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November 9, 2018

## Consolidated Financial Results Announcement for the Aggregate Third Quarter of the Fiscal Year Ending December 2018 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.  
 Stock exchange listing: First Section of the Tokyo Stock Exchange  
 Stock code: 4848  
 URL: <http://www.fullcastholdings.co.jp>  
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 Date of submission of quarterly report (Planned): November 13, 2018  
 Date of commencements of divided payments (Planned): -  
 Preparation of supplementary references regarding financial results: Yes (Shown on our website)  
 Briefing for quarterly results: None

(Figures are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Aggregate Third Quarter of the Fiscal Year Ending December 2018 (January 1 to September 30, 2018)

#### (1) Consolidated Business Results

(% = year-over-year change)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to Fullcast Holdings Co., Ltd.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q-3Q FY12/18 (September 30, 2018)	28,204	19.8	4,302	32.6	4,357	35.1	2,929	32.6
1Q-3Q FY12/17 (September 30, 2017)	23,534	26.3	3,245	61.8	3,225	53.0	2,209	29.1

(Note) Comprehensive income: As of September 30, 2018: 3,033 million yen (33.7%) As of September 30, 2017: 2,267 million yen 32.4%

	Net income per share		Diluted net income per share	
	Yen		Yen	
1Q-3Q FY12/18 (September 30, 2018)	77.75		77.39	
1Q-3Q FY12/17 (September 30, 2017)	58.16		57.98	

#### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
End 3Q FY12/18 (September 30, 2018)	18,949	12,665	64.0
FY12/17 End	16,813	11,339	64.6

(Reference) Equity: As of September 30, 2018: 12,119 million yen As of December 31, 2017: 10,866 million yen

### 2. Dividend Status

	Dividend per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
FY12/17	—	12.00	—	14.00	26.00
FY12/18	—	14.00	—		
FY12/18 Forecast				16.00	30.00

(Note) Revision of the forecast dividends in the third quarter under review: None

### 3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2018 (January 1 to December 31, 2018)

(Comparisons (%) are made against the corresponding period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to Fullcast Holdings Co., Ltd.		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	37,780	17.8	5,620	27.0	5,700	29.4	3,819	27.6	101.43

(Note) Revision of consolidated business forecasts in the third quarter under review: None

#### \* Notes

- (1) Important changes of subsidiaries during the current aggregate third quarter period: None  
(Changes in specific subsidiaries involving changes in the scope of consolidation)
- (2) Application of special accounting treatment in the production of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, accounting estimates, and re-presentation of changes
  - 1) Changes in accounting policies associated with the revisions of accounting principles and others: None
  - 2) Changes in accounting policies other than those mentioned in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Re-presentation of changes: None

(4) Number of shares issued (Common stock)

- 1) Number of shares issued at term end (including treasury stock)
- 2) Number of treasury stock at the term end
- 3) Average number of shares outstanding during the term under review

3Q FY12/18	38,486,400	FY12/17	38,486,400
3Q FY12/18	878,505	FY12/17	601,900
3Q FY12/18	37,673,252	3Q FY12/17	37,989,643

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

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

Of all plans, business forecasts, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management's judgments based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecasts due to various factors. Important factors that may have an impact upon our actual financial results include: (1) the economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in the relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts. However, factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to Page 4 "1-(3) Explanation of Consolidated Business Forecasts" of the "Appendix."

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

### (1) Explanation of Consolidated Operating Results

During the aggregate third quarter of the current fiscal year, Japan's economy continued to see a gradual recovery on the back of the ongoing recovery in personal consumption, in addition to the Government's economic and monetary stimulus measures which helped to improve corporate profits and employment conditions as well as resulted in moderate increases in capital investment, despite a slowing in the pace of rising consumer prices. Economic conditions are expected to continue to improve steadily in the future based on the outlook for sustained improvements in employment and income conditions, as well as the effects of various Government stimulus policies. However, the economic horizon continues to be clouded with uncertainties including the future outlook for emerging economies in China and other countries in Asia, impacts from uncertainties concerning government policies, trade disputes, and volatility in financial and capital markets, all of which still pose the risk of downward pressure on the economy, along with the need to pay sufficient attention to the economic impacts from successive natural disasters that occur within Japan, and therefore the economic horizon continues to be clouded.

With regard to the operating environment surrounding the staffing service industry, the current outlook suggests that employment conditions will continue to improve, as the job offers-to-applicants ratio and the new job offer ratio both remain at high levels despite a flattening of growth in their rate of improvement. Also, the number of workers and new job offers are both increasing, and there has been a moderate improvement in the number of unemployed.

