

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. Our Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



May 10, 2024

Consolidated Financial Results Announcement for the First Quarter of the Fiscal Year Ending December 31, 2024 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: TSE Prime Market
 Stock code: 4848
 URL: <https://www.fullcastholdings.co.jp>
 Representative: Kazuki Sakamaki, President, Representative Director and CEO
 Contact: Yasuomi Tomotake, General Manager of the IR and Finance Department
 Telephone: +81-3-4530-4830
 Date of submission of quarterly report (Planned): May 14, 2024
 Date of commencements of dividend 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 First Quarter of the Fiscal Year Ending December 31, 2024 (January 1 to March 31, 2024)

(1) Consolidated Business Results

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY12/24 (March 31, 2024)	17,133	7.3	2,356	(1.1)	2,332	(2.5)	2,202	39.5
1Q FY12/23 (March 31, 2023)	15,963	4.5	2,382	(2.7)	2,393	(3.7)	1,578	(8.6)

(Note) Comprehensive income: 2,280 million yen (38.1%) as of March 31, 2024 1,651 million yen ((7.3)%) as of March 31, 2023

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY12/24 (March 31, 2024)	62.55	62.21
1Q FY12/23 (March 31, 2023)	43.71	43.47

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
1Q FY12/24 (March 31, 2024)	41,221	27,248	64.3
FY12/23 End	38,977	26,785	65.2

(Reference) Equity: 26,522 million yen as of March 31, 2024 25,401 million yen as of December 31, 2023

2. Dividend Status

	Dividend per share (yen)				
	1Q End	1H End	3Q End	FY End	Annual
	Yen	Yen	Yen	Yen	Yen
FY12/23	-	29.00	-	32.00	61.00
FY12/24	-				
FY12/24 Forecast		31.00	-	31.00	62.00

(Note) Revision of dividend forecasts in the current first quarter: None

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2024 (January 1 to December 31, 2024)

(% = year-on-year change for each quarter and full-year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,756	4.9	4,200	(8.6)	4,202	(8.0)	2,906	(9.2)	82.54
Full year	70,500	2.2	7,200	(16.8)	7,233	(16.7)	5,045	(14.3)	143.29

(Note) Revision of consolidated business forecasts in the current first quarter: None

* Notes

(1) Important changes of subsidiaries during the current first quarter: 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 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 issued shares (Ordinary shares)

1) Number of issued shares at the term end (Including treasury shares)

Q1 FY12/24	37,486,400	FY12/23	37,486,400
Q1 FY12/24	2,272,851	FY12/23	2,277,051
Q1 FY12/24	35,211,472	1Q FY12/23	36,110,702

2) Number of treasury shares at the term end

3) Average number of shares outstanding during the current term

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

* Explanation of the proper use of 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) 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."

<Table of Contents of Appendix>

1. Qualitative Information Concerning Performance for the Current Quarter.....	2
(1) Explanation of Consolidated Operating Results.....	2
(2) Explanation of Consolidated Financial Position.....	3
(3) Explanation of Consolidated Business Forecasts.....	4
2. Quarterly Consolidated Financial Statements and Primary Notes.....	5
(1) Quarterly Consolidated Balance Sheet.....	5
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	7
(3) Notes on Quarterly Consolidated Financial Statements.....	9
(Notes on Going Concern Assumption)	9
(Notes on Significant Change of Shareholders' Equity)	9
(Segment Information and Others)	9

1. Qualitative Information Concerning Performance for the Current Quarter

(1) Explanation of Consolidated Operating Results

During the first quarter of the current fiscal year, Japan's economy continued to recover gradually due to improvements both in corporate earnings and business confidence, and continued signs of recovery in capital investments despite signs of stagnation in personal consumption. Economic conditions are expected to continue to recover gradually given the effects of various government policies under the improving employment and wage environment. However, the economic horizon remains clouded due to a number of uncertainties including rising prices, the situation in the Middle East, and fluctuations in financial and capital markets, all of which requires close attention to assess their potential impacts, in addition to risks of a downturn in Japan's economy caused by a weakening in overseas economies amid financial tightening around the world and an uncertain economic outlook in China.

With regards to the current operating environment surrounding the staffing service industry, the employment situation is showing signs of a recovery. This is indicated by a stabilization in the new job offers ratio and the jobs offers-to-applicants ratio at high levels, and the continuing improvement of the employment ratio. As for the future outlook, the operating environment is expected to continue to recover.

