



Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 2017 (Jan. – Mar. 2017)

May 12, 2017
FULLCAST HOLDINGS CO., LTD. (4848)

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- In this document, the “Short-term Operational Support Business” is referred to as “Short-Term”, and the “Sales Support Business”, which mentioned as below, is referred to as “Sales” in some parts.
- A new reporting segment called “Sales Support Business” has been created accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of fiscal year ending December 2017 and its new inclusion within the scope of consolidation, also with its subsidiary M’s Line Co., Ltd. Since there are no comparable results for new business segment in previous fiscal year, there is no year-on-year comparison only the first quarter results have been disclosed.
- Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the previous fiscal year ended December 2016 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.
- Of the Company’s consolidated subsidiaries, the account settlement date of Dimension Pockets Co., Ltd. is January 31 and the account settlement date for F-PLAIN Corporation and its subsidiaries M’s Line Co., Ltd. is September 30. Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.
- In this document, names of services are written in an abbreviated form; “Part-Time Worker Placement” service as well as “Part-Time Worker Payroll Management”, “My Number Management” and “Year-End Tax Adjustment Management” services in the 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” services 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.”

1Q FY12/17

Summary of Business Performance

● Consolidated performance going outpaced

- Consolidated Net Sales and Operating Income both increased year on year primarily attributed to strong sales growth realized in the “Placement”, the mainstay service within the “Short-Term Operational Support Business”.
- Operating Income, Ordinary Income, and Quarterly Net Income attributable to Fullcast Holdings Co., Ltd. outpaced and achieved 60.4%, 59.2% and 77.2% to the first half of earning forecasts respectively.

● Consolidation of F-PLAIN Corporation

- A new reporting segment called “Sales Support Business” has been created following the new inclusion of F-PLAIN Corporation and its subsidiary M’s Line Co., Ltd. in the scope of consolidation.
- A “gain on step acquisitions” (*) by the acquisition of the shares of F-PLAIN Corporation of 167 million yen was posted as extraordinary income.

* “Gain on step acquisitions” represents a gain not accompanying a transfer of cash that occurred because the revised market value of the existing equity interest exceeding the book value when turning F-PLAIN Corporation from an affiliate under the equity method to a consolidated subsidiary.

1Q FY12/17

Consolidated Business Highlights

(Jan. – Mar. 2017)

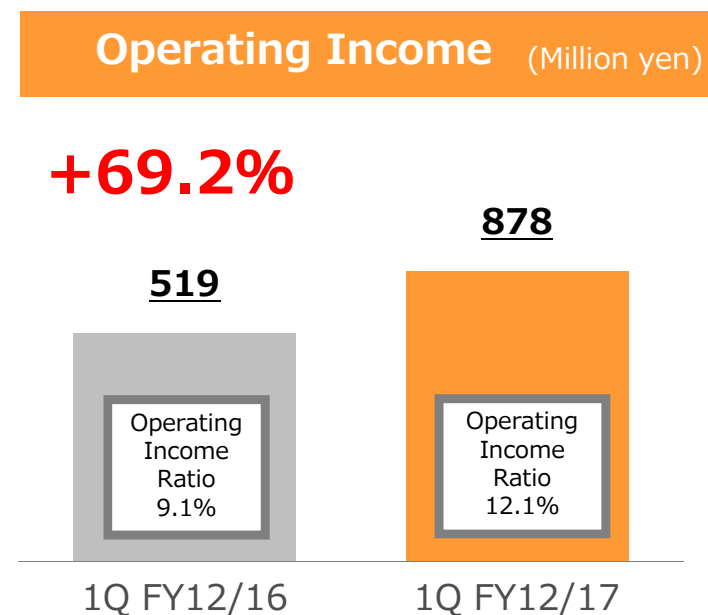
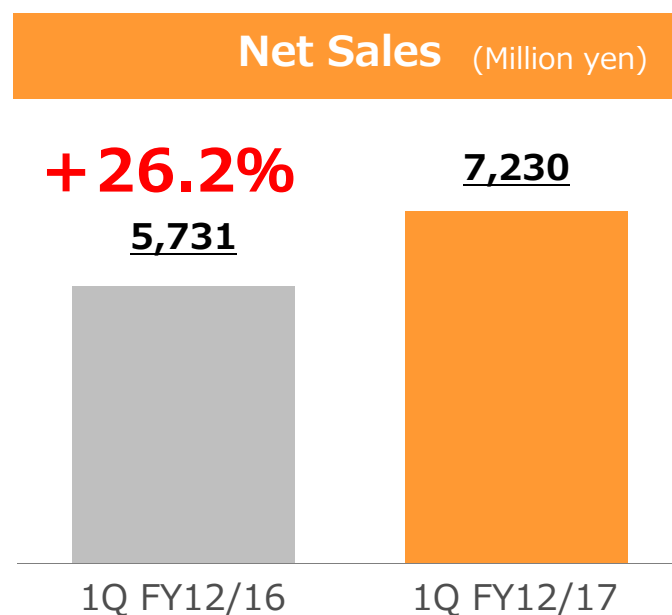
Consolidated: 1Q FY12/17 Year-on-Year Comparison