Against this backdrop, the Fullcast Group implemented group management activities with our goal of "Achieving record high profits by reinforcing Group synergies and further increasing productivity" during the consolidated aggregate third quarter of the fiscal year ending December 2018. In particular, marketing activities were implemented with an emphasis on boosting overall profitability of the Fullcast Group by focusing on the mainstay "Part-Time Worker Placement" (Hereinafter referred to as "Placement") and "Part-Time Worker Payroll Management" services, as well as the "My Number Management" service, "Year-End Tax Adjustment Management" service and business process outsourcing service provided by BOD Co., Ltd. (Hereinafter referred to as "BPO"). In addition, efforts are being made to create a structure capable of realizing higher profits by increasing productivity and promoting operational efficiencies across the entire Fullcast Group.

Consolidated net sales increased by 19.8% year-on-year to 28,204 million yen, attributed mainly to higher sales of the existing mainstay services of "Placement" and "BPO" continued from the first half, in addition to growth in "BPO" from the inclusion of the results of BOD Co., Ltd. in the "Short-Term Operational Support Business", a mainstay business.

In terms of profits, consolidated operating income increased by 32.6% year-on-year to 4,302 million yen, due mainly to an increase in sales in the "Short-Term Operational Support Business".

Consolidated ordinary income increased by 35.1% year-on-year to 4,357 million yen on the back of growth in consolidated operating income.

Quarterly net income attributable to Fullcast Holdings Co., Ltd. increased by 32.6% year-on-year to 2,929 million yen, because the tax burden in the current third quarter increased after the amount of loss carried forward was eliminated in the previous fiscal year and because a gain on step acquisitions of 167 million yen was posted in the previous aggregate third quarter.

The Group acquired the shares of BOD Co., Ltd. on January 4, 2018, making it a consolidated subsidiary. In addition, our Group acquired the shares of Minimaid Service Co., Ltd. on August 31, 2018, making it a consolidated subsidiary. Since the deemed acquisition date is September 30, 2018, only the company's quarterly balance sheet is subject to consolidation for the third quarter under review. In addition, on June 29, 2018, our Group established the company called Fullcast Global Co., Ltd. to provide staffing services mainly for foreign nationals, in order to provide diverse employment opportunities in which anyone can work with peace of mind. This company is a consolidated subsidiary and began operations on October 1, 2018.

Additionally, in the second quarter, BOD Co., Ltd. changed its settlement date to December 31; therefore, the settlement date is the same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by BOD Co., Ltd. as of the consolidated settlement date; therefore, this change does not have any impact on quarterly financial statements. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.

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

### 1) Short-Term Operational Support Business

Net sales of the "Short-Term Operational Support Business" increased by 24.8% year-on-year to 24,093 million yen, due mainly to growth in "BPO" associated with the inclusion of the earnings of BOD Co., Ltd. and higher sales of the existing mainstay services of "Placement" and "BPO" amid strong demand for hiring among client companies.

In terms of profits, segment profit (Operating income) increased by 34.9% year-on-year to 4,771 million yen due mainly to an increase in sales of existing mainstay services.

### 2) Sales Support Business

Net sales of the "Sales Support Business" declined by 8.7% year-on-year to 2,566 million yen, due to slow sales of telecommunications products that has continued since the first half.

In terms of profits, segment profit (Operating income) declined by 49.9% year-on-year to 109 million yen because of the decline in net sales, despite a boost seen from reining in SG&A expenses during the third quarter.

### 3) Security, Other Businesses

Net sales of the "Security, Other Businesses" increased by 8.5% year-on-year to 1,545 million yen, due mainly to an increase in the number of long-term security projects in the "Security Business", the core service of this segment.

In terms of profits, segment profit (Operating income) increased by 46.8% year-on-year to 125 million yen due mainly to sales activities focused on raising profitability in the "Security Business" and improvements in gross margin by securing high profit margin long-term security projects, in addition to efforts to restrain SG&A expenses ratio.

## (2) Explanation of Consolidated Financial Position

### 1) Assets, Liabilities and Net Assets

At the end of the third quarter, total assets increased by 2,136 million yen from the end of the previous fiscal year to 18,949 million yen. Equity increased by 1,253 to 12,119 million yen (Equity ratio of 64.0%), and net assets increased by 1,326 to 12,665 million yen.

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

With regard to assets, current assets decreased by 1,246 million yen from the end of the previous fiscal year to 12,807 million yen. This decrease is attributed mainly to a decline in cash and deposits of 2,102 to 7,269 million yen, which offset an increase in notes and accounts receivable-trade of 860 to 4,995 million yen.

Non-current assets rose by 3,381 million yen from the end of the previous fiscal year to 6,142 million yen. This increase is mainly attributed to an increase in investment securities of 2,108 to 2,613 million yen, an increase in goodwill of 739 to 1,197 million yen, an increase in land of 294 to 558 million yen, and an increase in buildings and structures, net of 107 to 464 million yen, as well as other in investments and other assets increased 141 to 892 million yen mainly due to an increase in lease deposits of 69 to 448 million yen, and an increase in insurance funds of 35 to 75 million yen.

