

Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 2019 (Jan.–Mar. 2019)

May 10, 2019 FULLCAST HOLDINGS CO., LTD. (4848)

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Consolidated Business Highlights

(Jan.–Mar. 2019)

Consolidated: 1Q FY12/19 Year-on-Year Comparison

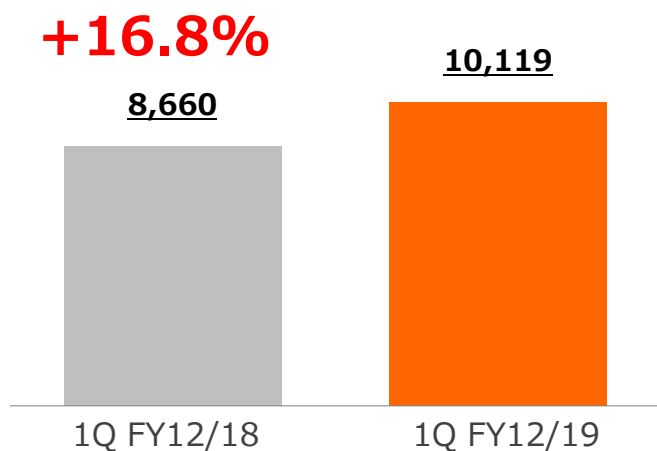
【Factors Behind the Change in Net Sales】

- Net sales **increased by 16.8%** year-on-year, driven by mainstay “Placement”, “BPO”, and “Dispatching” services based upon the continuing trend of strong demand for short-term staffing.

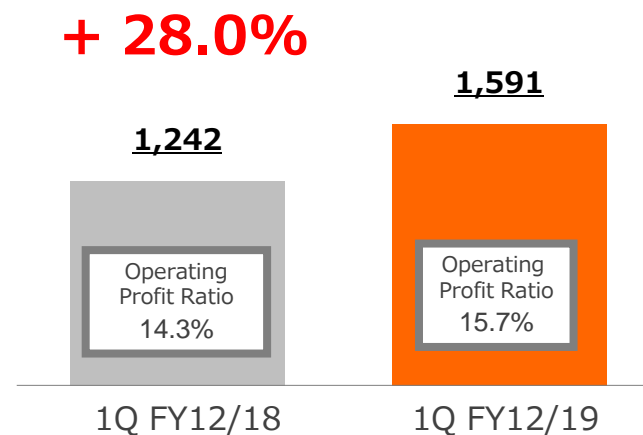
【Factors Behind the Change in Operating Profit】

- Operating profit **increased by 28.0%** year-on-year, due mainly to the increase in sales of mainstay services, and operating profit ratio **increased by 1.4 PT**.

Net Sales (Million yen)



Operating Profit (Million yen)



Consolidated: 1Q FY12/19 Year-on-Year Comparison

➤ Profit attributable to owners of parent **increased by 28.8%** year-on-year on the back of the rise in operating profit.

(Million yen)

	1Q FY12/18	1Q FY12/19	Difference	Rate of change
Net Sales	8,660	10,119	1,459	16.8%
Gross Profit	3,790	4,437	646	17.0%
SG&A expenses	2,548	2,846	298	11.7%
Operating Profit	1,242	1,591	348	28.0%
Operating Profit Ratio	14.3%	15.7%	—	1.4PT
Ordinary Profit	1,277	1,604	327	25.6%
Profit attributable to owners of parent	827	1,066	239	28.8%

II 1Q FY12/19 Segment Highlights Short-Term Operational Support Business Earnings (Jan.–Mar. 2019)