【Factors behind the change in Net Sales】

- ✓ Net Sales **increased 26.2%** year on year, primarily attributed to strong sales growth realized in the “Placement”, the mainstay service within the “Short-Term Operational Support Business”, and to the consolidation of F-PLAIN Corporation and subsequent inclusion of the profits of F-PLAIN Corporation and its subsidiary M’s Line Co., Ltd.

【Factors behind the change in Operating Income】

- ✓ Operating Income **increased 69.2%** year on year on the back of the higher sales derived from the “Short-Term Operational Support Business”.
- ✓ Group-wide initiatives to improve productivity, in addition to efforts to reduce SG&A expenses ratio mainly personnel expenses **boosting Operating Income Ratio by 3.1pts**.



Consolidated: 1Q FY12/17 Year-on-Year Comparison

- ✓ Consolidated ordinary income **increased 50.1%** year on year on the back of the higher operating income, and despite a year-on-year drop in share of profit of entities accounted for using equity method accompanying the acquisition of the shares of F-PLAIN Corporation.
- ✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased 47.9%** year on year because of a 167 million yen of gain on step acquisitions posted as extraordinary income accompanying the acquisition of the shares of F-PLAIN Corporation.

* “Gain on step acquisitions” represents a gain not accompanying a transfer of cash that occurred because the revised market value of the existing equity interest exceeding the book value when turning F-PLAIN Corporation from an affiliate under the equity method to a consolidated subsidiary.

■ 1Q FY12/17 Year-on-Year Comparison

(Million yen)

	1Q FY12/16	1Q FY12/17	Difference	Rate of change
Net Sales	5,731	7,230	1,499	26.2%
Gross Profit	2,105	2,856	751	35.7%
SG&A expenses	1,586	1,979	392	24.7%
Operating Income	519	878	359	69.2%
Operating Income Ratio	9.1%	12.1%	–	3.1pts
Ordinary Income	587	882	294	50.1%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.	481	711	230	47.9%

1Q FY12/17

**Short-Term Operational Support Business
Earnings (Jan. – Mar. 2017)**

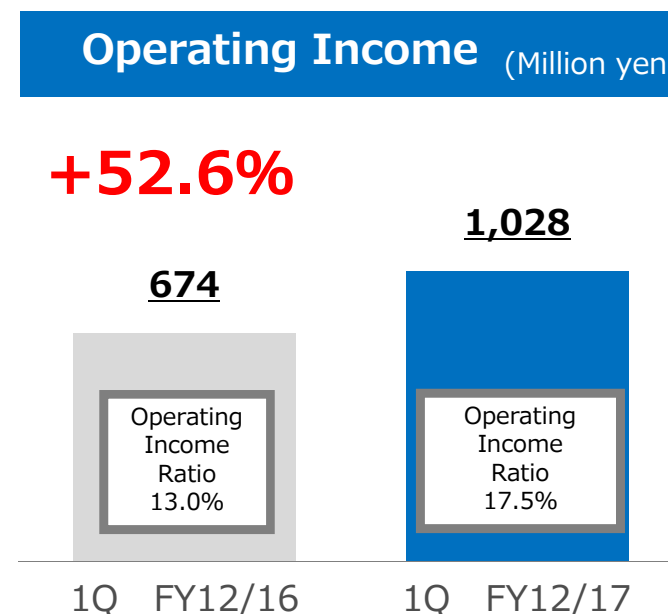
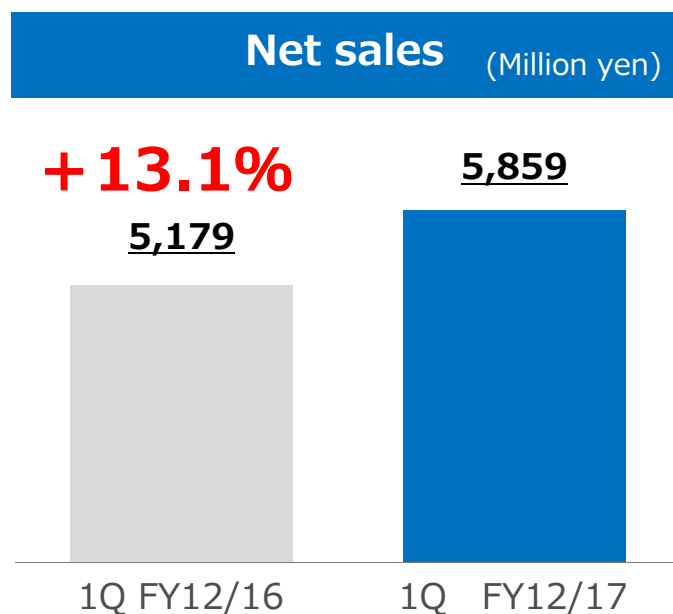
Short-Term: 1Q FY12/17 Year-on-Year Comparison