With regard to liabilities, current liabilities increased by 494 million yen from the end of the previous fiscal year to 5,120 million yen. This increase is attributed mainly to an increase in other accounts payable of 215 to 1,166 million yen, an increase in provision for bonuses of 187 to 198 million yen, an increase in accrued expenses of 109 to 974 million yen, an increase in notes and accounts payable-trade of 71 to 76 million yen, and an increase in accrued consumption taxes of 63 to 750 million yen, as well as an increase in other in current liabilities of 111 to 371 million yen due mainly to an increase in withholding income tax deposits of 73 to 134 million yen, and an increase in social insurance deposits of 25 to 183 million yen, which offset a decline of income taxes payable of 260 to 474 million yen.

Non-current liabilities increased by 316 million yen from the end of the previous fiscal year to 1,163 million yen. This increase is mainly attributed to an increase in long-term loans payable of 173 to 426 million yen, and an increase in others within non-current liabilities of 117 to 222 million yen due mainly to an increase in deferred tax liabilities of 64 to 91 million yen, an increase in asset retirement obligations of 24 to 73 million yen, and an increase in long-term guarantee deposited of 23 to 35 million yen.

### **(3) Explanation of Consolidated Business Forecasts**

With regard to consolidated earnings forecasts of the fiscal year ending December 2018, the aggregate third quarter of the fiscal year reached a level where revisions to the full-year earnings forecast for the fiscal year ending December 2018 will not be needed mainly led by strength from the main “Short-Term Operational Support Business”. Therefore, no revisions have been made to the consolidated earnings forecasts (full-year) for the fiscal year ending December 2018 released on August 10, 2018.

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

(Million yen)

	FY12/17 end (December 31, 2017)	3Q FY12/18 end (September 30, 2018)
<b>ASSETS</b>		
Current assets		
Cash and deposits	9,371	7,269
Notes and accounts receivable-trade	4,135	4,995
Merchandise	6	41
Supplies	22	26
Deferred tax assets	237	173
Other	301	330
Allowance for doubtful accounts	(18)	(25)
Total current assets	14,053	12,807
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	358	464
Tools, furniture and fixtures, net	178	164
Land	264	558
Other, net	33	34
Total property, plant and equipment	832	1,220
Intangible assets		
Goodwill	459	1,197
Other	305	313
Total intangible assets	764	1,510
Investments and other assets		
Investment securities	505	2,613
Other	751	892
Allowance for doubtful accounts	(92)	(94)
Total investments and other assets	1,165	3,411
Total non-current assets	2,760	6,142
Total assets	16,813	18,949

(Million yen)

	FY12/17 end (December 31, 2017)	3Q FY12/18 end (September 30, 2018)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	5	76
Short-term loans payable	1,006	1,000
Current portion of long-term loans payable	17	53
Accounts payable-other	951	1,166
Accrued expenses	865	974
Income taxes payable	734	474
Accrued consumption taxes	687	750
Provision for bonuses	11	198
Allowance for subscription cancellations	89	58
Other	260	371
Total current liabilities	4,626	5,120
Non-current liabilities		
Long-term loans payable	253	426
Net defined benefit liability	491	516
Other	104	222
Total non-current liabilities	848	1,163
Total liabilities	5,474	6,284
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	6,605	8,478
Treasury shares	(598)	(1,280)
Total shareholders' equity	10,793	11,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	72	135
Total accumulated other comprehensive income	72	135
Share acquisition rights	32	65
Non-controlling interests	441	482
Total net assets	11,339	12,665
Total liabilities and net assets	16,813	18,949



**(2) Quarterly Consolidated Profit and Loss Statement and Consolidated Comprehensive Income Statement****Quarterly Consolidated Profit and Loss Statement**

[Aggregate Third Quarter of the Current Consolidated Fiscal Year]

	(Million yen)	
	3Q FY12/17 (January 1 to September 30, 2017)	3Q FY12/18 (January 1 to September 30, 2018)
Net sales	23,534	28,204
Cost of sales	14,289	16,132
Gross profit	9,245	12,072
Selling, general and administrative expenses	6,000	7,770
Operating income	3,245	4,302
Non-operating income		
Dividend income	1	1
Share of profit of entities accounted for using equity method	31	51
Other	90	48
Total non-operating income	122	100
Non-operating expenses		
Interest expenses	6	7
Damage compensation expenses	5	1
Settlement package	10	12
Other	121	25
Total non-operating expenses	142	46
Ordinary income	3,225	4,357
Extraordinary income		
Gain on step acquisitions	167	-
Gain on transfer of business	-	24
Other	0	-
Total extraordinary income	167	24
Extraordinary loss		
Loss on valuation of investment securities	8	1
Loss on retirement of non-current assets	13	6
Impairment loss	48	-
Total extraordinary losses	69	6
Quarterly income before income taxes and minority interests	3,323	4,374
Income taxes-current	850	1,335
Income taxes-deferred	245	88
Total income taxes	1,094	1,422
Quarterly net income	2,229	2,952
Quarterly net income attributable to non-controlling interests	19	23
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	2,209	2,929