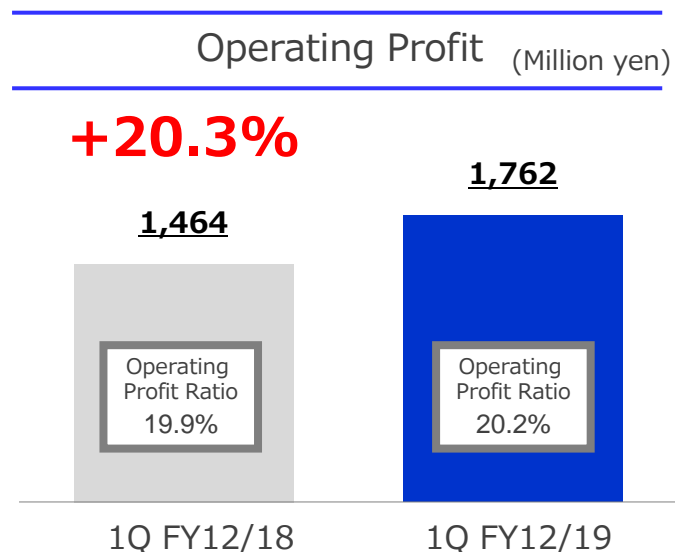
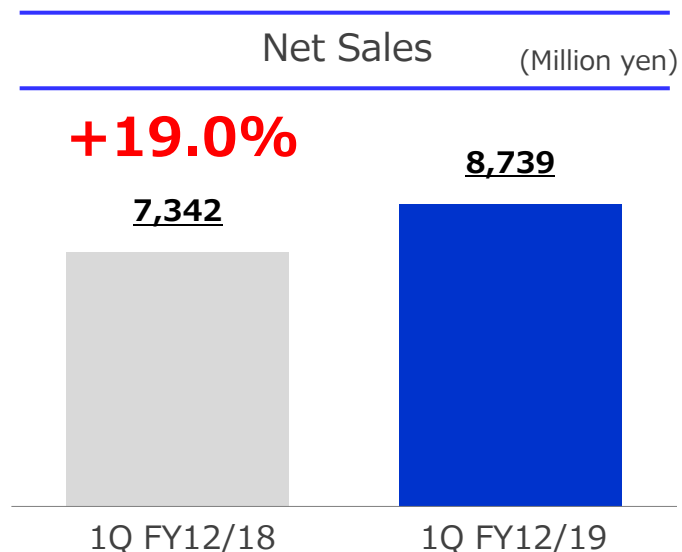
Short-Term: 1Q FY12/19 Year-on-Year Comparison

【Factors Behind the Change in Net Sales】

- Net sales **increased by 19.0%** year-on-year, driven mainly by “Placement”, “BPO”, and “Dispatching”, services based upon the continuing trend of strong demand for short-term staffing.

【Factors Behind the Change in Operating Profit】

- Operating profit **increased by 20.3%** year-on-year, due mainly to the increase in sales of mainstay services, and operating profit ratio **increased by 0.2 PT**.



Short-Term: 1Q FY12/19 Year-on-Year Comparison (By Service Category)

(Million yen)

	1Q FY12/18	1Q FY12/19	Difference	Rate of change
Net Sales	7,342	8,739	1,398	19.0%
Placement	1,308	1,468	160	12.3%
BPO	1,429	1,699	271	18.9%
Dispatching	4,106	4,851	744	18.1%
Outsourcing	499	721	222	44.6%
Gross Profit	3,368	3,989	621	18.4%
Placement	1,256	1,410	154	12.3%
BPO	1,374	1,616	242	17.6%
Dispatching	652	772	121	18.5%
Outsourcing	87	191	104	119.7%

➤ We were able to provide “Payroll Management” services, the core menu within mainstay services “Placement” and “BPO”, as a set, for the short-term staffing needs of client companies, and sales of “Year-End Tax Adjustment Management” services occurring a 1Q-only, within “BPO”, were also recorded, so both services grew.

➤ “Dispatching” services grew due to our ability to satisfy the long-term human resource needs within recruitment demand of client companies.

➤ “Outsourcing” grew due to the inclusion of the earnings of Minimaid Service Co., Ltd., a newly consolidated subsidiary.

✓ The earnings of Minimaid Service Co., Ltd., which became a consolidated subsidiary on August 31, 2018, have been included in “Outsourcing” services since the fourth quarter of the fiscal year ended December 2018.

