



FULLCAST HOLDINGS CO., LTD.

FULLCAST
HLDGS.

Consolidated Business Results
for the Aggregate 1Q-3Q of the Fiscal Year
Ending December 2016
(January 2016 – September 2016)

November 11, 2016

- **P3** Consolidated Business Highlights for the Aggregate 1Q-3Q of the FY12/16 (Jan. – Sep. 2016)
- **P6** Aggregate 1Q-3Q of the FY12/16 Short-Term Operational Support Business Earnings (Jan. – Sep. 2016)
- **P9** Aggregate 1Q-3Q of the FY12/16 Security, other Businesses Earnings (Jan. – Sep. 2016)
- **P11** Impact on Business Performance of Expanded Application of Health Insurance and Employees' Pension Insurance for Part-Time Workers
- **P13** Progress in Business Forecasts for the Fiscal Year Ending December 2016

➤ In this document, short-term operational support business, one of the segments, is referred to as “Short-Term” in some parts.

➤ Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the current fiscal year and its new inclusion in the scope of consolidation, the name of the former “Security business” segment has been changed to the “Security, other businesses” segment.

➤ Because the deemed acquisition date for the shares of Dimension Pockets Co., Ltd. is September 30, 2016, and consolidated closing has been conducted for this subsidiary based on the financial statements as of July 31, 2016, only its balance sheet has been consolidated for the third quarter of the fiscal year ending December 2016, and its results are not included in the income statement for the third quarter of the fiscal year ending December 2016.

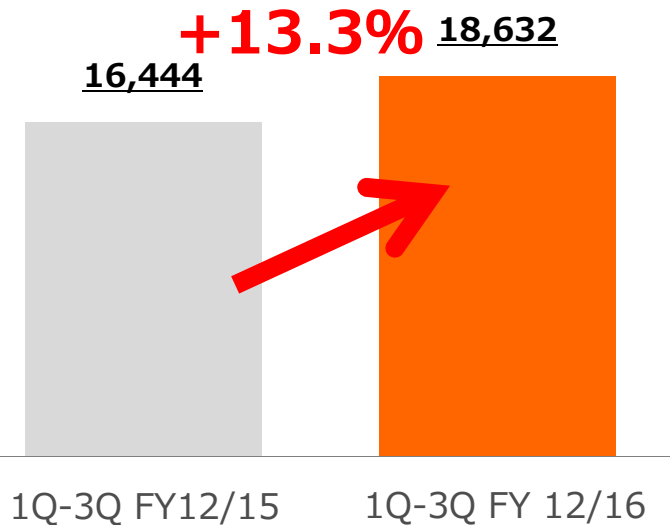
➤ In this document, names of services are written in an abbreviated form; “part-time worker placement”, “part-time worker payroll management and My Number management” services in short-term operational support business—which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012—are referred to as “Placement” and “Management,” respectively. In addition, “long-term dispatching” service with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as “Dispatching.”

Consolidated Business Highlights for the Aggregate 1Q-3Q of the FY12/16 (Jan. – Sep. 2016)

Consolidated Aggregate 1Q-3Q FY2016 Year on Year Comparison

Net Sales

(Million yen)

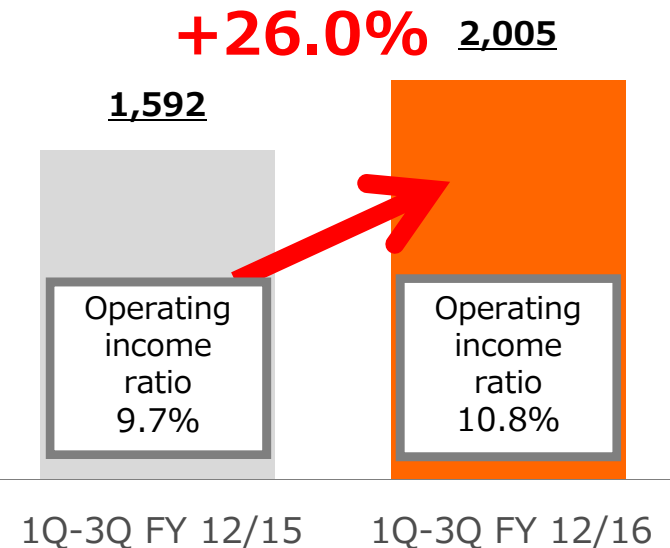


【Factors behind the change in net sales】

- ✓ The short-term operational support business recorded growth in sales of mainstay “placement” and “management” services, along with a rise in sales of “outsourcing” services, and net sales increased by 13.3% year on year.