Against this backdrop, in the first quarter of the current fiscal year, our Group implemented group management activities to achieve our goal of "to further strengthen the business foundation to better respond to the demand related to the restart of various activities following the COVID-19 pandemic and to the labor shortage under the declining labor force, and to address the business environment where competition is expected to intensify in the spot work market, where the entry of players from other industries is also regarded as certain." Our Group also carried out marketing activities focused on boosting overall profitability of our Group, particularly in the mainstay "Placement" (Note 1) and "BPO" (Note 2) services. In addition, our Company worked to further expand its business while maximizing profits by continuing to increase productivity and promote operational efficiencies across the entire Group.

Consolidated net sales increased by 7.3% year-on-year to 17,133 million yen, due to the inclusion of profit and loss from the "Restaurant Business."

However in terms of profits, consolidated operating profit decreased by 1.1% year-on-year to 2,356 million yen and consolidated ordinary profit decreased by 2.5% to 2,332 million yen due to the drop in COVID-19-related special demand as expected and "My Number Management" special demand, despite the acquisition of the expanding customer demand related to the normalization of economic and social activities as the impact from COVID-19 subsided leading to growth in both "Placement" and "BPO" services in the "Short-Term Operational Support Business."

Profit attributable to owners of parent increased by 39.5% year-on-year to 2,202 million yen in the first quarter, due to the booking of a 1,295 million yen gain on sale of shares of subsidiaries as extraordinary income following the transfer of the consolidated subsidiary BOD Co., Ltd.

The Group transferred all its shares of its consolidated subsidiary BOD Co., Ltd. on March, 29, 2024. As a result, BOD Co., Ltd. and its subsidiaries HR Management Co., Ltd., Progress, Inc. and BPC, Inc. have been removed from the scope of consolidation. Profits and losses for the period up to the exclusion from the scope of consolidation are included in the quarterly consolidated financial statements for the first quarter of the current fiscal year.

- Notes: 1. The mainstay "Part-Time Worker Placement" service, Hayfield inc.'s staffing service specializing in the real estate industry and App X Group's job search application service are 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."

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

In the second quarter of the previous fiscal year, our Group included GLOBEAT INC., whose shares it acquired, its consolidated subsidiary GLOBEAT HOLDINGS INC., and its consolidated sub-subsidiary GLOBEAT JAPAN

INC. within the scope of consolidation. The new segment “Restaurant Business” has been created consequently as a reported segment. Moreover, on October 1, 2023, an absorption-type merger was conducted with GLOBEAT JAPAN INC. as the surviving company and GLOBEAT INC. and GLOBEAT HOLDINGS INC. as the absorbed companies.

1) Short-Term Operational Support Business

Net sales in the “Short-Term Operational Support Business” decreased by 4.8% year-on-year to 14,007 million yen due to the drop in COVID-19-related special demand as expected and “My Number Management” special demand, despite the acquisition of the expanding customer demand related to the normalization of economic and social activities as the impact from COVID-19 subsided leading to growth of the mainstay “Placement” and “BPO” services in the “Short-Term Operational Support Business.”

In terms of profits, segment profit (operating profit) totaled 2,441 million yen (a decrease of 6.1% year-on-year) mainly due to the decrease in net sales.

2) Sales Support Business

In sales of Internet access, which is a mainstay business, net sales of the “Sales Support Business” increased by 23.9% year-on-year to 832 million yen due to the good performance of sales of telecommunications products using a network of agents.

In terms of profits, segment profit (operating profit) totaled 29 million yen (compared to a segment loss of 6 million yen in the previous first quarter) due to the growth in net sales.

3) Restaurant Business

Net sales in the “Restaurant Business” were 1,702 million yen due to the continued recovery of demand in the domestic business, and segment profit (operating profit) was 142 million yen due to the effect of cuts in sales, general and administrative expenses.

Year-on-year comparisons are not stated because the “Restaurant Business” was added as a new reported segment in this second quarter of the previous year.

4) Security, Other Businesses

Net sales of “Security, Other Businesses” increased by 3.0% year-on-year to 591 million yen, mainly due to the acquisition of permanent security projects, despite a decrease in the number of temporary security projects related to COVID-19.

