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MEMBERSHIP
May 14, 2021

Consolidated Financial Results Announcement for the First Quarter of the Fiscal Year Ending December 31, 2021 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
 URL: <https://www.fullcastholdings.co.jp>
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 Date of submission of quarterly report (Planned): May 14, 2021
 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, 2021 (January 1 to March 31, 2021)

(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 FY12/21 (March 31, 2021)	10,815	1.3	1,567	(7.6)	1,556	(10.9)	1,052	(7.0)
1Q FY12/20 (March 31, 2020)	10,675	5.5	1,696	6.6	1,746	8.9	1,132	6.2

(Note) Comprehensive income: 1,226 million yen (71.5%) as of March 31, 2021

715 million yen ((41.9)%) as of March 31, 2020

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FY12/21 (March 31, 2021)	28.73		28.56	
1Q FY12/20 (March 31, 2020)	30.45		30.29	

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
End 1Q FY12/21 (March 31, 2021)	23,700	17,310	69.0
FY12/20 End	23,953	17,396	68.9

(Reference) Equity: 16,357 million yen as of March 31, 2021

16,504 million yen as of December 31, 2020

2. Dividend Status

	Dividend per share (Yen)				
	1Q End	1H End	3Q End	FY End	Annual
FY12/20	-	19.00	-	22.00	41.00
FY12/21	-	-	-	-	-
FY12/21 Forecast	-	21.00	-	21.00	42.00

(Note) Revision of dividends forecast during the current first quarter: None

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2021 (January 1 to December 31, 2021)

(% = 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	21,280	(0.7)	2,750	(16.2)	2,760	(16.4)	1,826	(19.0)	49.91
Full year	45,400	5.0	6,200	1.1	6,230	0.8	4,117	0.1	112.50

(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)

2) Number of treasury shares at the term end

3) Average number of shares outstanding during the current term

1Q FY12/21	37,486,400	FY12/20	38,486,400
1Q FY12/21	1,064,340	FY12/20	1,777,898
1Q FY12/21	36,624,487	1Q FY12/20	37,158,048

* 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) 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 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

Amid the severe economic conditions that persists due to the COVID-19 pandemic, Japan's economy in the first quarter of the current fiscal year experienced some weakness including flagging personal consumption despite the ongoing recovery, as overall corporate earnings recovered with the non-manufacturing sector struggling, capital investment showed signs of a recovery as of late, and there were indications of an upward trend in business sentiment amid the severity. Economic conditions are expected to continue to undergo a recovery given the effects of various government policies and the relaxation of the state of emergency declared in response to COVID-19 to improve the level of socioeconomic activities within Japan are increased in stages. Furthermore, improvements in overseas economies are also expected to be seen. However, the economic horizon remains unclear and requires close monitoring of the impacts that the pandemic will have on the domestic and overseas economies, and on the volatility of financial and capital markets.

The current operating environment surrounding the staffing service industry remains weak due to the impacts of COVID-19, including declining numbers of new job offers and rising number of unemployed. Despite this, there are signs of resilience as the job offers-to-applicants ratio has remained stable. With regard to the future outlook, resilience is expected in the number of workers but there are also concerns of growing weakness caused by adjustments to employment conditions. Therefore, close attention needs to be paid to the influences of COVID-19.

Against this backdrop, in the first quarter, the Fullcast Group implemented group management activities to achieve our goal of "quickly restoring performance using customer-first approaches by addressing the external environment in a flexible manner." The Group also carried out marketing activities towards quick restoration of business were implemented with an emphasis on boosting overall profitability of the Fullcast Group, particularly in the mainstay "Placement" (Note 1) and "BPO" (Note 2) services. In addition, our Company made preparations to further expand its business while fortifying our capabilities as a robust organization to maximizes profits by continuing to increase productivity and promote operational efficiencies across our entire Group.

Consolidated net sales increased by 1.3% year-on-year to 10,815 million yen, compared to the previous first quarter when sales were mostly unaffected by the COVID-19 pandemic, as client demand is showing signs of recovery and Year-End Tax Adjustment Management (one of our BPO services), Dispatching and Outsourcing services in the "Short-Term Operational Support Business" grew despite the negative impacts of the reissuance and extension of Japan's state of emergency to combat the ongoing pandemic.

In terms of profits, consolidated operating profit resulted in a slim drop of 7.6% year-on-year to 1,567 million yen with consolidated ordinary profit declining only 10.9% year-on-year to 1,556 million yen, as supported by client demand showing a trend towards a recovery, despite the impacts of COVID-19.

Profit attributable to owners of parent declined by 7.0% year-on-year to 1,052 million yen, as profit attributable to non-controlling interests declined by 67 million yen due mainly to the partial sale of shares of NIHON DENKI SERVICE Co., Ltd. at the end of the previous fiscal year and exclusion of this company from the scope of consolidation.

