

Securities Report
for the Fiscal Year
Ended December 31, 2022

(The English Translation of the “Yukashoken-Houkokusho”
for the Fiscal Year Ended December 31, 2022)

Fullcast Holdings Co., Ltd.

This document has been translated from the Japanese original text of the “Yukashoken-Houkokusho” for reference purposes only. While our best efforts were made to ensure the accuracy of the English translation, the Japanese original shall prevail if any discrepancies between the translation and the Japanese original arise. Furthermore, Fullcast Holdings Co., Ltd. cannot be held responsible for this translation or for direct, indirect or any other damages arising from the translation.

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[Form Submitted]	Securities Report
[Legal Basis]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted To]	Director of the Kanto Local Finance Bureau
[Date Submitted]	March 27, 2023
[Fiscal Year]	FY12/22 (January 1 to December 31, 2022)
[Company Name]	Fullcast Holdings Co., Ltd.
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[Location to Submit to Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1: Corporate Information

Part 1: Corporate Overview

1. Trends in Key Performance Indicators

(1) Consolidated Performance Indicators

Term	Term 26	Term 27	Term 28	Term 29	Term 30
Date of settlement	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022
Net sales (Million yen)	38,852	44,479	43,226	52,366	64,645
Ordinary profit (Million yen)	5,286	7,064	6,180	7,624	9,884
Profit attributable to owners of parent (Million yen)	3,310	4,644	4,113	5,012	6,622
Comprehensive income (Million yen)	3,406	5,326	3,844	5,235	6,877
Net assets (Million yen)	13,049	16,213	17,396	20,579	24,928
Total assets (Million yen)	19,808	23,464	23,953	29,484	35,604
Net assets per share (Yen)	331.68	415.71	449.58	535.40	657.21
Basic earnings per share (Yen)	87.90	124.59	111.69	137.34	183.11
Diluted earnings per share (Yen)	87.48	123.94	111.04	136.70	182.14
Equity-to-asset ratio (%)	63.0	65.8	68.9	66.2	66.7
Rate of return on equity (%)	28.4	33.3	25.7	27.8	30.6
Price-earnings ratio (Times)	20.4	20.0	14.4	17.9	15.4
Net cash provided by (used in) operating activities (Million yen)	4,474	5,408	3,979	6,368	6,796
Net cash provided by (used in) investing activities (Million yen)	(2,870)	8	(89)	(99)	(958)
Net cash provided by (used in) financing activities (Million yen)	(2,508)	(2,073)	(2,472)	(2,168)	(2,622)
Cash and cash equivalents at end of period (Million yen)	8,467	11,811	13,309	17,410	20,626
Number of employees (Others, average number of temporary employees)	1,013 (1,110)	1,060 (1,244)	1,174 (1,269)	1,244 (1,521)	1,279 (1,790)

Note: Our Company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the Term 30. The key performance indicators related to the Term 30 represent the indicators after application of this accounting standard.

(2) Performance Indicators for Submitting Companies

Term	Term 26	Term 27	Term 28	Term 29	Term 30
Date of settlement	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022
Operating revenue (Million yen)	5,741	6,845	7,035	6,481	8,062
Ordinary profit (Million yen)	3,552	4,547	4,845	4,311	5,696
Profit (Million yen)	2,462	3,639	4,659	3,804	5,138
Share capital (Million yen)	2,780	2,780	2,780	2,780	2,780
Total number of issued shares (Shares)	38,486,400	38,486,400	38,486,400	37,486,400	37,486,400
Net assets (Million yen)	8,356	10,316	12,098	13,798	16,386
Total assets (Million yen)	11,434	13,437	14,681	17,287	20,176
Net assets per share (Yen)	220.18	274.42	325.13	374.67	449.56
Dividend paid per share (Yen)	32.00	40.00	41.00	44.00	58.00
(interim dividend paid per share) (Yen)	(14.00)	(19.00)	(19.00)	(21.00)	(23.00)
Basic earnings per share (Yen)	65.37	97.63	126.52	104.25	142.08
Diluted earnings per share (Yen)	65.06	97.12	125.79	103.77	141.33
Equity-to-asset ratio (%)	72.4	75.9	81.3	79.0	80.5
Rate of return on equity (%)	31.1	39.4	42.1	29.7	34.4
Price-earnings ratio (Times)	27.4	25.5	12.7	23.6	19.9
Payout ratio (%)	49.0	41.0	32.4	42.2	40.8
Number of employees	87	89	93	94	96
(Others, average number of temporary employees)	(209)	(184)	(167)	(165)	(166)
Total shareholder return (index for comparison: TOPIX including dividends) (%)	78.9 (84.0)	110.9 (99.3)	74.3 (106.6)	113.3 (120.2)	131.5 (117.2)
Highest share price (Yen)	2,948	2,538	2,723	3,225	3,245
Lowest share price (Yen)	1,603	1,595	969	1,510	1,976

Notes: 1. Our Company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the Term 30. The key performance indicators related to the Term 30 represent the indicators after application of this accounting standard.