**Quarterly Consolidated Comprehensive Income Statement**

[Aggregate Third Quarter of the Current Consolidated Fiscal Year]

	(Million yen)	
	3Q FY12/17 (January 1 to September 30, 2017)	3Q FY12/18 (January 1 to September 30, 2018)
Quarterly net income	2,229	2,952
Other comprehensive income		
Valuation difference on available-for-sale securities	49	81
Share of other comprehensive income of entities accounted for using equity method	(10)	-
Total other comprehensive income	39	81
Quarterly comprehensive income	2,267	3,033
(Breakdown)		
Quarterly comprehensive income attributable to Fullcast Holdings Co., Ltd.	2,241	2,992
Quarterly comprehensive income attributable to non- controlling interests	27	41

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

(Concerning Notes about Going Concern Assumption)

There are no relevant matters.

(Concerning Significant Change of Shareholders' Equity)

There are no relevant matters.

(Segment Information and Others)

[Segment Information]

Aggregate Third Quarter of the Previous Fiscal Year (January 1 to September 30, 2017)

## 1. Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting Segment			Total	Adjustment amount <sup>*1</sup>	Quarterly consolidated profit and loss statement amount <sup>*2</sup>
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	19,299	2,811	1,424	23,534	-	23,534
Inter-segment sales or transfers	0	-	-	0	(0)	-
Total	19,299	2,811	1,424	23,534	(0)	23,534
Segment income	3,537	217	85	3,839	(594)	3,245

Notes 1. (1) million yen in inter-segment eliminations and (592) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (594) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.

2. Segment income is adjusted with operating income as listed in quarterly consolidated profit and loss statement.

## 2. Information Relating to Assets by Reported Segments

(Significant increases in assets through the acquisition of subsidiaries)

The shares of F-PLAIN Corporation were acquired and F-PLAIN Corporation and its subsidiaries were newly included in the scope of consolidation in the first quarter of the fiscal year ended December 2017. Compared to the end of the previous consolidated fiscal year, segment assets in the "Sales Support Business" segment rose by 2,647 million yen.

## 3. Information Relating to Impairment Loss of Non-current Assets, Goodwill, and Others for Reported Segments

(Impairment loss for non-current assets)

An impairment loss of 48 million yen was booked for the "Sales Support Business".

(Significant changes in goodwill amount)

The shares of F-PLAIN Corporation were acquired and F-PLAIN Corporation and its subsidiaries were newly included in the scope of consolidation in the first quarter of the fiscal year ended December 2017. The increase in goodwill attributed to the "Sales Support Business" was 660 million yen in the aggregate third quarter of the fiscal year ended December 2017.

## Aggregate Third Quarter of the Current Fiscal Year (January 1 to September 30, 2018)

## 1. Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting Segment			Total	Adjustment amount <sup>*1</sup>	Quarterly consolidated profit and loss statement amount <sup>*2</sup>
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	24,093	2,566	1,545	28,204	-	28,204
Inter-segment sales or transfers	3	-	0	3	(3)	-
Total	24,096	2,566	1,545	28,206	(3)	28,204
Segment income	4,771	109	125	5,004	(702)	4,302

Notes 1. (2) million yen in inter-segment eliminations and (700) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (702) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.

2. Segment income is adjusted with operating income as listed in quarterly consolidated profit and loss statement.

## 2. Information Relating to Assets by Reported Segments

(Significant increases in assets through the acquisition of subsidiaries)

In the first quarter, our Group acquired the shares of BOD Co., Ltd., newly including it in the scope of consolidation. In addition, in the third quarter, our Group acquired the shares of Minimaid Service Co., Ltd., including it in the scope of consolidation. Compared to the end of the previous consolidated fiscal year, segment assets in the “Short-Term Operational Support Business” increased by 2,653 million yen.

## 3. Information Relating to Impairment Loss of Non-current Assets, Goodwill, and Others for Reported Segments

(Significant changes in goodwill amount)

In the first quarter, the Group acquired the shares of BOD Co., Ltd., newly including it in the scope of consolidation. In addition, in the third quarter, the Group acquired the shares of Minimaid Service Co., Ltd., including it in the scope of consolidation. Furthermore the increase in goodwill attributed the “Short-Term Operational Support Business” was 847 million yen in the aggregate third quarter of the fiscal year ending December 2018.