Notes: 1. The mainstay "Part-Time Worker Placement" service is 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 Co., Ltd. are referred to as "BPO".

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 1.8% year-on-year to 9,379 million yen, compared to the previous first quarter when sales were mostly unaffected by the COVID-19 pandemic, as client demand is showing signs of recovery and Year-End Tax Adjustment Management (one of our BPO services), Dispatching and Outsourcing services grew despite the negative influence of impacts from the reissuance and

extension of Japan's state of emergency amid the ongoing pandemic.

Segment profit (Operating profit) resulted in a slim drop of 2.3% year-on-year to 1,744 million yen as supported by client demand showing a trend towards a recovery, despite the impacts of COVID-19.

2) Sales Support Business

Net sales of the "Sales Support Business" decreased by 4.6% year-on-year to 865 million yen, due mainly to the impact of COVID-19 on the entertainment business and the exclusion of NIHON DENKI SERVICE Co., Ltd. from the scope of consolidation.

Segment profit (Operating profit) decreased by 145.7% year-on-year, resulting in a loss of 34 million yen due mainly to the drop in net sales.

3) Security, Other Businesses

Net sales of the "Security, Other Businesses" increased by 3.6% year-on-year to 571 million yen due mainly to increases in permanent security and temporary security projects, despite the challenging environment faced by temporary security projects under Japan's state of emergency.

Segment profit (Operating profit) increased by 26.3% year-on-year to 79 million yen due to the increase in net sales.

(2) Explanation of Consolidated Financial Position

Assets, Liabilities and Net Assets

At the end of the first quarter, total assets decreased by 253 million yen from the end of the previous fiscal year to 23,700 million yen. Equity decreased by 146 to 16,357 million yen (Equity ratio of 69.0%), and net assets decreased by 86 to 17,310 million yen.

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

With regards to assets, current assets declined by 380 million yen from the end of the previous fiscal year to 18,924 million yen. This decline is attributed mainly to falls in cash and deposits of 462 to 12,847 million yen and in notes and accounts receivable-trade of 175 to 5,496 million yen, which offset an increase in other under current assets of 242 to 555 million yen caused mainly by increases in accounts receivable-other of 161 to 213 million yen and suspense payments of 76 to 85 million.

Non-current assets increased by 127 million yen from the end of the previous fiscal year to 4,776 million yen. This increase is attributed mainly to an increase in investment securities of 221 to 2,142 million yen, which offset a decline in goodwill of 50 to 724 million yen.

With regard to liabilities, current liabilities decreased by 150 million yen from the end of the previous fiscal year to 5,560 million yen. This decrease is attributed mainly to declines in accrued consumption taxes of 295 to 909 million yen, income taxes payable of 282 to 232 million yen, and accrued expenses of 258 to 968 million yen, and offset increases in accounts payable-other of 85 to 1,252 million yen, provision for bonuses of 161 to 261 million yen, and in other under current liabilities of 419 to 837 million yen due primarily to a decline in social insurance deposits of 228 to 39 million yen and an increase in withholding income tax deposits of 642 to 740 million yen.

Non-current liabilities decreased by 17 million yen from the end of the previous fiscal year to 830 million yen. This decrease is mainly attributed to a decrease in other under non-current liabilities of 27 to 129 million yen caused mainly by a decline in long-term deposits received of 20 million yen to 0 yen, and despite an increase in retirement benefit liability of 10 to 701 million yen.

(3) Explanation of Consolidated Business Forecasts

Our consolidated business results in the first quarter progressed steadily primarily in the mainstay “Short-Term Operational Support Business” at an attainment rate of operating profit versus the forecast for the first half of over 50%. Since this pace does not necessitate revisions to our business forecasts, the Company has not made changes to the first half and full-year consolidated business forecasts for the fiscal year ending December 31, 2021 and they released on February 12, 2021.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY12/20 End (December 31, 2020)	1Q FY12/21 End (March 31, 2021)
ASSETS		
Current assets		
Cash and deposits	13,309	12,847
Notes and accounts receivable - trade	5,671	5,496
Merchandise	22	31
Supplies	13	14
Other	313	555
Allowance for doubtful accounts	(24)	(19)
Total current assets	19,304	18,924
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	264	258
Tools, furniture and fixtures, net	186	173
Land	184	184
Other, net	1	0
Total property, plant and equipment	634	615
Intangible assets		
Goodwill	774	724
Other	321	308
Total intangible assets	1,096	1,033
Investments and other assets		
Investment securities	1,921	2,142
Other	1,042	1,023
Allowance for doubtful accounts	(44)	(37)
Total investments and other assets	2,919	3,128
Total non-current assets	4,649	4,776
Total assets	23,953	23,700

(Million yen)