【Factors behind the change in Net Sales】

- ✓ Net Sales **increased 13.1%** year on year, driven mainly by growth in the mainstay “Placement” services due corresponding to the strong personnel needs of client companies.

【Factors behind the change in Operating Income】

- ✓ The increase in Net Sales **boosted operating income 52.6%** year on year.
- ✓ The operating income ratio **rose by 4.5pts** due to increase in Net Sales and reduce in SG&A expenses ratio, mainly reducing the personnel expenses ratio, as continuing increase productivity through the hiring of part-time workers, and making changes to daily operations.



Short-Term: 1Q FY12/17 Year-on-Year Comparison

■ Year-on-Year Comparison by Service Category

(Million yen)

	1 Q FY12/16	1 Q FY12/17	Difference	Rate of Change
Net sales	5,179	5,859	680	13.1%
Placement	853	1,099	246	28.9%
Management	594	650	56	9.5%
Dispatching	3,197	3,589	392	12.3%
Outsourcing	537	521	▲15	▲2.8%
Gross profit	2,005	2,362	357	17.8%
Placement	810	1,056	246	30.4%
Management	589	648	59	10.0%
Dispatching	492	543	51	10.4%
Outsourcing	114	115	1	0.9%



The Company was able to realized its basic strategy of increasing client companies and growing its mainstay “Placement” service due to its ability to maintain a steady supply of employment who fill the stringent needs of client companies for short-term workers.

- “Management” services includes the total of “Part-Time worker Payroll Management,” “My Number Management” and “Year-End Tax Adjustment Management” services.
- Starting from “the Consolidated Business Results for the Fiscal Year Ended December 2016” disclosed on Feb. 10, 2017, the way which net sales and gross profit by service are aggregated for the “Short-Term Operational Support Business” has been adjusted. The previous year’s performance has therefore also been retroactively adjusted using the new aggregation method.
- The results of Fullcast Senior Works Co., Ltd., which began operations on March 1, 2017, have been included in overall results from the first quarter.
- Numerical data represent reference figures. This data has not been audited by the accounting auditor.

1Q FY12/17

Sales Support Business Earnings (Jan. – Mar. 2017)

- A new reporting segment called “Sales Support Business” has been created accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of the fiscal year ending December 2017 and its new inclusion within the scope of consolidation, also with its subsidiary M’s Line Co., Ltd. Since there are no comparable results for new business segment in previous fiscal year, there is no year-on-year comparison only the first quarter results have been disclosed.
- The account settlement date of F-PLAIN Corporation and its subsidiaries M’s Line Co., Ltd., which belongs to the “Sales Support Business”, is September 30. Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date.

Sales: 1Q FY12/17 Results

【Factors behind the change in Net Sales】

- ✓ Net sales totaled 855 million yen from revenue related to the sale of Internet Access, which is the main business of the companies comprising the “Sales Support Business”, F-PLAIN Corporation and M’s Line Co., Ltd.

【Factors behind the change in Operating Income】

- ✓ Operating income totaled 19 million yen because of goodwill amortization resulting from the acquisition of the shares of F-PLAIN Corporation, and because the first quarter of the fiscal year ending December 2017 represents the slowest quarter of the fiscal year for both F-PLAIN Corporation and M’s Line Co., Ltd.

- The “Sales Support Business” segment is mainly comprised of the “call center”, “online”, “alliance” and “entertainment” businesses.
- The “call center”, “online” and “alliance” businesses each involve the sale of Internet Access.
- Only results for the first quarter of the fiscal year ending December 31, 2017 are presented here because results from previous fiscal years are not disclosed.

Net Sales (Million yen)

855



1Q FY12/17

Operating Income (Million yen)

19

Operating Income Ratio
2.2%

1Q FY12/17

1Q FY12/17

Security, Other Businesses Earnings (Jan. - Mar. 2017)

- Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the previous fiscal year ended December 2016 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.
- The account settlement date of Dimension Pockets Co., Ltd., which belongs to the “Security, Other Businesses”, is January 31. Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date.