In terms of profits, despite the increase in net sales, segment profit (operating profit) decreased by 4.3% year-on-year to 57 million yen, mainly due to the acquisition of temporary security projects concerning COVID-19-related operations with a relatively high gross margin in the previous fiscal year.

(2) Explanation of Consolidated Financial Position

Assets, Liabilities and Net Assets

At the end of the first quarter, total assets increased by 2,244 million yen from the end of the previous fiscal year to 41,221 million yen. Equity increased by 1,121 to 26,522 million yen (equity-to-asset ratio of 64.3%), and net assets grew by 463 to 27,248 million yen.

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

With regards to assets, current assets increased by 2,322 million yen from the end of the previous fiscal year to 27,171 million yen. This increase is attributed mainly to an increase in cash and deposits by 3,547 million yen to 18,015 million yen, while notes and accounts receivable decreased by 1,016 million yen to 7,400 million yen.

Non-current assets decreased by 78 million yen from the end of the previous fiscal year to 14,051 million yen. This decline is mainly attributed to a decrease in other investments and other assets of 70 million yen to 1,754

million yen caused mainly by decreases in Leasehold deposits of 133 million to 1,023 million yen, in buildings and structures, net of 56 million yen to 656 million yen, in addition to a decrease in goodwill of 238 million yen to 5,591 million yen and an increase in deferred tax assets of 62 million yen to 539 million yen, which offset an increase in investment securities of 264 million yen to 2,589 million yen and an increase in tools, furniture and fixtures, net of 25 million to 209 million yen.

With regard to liabilities, current liabilities increased by 1,831 million yen from the end of the previous fiscal year to 11,624 million yen. This increase is mainly attributed to increases in short-term borrowings of 2,500 million yen to 3,500 million yen and in income taxes payable of 283 million yen to 1,533 million yen, which offset a decrease in other current liabilities of 443 million yen to 1,399 million yen caused mainly by a decrease in deposits received of 448 million yen to 760 million yen, and a decrease in accrued expenses of 418 million yen to 1,458 million yen.

Non-current liabilities decreased by 49 million yen from the end of the previous fiscal year to 2,350 million yen. This decrease is attributed mainly to decreases in other non-current liabilities of 40 million yen to 1,466 million yen caused mainly by a decrease in asset retirement obligations of 42 million yen to 363 million yen, and in retirement benefit liability of 9 million yen to 884 million yen.

(3) Explanation of Consolidated Business Forecasts

Our consolidated business performance in the first quarter of the current fiscal year trended steadily centered on the mainstay “Short-Term Operational Support Business” within the assumptions estimated at the beginning of the fiscal year. Since our Group’s consolidated business performance during the current consolidated first quarter was progressing at a level which does not require revising the business forecast, and since strategic investments will generate costs from the second quarter onward, our Company do not revise the consolidated business forecasts for the fiscal year ending December 2024 (first half and full-year), released on February 9, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY12/23 End (December 31, 2023)	1Q FY12/24 End (March 31, 2024)
ASSETS		
Current assets		
Cash and deposits	14,468	18,015
Notes and accounts receivable - trade	8,416	7,400
Merchandise	43	64
Supplies	30	33
Other	1,943	1,713
Allowance for doubtful accounts	(52)	(55)
Total current assets	24,849	27,171
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	712	656
Tools, furniture and fixtures, net	184	209
Land	1,145	1,145
Other, net	1	1
Total property, plant and equipment	2,042	2,011
Intangible assets		
Goodwill	5,829	5,591
Trademark right	1,650	1,629
Other	470	488
Total intangible assets	7,950	7,708
Investments and other assets		
Investment securities	2,324	2,589
Other	1,824	1,754
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	4,137	4,331
Total non-current assets	14,128	14,051
Total assets	38,977	41,221

(Million yen)

	FY12/23 End (December 31, 2023)	1Q FY12/24 End (March 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	537	578
Short-term borrowings	1,000	3,500
Accounts payable - other	1,751	1,747
Accrued expenses	1,876	1,458
Income taxes payable	1,250	1,533
Accrued consumption taxes	1,361	1,250
Provision for bonuses	177	157
Other	1,842	1,399
Total current liabilities	9,793	11,624
Non-current liabilities		
Retirement benefit liability	893	884
Other	1,506	1,466
Total non-current liabilities	2,399	2,350
Total liabilities	12,192	13,974
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	24,868	25,938
Treasury shares	(4,647)	(4,638)
Total shareholders' equity	25,007	26,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140	145
Foreign currency translation adjustment	253	291
Total accumulated other comprehensive income	394	435
Share acquisition rights	204	214
Non-controlling interests	1,181	513
Total net assets	26,785	27,248
Total liabilities and net assets	38,977	41,221