Operating Income

(Million yen)



【Factors behind the change in operating income】

- ✓ Operating income rose 26.0% year on year thanks to the positive influence of growth in mainstay services.
- ✓ Operating income ratio increased 1.1pts year on year due to an increase in sales and efforts to improve productivity and restraining SG&A expenses.

Consolidated Aggregate 1Q-3Q FY2016 Year on Year Comparison

■ Aggregate 1Q-3Q FY2016 Year-on-Year Comparison

(Million yen)

	1Q-3Q FY12/15	1Q-3Q FY12/16	YY Change	Rate of change
Net sales	16,444	18,632	2,188	13.3%
Gross profit	5,918	6,707	789	13.3%
SG&A expenses	4,326	4,702	376	8.7%
Operating income	1,592	2,005	413	26.0%
Operating income ratio	9.7%	10.8%	—	—
Ordinary income	1,493	2,107	615	41.2%
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	1,033	1,712	679	65.7%

- ✓ Ordinary income **increased 41.2%** year on year because of the increase in share of income entitles accounted for using equity method associated with the acquisition of Beat Co., Ltd.
- ✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased 65.7%** year on year because of the decrease in corporate tax due to a decline in tax burden following the consolidated tax payment system.

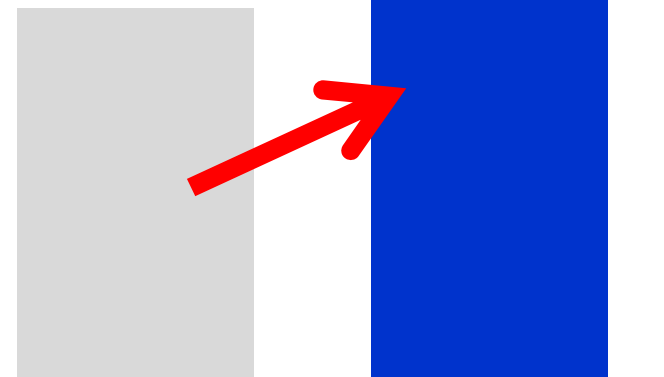
**Aggregate 1Q-3Q of the FY12/16
Short-Term Operational Support Business
Earnings
(Jan. –Sep. 2016)**

Net Sales

(Million yen)

+13.8% 17,063

14,991



【Factors behind the change in net sales】

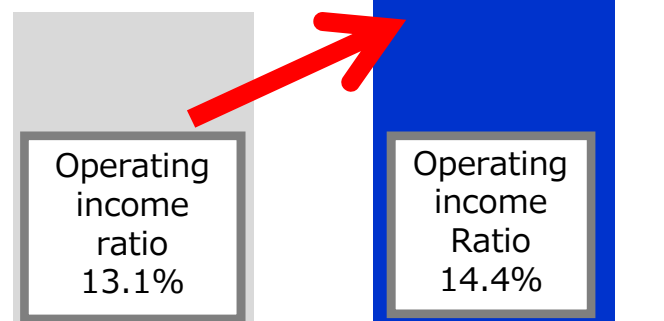
- ✓ In addition to growth in both “placement” and “management” services achieved by focusing on growth in the number of customers, we were able to meet the needs of customers who prefer “outsourcing” services, resulting in a **13.8% increase** in sales year on year.
- ✓ The launch of the “My Number management” service provided a boosted sales of “management” services.

Operating Income

(Million yen)

+25.3% 2,456

1,960



【Factors behind the change in operating income】

- ✓ The increase in net sales **boosted operating income 25.3%** year on year.
- ✓ Operating income ratio **rose by 1.3pts** due to restraint in SG&A expenses, along with efforts to increase productivity through changes in daily operations, hiring of part-time workers, and the positive influence of higher sales.

1Q-3Q FY12/15

1Q-3Q FY12/16

■ Year-on-Year Comparison by Service Category (Million yen)

	1Q-3Q FY12/15	1Q-3Q FY12/16	YY Change	Rate of change
Net sales	14,991	17,063	2,072	13.8%
Placement	2,424	2,681	257	10.6%
Management	1,438	1,715	277	19.3%
Dispatching	9,125	10,154	1,028	11.3%
Outsourcing	2,003	2,513	509	25.4%
Gross profit	5,664	6,425	761	13.4%
Placement	2,340	2,575	235	10.1%
Management	1,438	1,707	269	18.7%
Dispatching	1,496	1,596	100	6.7%
Outsourcing	390	547	157	40.1%

- ✓ Both “placement” and “management” services grew by focusing on growing in the number of customers.
- ✓ The launch of the “My Number management” services boosted “management” services.
- ✓ “Outsourcing” services also grew, on the back of orders won for short-term sales promotion operations and store inventory related work.