2. The highest and lowest share prices are those quoted on the First Section of the Tokyo Stock Exchange before April 3, 2022, and those quoted on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.

2. Corporate History

- Sept. 1990 Established Resort World Co., Ltd. in Minato-ku, Tokyo
- Sept. 1992 Changed our Company name to Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.)
- Oct. 1992 Began short-term business contracting
- Oct. 1994 Moved our head office to Shibuya-ku, Tokyo
- Jan. 1995 Signed a franchise contract with Fullcast Osaka Co., Ltd.*, located in Chuo-ku, Osaka
- Sept. 1995 Established Seiwa Service Co., Ltd.* in Shinjuku-ku, Tokyo
- Jan. 1996 Established Entry Co., Ltd.* in Kodaira-shi, Tokyo
- Oct. 1997 Established Fullcast Lady Co., Ltd.*
- May 1998 Changed the name of Kanagawa School Entrance Research Association Co., Ltd. to Fullcast With Co., Ltd.
- Oct. 1998 Fullcast With Co., Ltd. was approved to conduct general worker dispatching
- Jan. 1999 Newly established a factory business section, and began the factory-line contracting business
Fullcast Lady Co., Ltd.* was approved to conduct general worker dispatching
- Apr. 1999 Fullcast With Co., Ltd. was approved to engage in the employment placement business
- June 1999 Merged with Fullcast Osaka Co., Ltd.,* Entry Co., Ltd.,* Dual Support Co., Ltd.*
- Nov. 1999 Established Fullcast System Consulting Co., Ltd.*
- Mar. 2000 Established Fullcast HR Consulting Co., Ltd.* and commenced business after acquiring Fullcast With Co., Ltd.'s personnel consulting department in April of the same year
- Sept. 2000 Established Fullcast Factory Co., Ltd., and commenced business after acquiring the Factory department in October of the same year
- June 2001 Listed shares on an Over-The-Counter Market (currently Tokyo Stock Exchange JASDAQ, Standard)
- Apr. 2002 Established Fullcast Central Co., Ltd. by merging with Central Motor Co., Ltd. and Daisho Industry Co., Ltd. and began our factory-line contracting business that caters specifically to the automobile industry
- Oct. 2002 Fullcast With Co., Ltd. and Fullcast System Consulting Co., Ltd. merged, and the name of the merged company was changed to Fullcast Technology Co., Ltd.
Assumed part of Fullcast Lady Co., Ltd.'s business through an absorption-type split. Fullcast Lady Co., Ltd. specializes in office-type short-term business contracting and dispatching, and changed its name to Fullcast Office Support Co., Ltd.*
- Jan. 2003 Fullcast Office Support Co., Ltd.* was approved to engage in employment placement business
Fullcast HR Consulting Co., Ltd. merged with Fullcast Office Support Co., Ltd.*
- Sept. 2003 Listed our shares on the Second Section of the Tokyo Stock Exchange
- June 2004 Acquired 100% ownership of Apayours Co., Ltd. through stock swap
- July 2004 Fullcast Technology Co., Ltd. was approved to conduct general worker dispatching
- Sept. 2004 Moved our shares to the First Section of the Tokyo Stock Exchange
- Oct. 2004 Established Fullcast Finance Co., Ltd.
- Nov. 2004 Approved to conduct general worker dispatching
- Mar. 2005 Acquired 100% ownership of Human Resources Research Institute Inc.* through transfer of shares
Acquired naming rights for Tohoku Rakuten Golden Eagles' home stadium, "Fullcast Stadium Miyagi" (in October 2007 we dissolved our contract, and declined use of the name)
- June 2005 Established an American Depositary Receipt (ADR) Program
- Oct. 2005 Fullcast Office Support Co., Ltd. merged with Human Resources Research Institute Inc., and changed their name to Fullcast