Security, Other: 1Q FY12/17 Year-on-Year Comparison

【Factors behind the change in Net Sales】

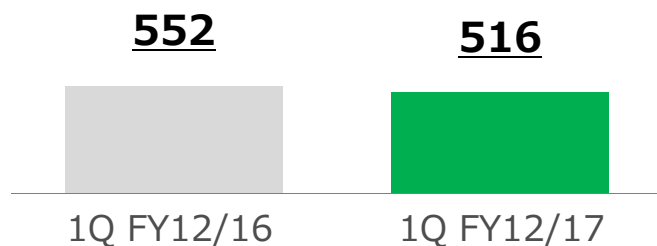
- ✓ Net sales fell 6.5% year on year due to mainly a decline in the number of temporary security projects compared to the previous year.

【Factors behind the change in Operating Income】

- ✓ Operating income was able to grow 21.6% year on year due to successful efforts to reduce SG&A expenses, including personnel expenses and recruitment expenses, and despite the impact of the falls in net sales by the Security Business.

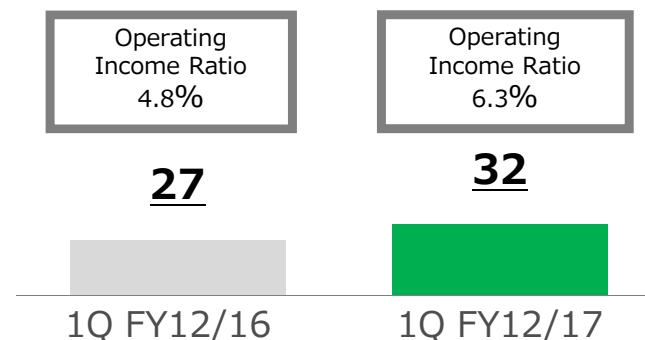
Net Sales (Million yen)

▲ 6.5%



Operating Income (Million yen)

+21.6%



FY12/17

Reclassification of Notations in Segment Earnings Forecasts

FY12/17 Reclassification of Notations in Segment Earnings Forecasts

- ✓ The “Sales Support Business” segment was newly established because the Company determined the presence of sufficient profitability following the acquisition of the shares of F-PLAIN Corporation on January 26, 2017 and the inclusion of F-PLAIN Corporation and its subsidiary M’s Line Co., Ltd. in the scope of consolidation to warrant the establishment of an independent segment.
- ✓ Following the establishment of the new “Sales Support Business”, the Company has reclassified notations for the segment earnings forecast of net sales disclosed in the Consolidated Business Results for the Fiscal Year Ended December 2016.

[Net Sales]	(Million yen)		
	FY12/16 Results	FY12/17 Forecasts	Rate of Change
Short-Term Operational Support Business	23,225	24,956	7.5%
Security, Other Businesses	2,116	5,045	138.4%



[Net Sales]	(Million yen)		
	FY12/16 Results	FY12/17 Forecasts	Rate of Change
Short-Term Operational Support Business	23,225	24,956	7.5%
Sales Support Business	—	3,114	—
Security, Other Businesses	2,116	1,931	▲8.7%

1Q FY12/17

Progress in Business Forecast

FY12/17 Progress in Business Forecasts

- ✓ The first quarter of the fiscal year ending December 2017 business performance indicates that operating income, ordinary income and quarterly net income attributable to Fullcast Holdings Co., Ltd. driven by the favorable conditions in the “Short-Term Operational Support Business” outpaced forecasts.
- ✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **achieved 77.2%** of its forecast for the first half, it remains unclear whether this is a level that requires revisions to outstanding earnings forecasts. Therefore, no revisions have been made to the consolidated earnings forecasts (first half and full-year) for the fiscal year ending December 2017 released on February 10, 2017 as of today.

(Million yen)

	1 Q FY12/17	FY12/17 Business Forecast for 1 st Half	Rate of Progress of 1 st Half	FY12/17 Business Forecasts for Full Year	Rate of Progress of Full Year
Net Sales	7,230	14,323	50.5%	30,000	24.1%
Gross Profit	2,856	5,559	51.4%	11,592	24.6%
Operating Income	878	1,452	60.4%	3,230	27.2%
Ordinary Income	882	1,489	59.2%	3,300	26.7%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.	711	921	77.2%	2,123	33.5%
Segment Net Sales					
Short-Term Operational Support Business	5,859	–	–	24,956	23.5%
Sales Support Business	855	–	–	3,114	27.5%
Security, Other Businesses	516	–	–	1,931	26.7%

➤ The earnings forecast of the first half for segment net sales has not been disclosed.

■ 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 (*) 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.

*“Adjusted net income” represents net income attributable to Fullcast Holdings Co., Ltd. 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.

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

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

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