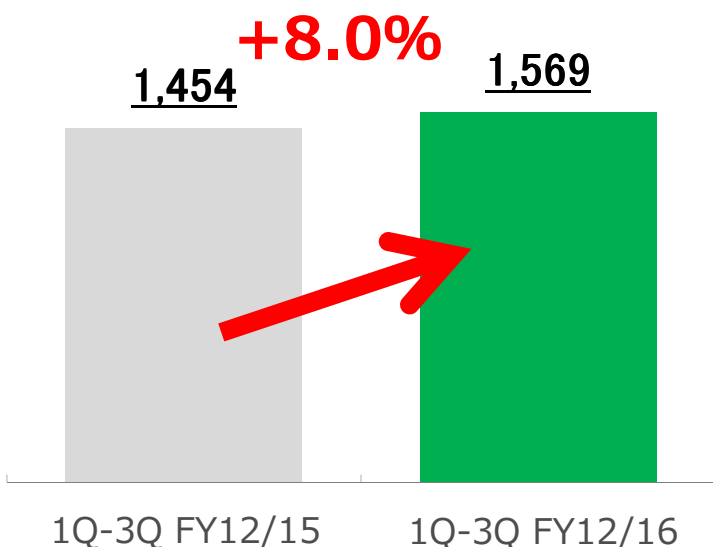
- Short-term “management” services includes the total of “payroll management” and the “My Number Management” service.
- Numerical data represent reference figures. This data has not been audited by accounting auditors.

Aggregate 1Q-3Q of the FY12/16 Security, other Businesses Earnings (Jan. –Sep. 2016)

➤Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the current fiscal year and its new inclusion in the scope of consolidation, the name of the former “Security business” segment has been changed to the “Security, other businesses” segment.

Net sales

(Million year)

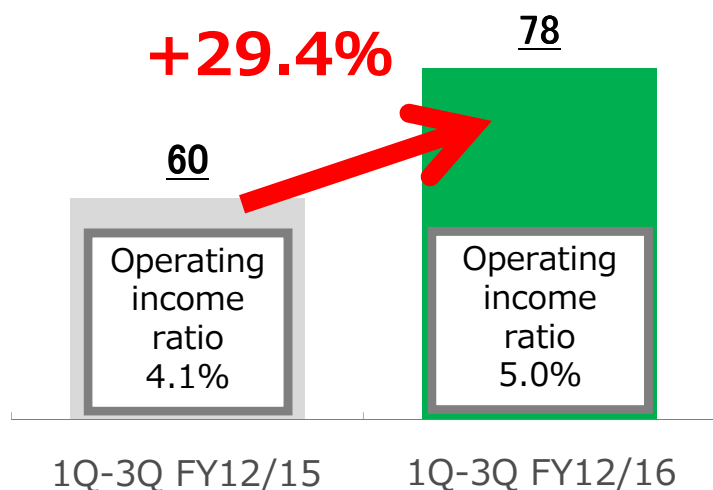


【Factors behind the change in net sales】

- ✓ Continuing from the first quarter, segment sales **rose 8.0%** year on year due to a growth in the temporary security businesses.

Operating Income

(Million yen)



【Factors behind the change in operating income】

- ✓ Despite the one-time amortization of goodwill accompanying the acquisition of shares of Dimension Pockets Co., Ltd. (14 million yen) during the third quarter, operating income for the segment **increased 29.4%** year on year due to the higher sales.

Impact on Business Performance of Expanded Application of Health Insurance and Employees' Pension Insurance for Part-Time Workers



- ✓ The expanded application of health insurance and employees' pension insurance for part-time workers that was implemented from October 1, 2016 will not have a material impact on our business performance.