Ⅲ 1Q FY12/19 Segment Highlights Sales Support Business Earnings (Jan.–Mar. 2019)

Sales: 1Q FY12/19 Year-on-Year Comparison

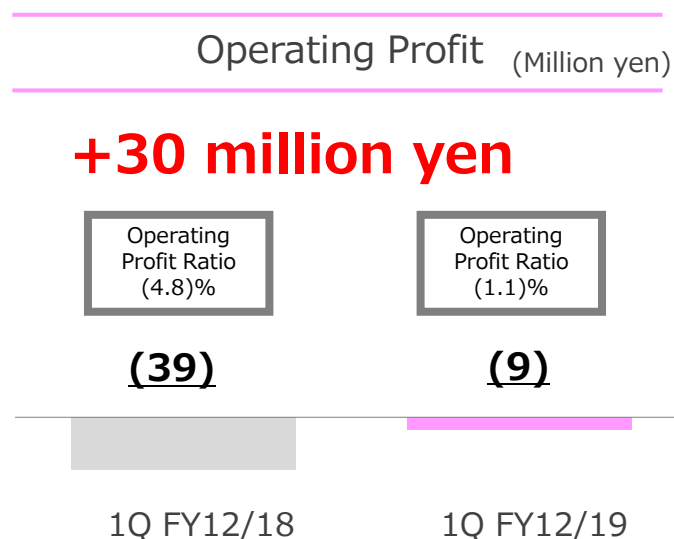
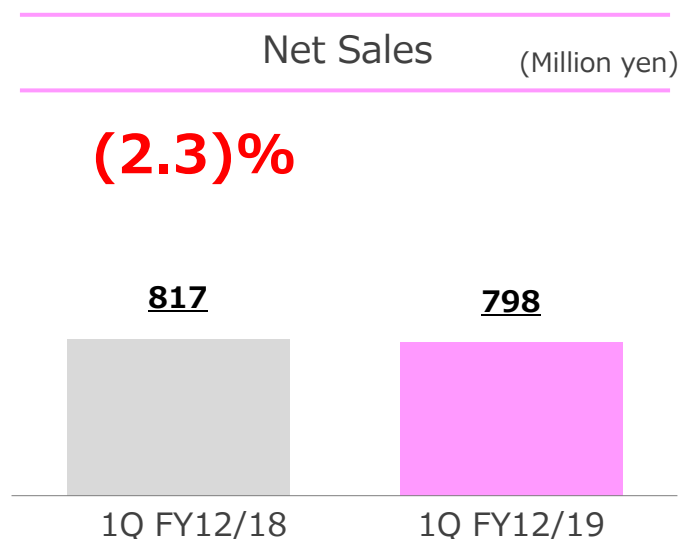
[Factors Behind the Change in Net Sales]

- Net sales **declined by 2.3%** year-on-year, due mainly to the impact of the reorganization of unprofitable sites in the previous fiscal year.

[Factors Behind the Change in Operating Profit]

- Although an operating loss was recorded due to lower sales, the margin of the loss was reduced year-on-year.

✓ The Sales Support Business segment is mainly comprised of the “call center”, “online”, “alliance” and “entertainment” businesses.



IV 1Q FY12/19 Segment Highlights Security, Other Businesses Earnings (Jan.–Mar. 2019)

Security, Other: 1Q FY12/19 Year-on-Year Comparison

【Factors Behind the Change in Net Sales】

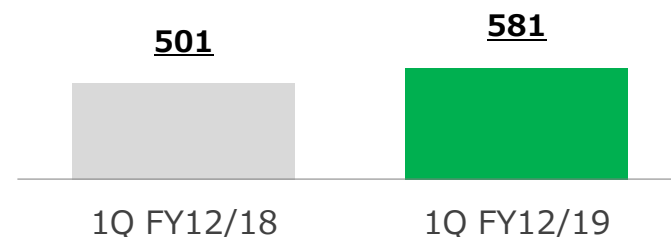
- Net sales **increased by 15.9%** year-on-year, due mainly to an increase in the number of long-term security projects acquired.