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

Quarterly Consolidated Statement of Income

[First Quarter of the Current Fiscal Year]

(Million yen)

	1Q FY12/23 (January 1 to March 31, 2023)	1Q FY12/24 (January 1 to March 31, 2024)
Net sales	15,963	17,133
Cost of sales	10,708	10,814
Gross profit	5,255	6,319
Selling, general and administrative expenses	2,872	3,963
Operating profit	2,382	2,356
Non-operating income		
Dividend income	1	1
Share of profit of entities accounted for using equity method	0	-
Revenue - advertising	19	8
Other	9	17
Total non-operating income	29	26
Non-operating expenses		
Interest expenses	2	4
Settlement payments	8	5
Share of loss of entities accounted for using equity method	-	34
Other	9	6
Total non-operating expenses	19	49
Ordinary profit	2,393	2,332
Extraordinary income		
Gain on sale of shares of subsidiaries	-	1,295
Other	-	3
Total extraordinary income	-	1,299
Extraordinary losses		
Loss on retirement of non-current assets	1	19
Total extraordinary losses	1	19
Profit before income taxes	2,392	3,612
Income taxes - current	830	1,488
Income taxes - deferred	(49)	(114)
Total income taxes	780	1,374
Profit	1,612	2,238
Profit attributable to non-controlling interests	33	36
Profit attributable to owners of parent	1,578	2,202

Quarterly Consolidated Statement of Comprehensive Income

[First Quarter of the Current Fiscal Year]

(Million yen)

	1Q FY12/23 (January 1 to March 31, 2023)	1Q FY12/24 (January 1 to March 31, 2024)
Profit	1,612	2,238
Other comprehensive income		
Valuation difference on available-for-sale securities	22	4
Foreign currency translation adjustment	18	37
Total other comprehensive income	40	42
Comprehensive income	1,651	2,280
(Comprehensive income attributable to)		
Owners of parent	1,613	2,244
Non-controlling interests	38	36

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Significant Change of Shareholders' Equity)

There are no relevant matters.

(Segment Information and Others)

[Segment information]

First Quarter of the Previous Fiscal Year (January 1 to March 31, 2023)

Information Concerning Net Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting segment				Total	Adjustment amount (Note 1)	Quarterly consolidated statement of Income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Restaurant Business	Security, Other Businesses			
Net sales							
Sales to external customers	14,718	672	-	574	15,963	-	15,963
Inter-segment sales or transfers	4	8	-	3	15	(15)	-
Total	14,722	680	-	576	15,978	(15)	15,963
Segment profit or loss (-)	2,599	(6)	-	59	2,652	(270)	2,382

- Notes: 1. (3) million yen in inter-segment eliminations and (267) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (270) million yen segment profit or loss adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit or loss is adjusted with operating profit as listed in our quarterly consolidated statement of income.

First Quarter of the Current Fiscal Year (January 1 to March 31, 2024)

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

(Million yen)

	Reporting segment				Total	Adjustment amount (Note 1)	Quarterly consolidated statement of Income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Restaurant Business	Security, Other Businesses			
Net sales							
Sales to external customers	14,007	832	1,702	591	17,133	-	17,133
Inter-segment sales or transfers	4	3	-	1	8	(8)	-
Total	14,011	835	1,702	592	17,141	(8)	17,133
Segment profit	2,441	29	142	57	2,669	(313)	2,356

- Notes: 1. (4) million yen in inter-segment eliminations and (309) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (313) 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 or loss is adjusted with operating profit as listed in our quarterly consolidated statement of income.

2. Notes Concerning Changes, etc. in Reported Segments

In the second quarter of the previous fiscal year, our Group started to include GLOBEAT INC., whose shares we acquired, its consolidated subsidiary GLOBEAT HOLDINGS INC., and its consolidated sub-subsidiary GLOBEAT JAPAN INC. within the scope of the consolidation. The new segment "Restaurant Business" was

created consequently. Moreover, segment information for the first quarter of the previous fiscal year reflects the reclassification of segments.