Details of expanded application	Impact on our Company
<p>1. Clarification of criteria for acquiring eligibility for health insurance and employees' pension insurance [Until now] Part-time employees with <u>daily</u> or weekly prescribed working hours and monthly prescribed working days that are at least <u>approximately</u> three-fourths of the prescribed working hours or prescribed working days of standard employees employed at the same business location will be eligible for health insurance and employees' pension insurance. [As of October 1, 2016] As of October 1, 2016 (hereinafter, the "implementation date"), part-time employees with weekly prescribed working hours and monthly prescribed working days that are at least approximately three-fourths of the prescribed working hours or prescribed working days of standard employees employed at the same business location (hereinafter, the "three-fourths criteria") will be eligible for health insurance and employees' pension insurance.</p> <p>2. Expanded application of health insurance and employees' pension insurance for part-time workers As of the implementation date, employees that do not fulfill the three-fourths criteria but fulfill the five requirements (1) to (5) shown below will newly be eligible for health insurance and employees' pension insurance.</p> <ul style="list-style-type: none"> (1) Prescribed working hours are longer than 20 hours per week (2) Employees who are expected to be continuously employed for longer than one year at the same business location (3) Monthly remuneration is over 88,000 yen (4) Employees who are not students (5) Employees who are employed at a specific applicable business location(*1) <p>(*1) One or two or more applicable business locations with the same owner at which the total number of standard employees and the equivalent (who are not eligible for employees' pension insurance) is constantly over 500 at the one or two or more applicable business locations (in cases which there can be expected to be over 500 employees for at least six months of the year).</p>	<ul style="list-style-type: none"> ✓ While the social insurance premiums of dispatched employees can be expected to increase with expanded application, the monetary amount is not expected to be material due to the fact that (1) dispatched employees only account for about 10% of all of our operating workers, and (2) the requirement "employees who are expected to be continuously employed for longer than one year at the same business location" limits the scope of applicable employees. ✓ As a result of this expanded application, the number of inquiries from client companies may be possible to increase in the future. However at the present, it is not expected to have a material impact on our business performance.

Progress in Business Forecasts for the Fiscal Year Ending December 2016



- ✓ Earnings forecasts remain unchanged currently, as results for the aggregate 1Q-3Q of the FY2016 showed steady progress in attainment of the business forecasts announced on February 12, 2016.
- ✓ As there is no revision to the full year business forecasts, the year-end dividend forecast (10 yen per share) which also remains unchanged announced on the same day as the full year business forecasts.

(Million yen)

	1Q-3Q FY12/16 (Actual) (A)	FY 12/16 (Business Forecasts) (B)	Attainment rate for FY12/16 (A / B)
Net sales	18,632	24,650	75.6%
Operating income	2,005	2,630	76.2%
Ordinary income	2,107	2,630	80.1%
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	1,712	2,054	83.3%

(Reference) Breakdown of full-year dividend

	Interim dividend for FY12/16 (Actual)	Year-end dividend for FY12/16 (Forecast)	Annual dividend for FY12/16 (Forecast)
Dividend per share	10 yen	10 yen	20 yen

■ Basic Stance on Capital Policy

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

- ✓ Maintaining a total return ratio of 50 % relative to adjusted net income (*1,*2) targeted at providing returns to shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.
- ✓ Our goal for enhancing corporate value is to maintain an ROE of 20% or greater relative to adjusted net income.
- ✓ We will maintain a maximum D/E ratio of 0.5x in order to enhance corporate value and to maintain financial soundness.

*1 "Adjusted net income" represents net income excluding the effects of income taxes—deferred associated with the booking of deferred tax assets within the loss carried forward.

"Adjusted net income" is used as the based for calculating the total return ratio and ROE.

*2 Net income shown for FY12/16 and beyond is the same as "Net income attributable to Fullcast Holdings."

Providing the **best places** for people to bring out **their best.**



BNY MELLON
DEPOSITARY RECEIPTS

ADR (American Depositary Receipts) Program:

Program Type: Sponsored Level 1

Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock
CUSIP Code: 35968P100

Symbol: FULCY

Depository: The Bank of New York Mellon

101 Barclay Street, New York, NY 10286, U.S.A.

TEL : (212) 815-2077

U.S. Toll Free : (888) 269-2377 (888-BNY-ADRS)

Web Site : http://www.adrbny.com/dr_profile.jsp?cusip=35968P100

[Inquiries] IR: +81-3-4530-4830

URL: <http://www.fullcastholdings.co.jp/ir>

e-mail : IR@fullcast.co.jp

Fullcast Holdings' IR materials have been prepared for the purpose of providing information about the company, and are not a solicitation for investment. Readers are advised to use these materials at their own discretion and are solely responsible for all decisions based on such use.

Although every effort has been taken to ensure the accuracy of the information provided herein, Fullcast Holdings Co., Ltd. makes no guarantees with regard to the contents.

Fullcast Holdings Co., Ltd. assumes no responsibility for any damages resulting from the use of this information, either directly, indirectly or to any extent, which originates from any cause including but not limited to the accuracy, reliability and safety concerning the text, data or other information herein.

Fullcast Holdings' IR materials are copyrighted and use without Fullcast Holdings' express written consent is strictly prohibited.