	FY12/20 End (December 31, 2020)	1Q FY12/21 End (March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	21	48
Short-term borrowings	1,000	1,000
Accounts payable - other	1,167	1,252
Accrued expenses	1,226	968
Income taxes payable	514	232
Accrued consumption taxes	1,204	909
Provision for bonuses	100	261
Allowance for subscription cancellations	60	54
Other	417	837
Total current liabilities	5,710	5,560
Non-current liabilities		
Retirement benefit liability	691	701
Other	156	129
Total non-current liabilities	847	830
Total liabilities	6,557	6,390
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	14,721	13,224
Treasury shares	(3,099)	(1,909)
Total shareholders' equity	16,408	16,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128	242
Foreign currency translation adjustment	(33)	14
Total accumulated other comprehensive income	95	256
Share acquisition rights	162	171
Non-controlling interests	730	782
Total net assets	17,396	17,310
Total liabilities and net assets	23,953	23,700

(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 FY12/20 (January 1 to March 31, 2020)	1Q FY12/21 (January 1 to March 31, 2021)
Net sales	10,675	10,815
Cost of sales	6,016	6,820
Gross profit	4,660	3,995
Selling, general and administrative expenses	2,964	2,428
Operating profit	1,696	1,567
Non-operating income		
Dividend income	1	1
Share of profit of entities accounted for using equity method	39	6
Revenue-advertising	-	12
Other	28	17
Total non-operating income	68	36
Non-operating expenses		
Interest expenses	2	2
Settlement package	5	29
Other	11	16
Total non-operating expenses	18	47
Ordinary profit	1,746	1,556
Extraordinary income		
Gain on sale of investment securities	-	20
Other	-	2
Total extraordinary income	-	22
Extraordinary losses		
Loss on retirement of non-current assets	2	4
Total extraordinary losses	2	4
Profit before income taxes	1,744	1,575
Income taxes - current	603	599
Income taxes - deferred	(67)	(87)
Total income taxes	535	512
Profit	1,209	1,063
Profit attributable to non-controlling interests	77	10
Profit attributable to owners of parent	1,132	1,052

Quarterly Consolidated Statement of Comprehensive Income
 [First Quarter of the Current Fiscal Year]

(Million yen)

	1Q FY12/20 (January 1 to March 31, 2020)	1Q FY12/21 (January 1 to March 31, 2021)
Profit	1,209	1,063
Other comprehensive income		
Valuation difference on available-for-sale securities	(445)	115
Foreign currency translation adjustment	(49)	47
Total other comprehensive income	(494)	163
Comprehensive income	715	1,226
(Comprehensive income attributable to)		
Owners of parent	666	1,213
Non-controlling interests	49	12

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Significant Change of Shareholders' Equity)

(Cancellation of treasury shares)

The Company cancelled 1,000,000 treasury shares on February 16, 2021 based on the resolution passed at the meeting of the Board of Directors held on February 12, 2021. As a result, in the current first quarter, retained earnings and treasury shares each declined by 1,742 million yen, and as of the end of the quarter, retained earnings totaled 13,224 million yen and treasury shares, 1,909 million yen.

(Segment Information and Others)

[Segment information]

First Quarter of the Previous Fiscal Year (January 1 to March 31, 2020)

Information Concerning 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	Security, Other Businesses			
Net sales						
Sales to external customers	9,217	907	551	10,675	-	10,675
Inter-segment sales or transfers	3	-	3	6	(6)	-
Total	9,220	907	554	10,681	(6)	10,675
Segment profit	1,785	74	62	1,921	(225)	1,696

- Notes: 1. (0) million yen in inter-segment eliminations and (225) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (225) 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 is adjusted with operating profit as listed in quarterly consolidated statement of income.

First Quarter of the Current Fiscal Year (January 1 to March 31, 2021)

Information Concerning 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	Security, Other Businesses			
Net sales						
Sales to external customers	9,379	865	571	10,815	-	10,815
Inter-segment sales or transfers	3	3	2	8	(8)	-
Total	9,382	869	573	10,823	(8)	10,815
Segment profit or loss (-)	1,744	(34)	79	1,788	(221)	1,567

- Notes: 1. (2) million yen in inter-segment eliminations and (218) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (221) 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 quarterly consolidated statement of income.

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

There are no material changes regarding the assumptions regarding the impacts of the COVID-19 pandemic stated in the securities report for the previous fiscal year, “Additional Information”, “Accounting Estimates Associated with the COVID-19 Pandemic”.

(Treatment of Application of Tax Effect Accounting Related to the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

Regarding the transition to a Group Tax Sharing System newly established under the Act Partially Amending the Income Tax Act and Other Acts (No. 8 of 2020), and the reviewed matters of the Non-Consolidated Taxation System when transitioning to a Group Tax Sharing System, Fullcast Holding and some of its subsidiaries have not applied the provisions of paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28; February 16, 2018) due to the treatment stipulated in paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39; March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law prior to amendment.