting Companies

The Company does not have any parent companies.

2. Other Reference Information

In the period from the start of the 29th fiscal year until the submission date for annual securities reports, the following documents have been submitted.

(1) Securities registration statement and its attached documents

Issuance of share acquisition rights in connection with stock option plan, submitted to the Director General of the Kanto Local Finance Bureau on March 25, 2022

(2) Annual securities report, attached documents and confirmation notes

Fiscal year: Term 28 (January 1 to December 31, 2020), submitted to the Director General of the Kanto Local Finance Bureau on March 29, 2021

(3) Internal control report and attached documents

Submitted to the Director General of the Kanto Local Finance Bureau on March 29, 2021

(4) Quarterly reports and confirmation notes

Term 29, first quarter (January 1 to March 31, 2021): Submitted to the Director General of the Kanto Local Finance Bureau on May 14, 2021

Term 29, second quarter (April 1 to June 30, 2021): Submitted to the Director General of the Kanto Local Finance Bureau on August 12, 2021

Term 29, third quarter (July 1 to September 30, 2021): Submitted to the Director General of the Kanto Local Finance Bureau on November 12, 2021

(5) Extraordinary report

Extraordinary report pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Information, etc. (Results of exercise of voting rights at the Annual General Meeting of Shareholders):

Submitted to the Director General of the Kanto Local Finance Bureau on April 1, 2021

(6) Share Buyback report

Submitted to the Director General of the Kanto Local Finance Bureau on April 14, 2021 and on March 14, 2022

Section 2: Information on Guaranty Companies of Submitting Companies

There are no relevant matters.