【Factors Behind the Change in Operating Profit】

- Operating profit **increased by 53.6%** year-on-year on the back of growth in sales, higher gross margin resulting from the acquisition of high profit margin long-term security projects through ongoing marketing activities focused on profitability, and successful measures to restrain SG&A expenses implemented from the previous fiscal year, and operating profit ratio **increased by 2.4 PT**.

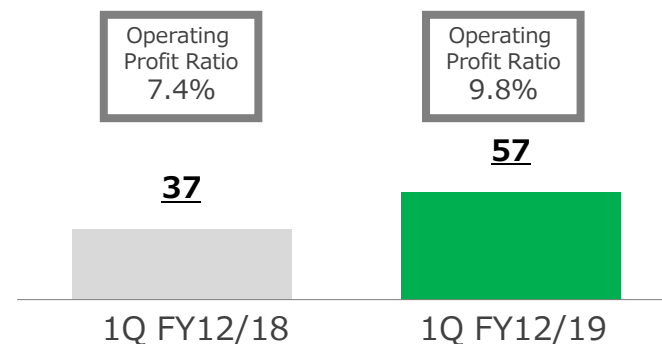
Net Sales (Million yen)

+15.9%



Operating Profit (Million yen)

+53.6%



V 1Q FY12/19

Progress Relative to Business Forecast

1Q FY12/19 Progress Relative to Business Forecast

- The mainstay Short-Term Operational Support Business remained strong, and all the consolidated results for the first quarter exceeded 50% of the business forecast for the first half.
- Business results in the first quarter progressed at a level that does not necessitate revisions to the business forecast. Thus, the business forecasts for the first half and full year will not be revised.

(Million yen)

		1Q FY12/19	FY12/19 Business Forecast for 1st Half	Rate of progress of 1st Half	FY12/19 Business Forecast for Full Year	Rate of progress of Full Year
Net Sales		10,119	19,800	51.1%	42,300	23.9%
Gross Profit		4,437	8,853	50.1%	18,811	23.6%
Operating Profit		1,591	3,150	50.5%	6,830	23.3%
Ordinary Profit		1,604	3,194	50.2%	6,930	23.1%
Profit attributable to owners of parent		1,066	2,114	50.4%	4,593	23.2%
Short-Term Operational Support Business	Net Sales	8,739	–	–	36,766	23.8%
	Placement	1,468	–	–	6,417	22.9%
	BPO	1,699	–	–	6,578	25.8%
	Dispatching	4,851	–	–	19,726	24.6%
	Outsourcing	721	–	–	4,045	17.8%
Sales Support Business	Net Sales	798	–	–	3,317	24.1%
Security, Other Businesses	Net Sales	581	–	–	2,217	26.2%

■ 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 shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.
- Our goal of enhancing corporate value is to maintain an ROE of 20% or greater.
- We will maintain a maximum D/E ratio of 0.5x in order to enhance corporate value and to maintain financial soundness.

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Notes

- About this document

- In this document, the Short-Term Operational Support Business is referred to as "Short-Term", and the Sales Support Business is referred to as "Sales" in some parts.
- In this document, names of services are written in an abbreviated form; "Part-Time Worker Placement" service is referred to as "Placement"; and "Part-Time Worker Payroll Management", "My Number Management", "Year-End Tax Adjustment Management", and BPO services by BOD Co., Ltd. are referred to as "BPO" in the Short-Term Operational Support Business, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012. 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."

- Short-Term Operational Support Business

- The earnings of Minimaid Service Co., Ltd., which became a consolidated subsidiary on August 31, 2018, have been included in "Outsourcing" services since the fourth quarter of the fiscal year ended December 2018.
- "BPO" services represent the aggregated total of "Part-Time Worker Payroll Management", "My Number Management", "Year-End Tax Adjustment Management", and BPO services conducted by BOD Co., Ltd.
- The figures for each service category of the Short-term Operational Support Business segment represent reference figures and have not been audited by our accounting auditor.

- Sales support business

- 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.

- Business Forecasts for FY12/19

- The business forecasts of the first half for segment net sales has not been disclosed.

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Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock
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