	HR Institute Co., Ltd.*
	Asia Pacific System Research Co., Ltd. became a subsidiary through third-party allocation of shares and transfer of shares.
	Fullcast Technology Co., Ltd. listed its shares on an Over-The-Counter market (Currently Tokyo Stock Exchange JASDAQ, Standard)
May 2006	Acquired 100% ownership of Nihon Security Guard Co., Ltd. (currently Fullcast Advance Co., Ltd., now a consolidated subsidiary) through transfer of shares
June 2006	Acquired 100% ownership of Exe Outsourcing Co., Ltd. (currently F-PLAIN Corporation, now a consolidated subsidiary) through transfer of shares
May 2007	Acquired 100% ownership of Info-P Co., Ltd. through stock swap
June 2007	Net It Works, Inc. became a subsidiary through transfer of shares
July 2007	Transferred all shares held in Apayours Co., Ltd. to its founder
Oct. 2008	Transitioned to a pure holding company system through new division of corporate functions, and changed our corporate name to Fullcast Holdings Co., Ltd. All business relating to sales is performed by Fullcast HR Institute Co., Ltd.*
Nov. 2008	All shares held in Asia Pacific System Research Co., Ltd. acquired by Canon Electronics Inc. in a takeover bid
Mar. 2009	Transferred all shares held in Info-P Co., Ltd.
May 2009	Transferred all shares held in Fullcast Finance Co., Ltd.
June 2009	Transferred all shares held in Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd.
Aug. 2009	Transferred all shares held in Net It Works, Inc.
June 2010	Integrated head office functions of our Company and all Group companies (excluding Fullcast Technology Co., Ltd., East Communication Inc. (currently F-PLAIN Corporation, now a consolidated subsidiary) and EKO-SYSTEM Inc. (currently F-PLAIN Corporation, now a consolidated subsidiary))
May 2011	Fullcast Marketing Co., Ltd. (currently F-PLAIN Corporation, now a consolidated subsidiary) was changed to an equity method affiliate through a partial transfer of shares and allocation of new shares to a third party
	A takeover bid for Fullcast Technology Co., Ltd. was offered by Yumeshin Holdings Co., Ltd. and all shares owned were transferred
Apr. 2012	Acquired 100% ownership of Otetsudai Networks, Inc. (now a consolidated subsidiary) through transfer of shares
Oct. 2012	With the implementation of the Revised Worker Dispatching Act, Fullcast Co., Ltd. and Top Spot Co., Ltd. started services including the “Part-Time Worker Placement” and “Part-Time Worker Payroll Management” services
Jan. 2016	Launched “My Number Management” service
Feb. 2016	Established Work & Smile Co., Ltd., with operations started in July of the same year
Mar. 2016	Acquired shares of Beat Co., Ltd. and converted it to an equity method affiliate
Aug. 2016	Acquired shares of Dimension Pockets Co., Ltd., and made it a consolidated subsidiary
Oct. 2016	Launched “Year-End Tax Adjustment Management” service
Nov. 2016	Established Fullcast Senior Works Co., Ltd., with operations started in March 2017
Jan. 2017	Acquired shares of equity method affiliate F-PLAIN Corporation, making it a consolidated subsidiary
Mar. 2017	Established Fullcast Porter Co., Ltd., with operations started in July of the same year
May 2017	Launched “Resident Tax Update Admin Work Management” service
Jan. 2018	Acquired the shares of BOD Co., Ltd., making it a consolidated subsidiary
June 2018	Acquired shares of DeliArt Co., Ltd. and converted it to an equity method affiliate
June 2018	Established Fullcast Global Co., Ltd., with operations started in October of the same year

Aug. 2018	Acquired shares of Advancer Global Limited and converted it to an equity method affiliate
Aug. 2018	Acquired shares of Minimaid Service Co., Ltd., making it a consolidated subsidiary
Mar. 2019	Acquired shares of NIHON DENKI SERVICE Co., Ltd. and converted it to a non-consolidated equity method affiliate
Aug. 2019	Established Fullcast International Co., Ltd., with operations started in December of the same year
Dec. 2019	Transferred all the owned shares of Dimension Pockets Co., Ltd.
Jan. 2020	Made non-consolidated equity method affiliate NIHON DENKI SERVICE Co., Ltd. a consolidated subsidiary
Jan. 2020	Acquired the shares of HR Management Co., Ltd., making it a consolidated subsidiary
Dec. 2020	Transferred part of the owned shares of NIHON DENKI SERVICE Co., Ltd. and removed it from the scope of consolidation
Apr. 2021	Acquired the shares of Progress, Inc., making it a consolidated subsidiary
July 2021	BOD Alpha Co., Ltd. and HR Management Co., Ltd. executed an absorption-type merger where BOD Alpha Co., Ltd. was the surviving company and HR Management Co., Ltd. was the extinct company, with the new company renamed HR Management Co., Ltd.
Apr. 2022	Transferred from the First Section of the Tokyo Stock Exchange to the Prime Market due to its market restructuring
May 2022	Acquired the shares of Hayfield inc., making it a consolidated subsidiary

*Currently Fullcast Co., Ltd. (now a consolidated subsidiary)

3. Description of Business

Our Fullcast Group is expanding the “Short-Term Operational Support Business” (providing timely short-term personnel services in response to changes in the amount of work at client companies), the “Sales Support Business” (mainly engaging in agency sales of telecommunications products and others focused on distributor networks and call center operations), and the “Security, Other Businesses” (providing security services mainly for public facilities and ordinary corporations, others.).

The following business segments are identical to the classification of the reporting segments contained in the segment information listed in “Part 5: Financial Conditions, 1 (1) Consolidated Financial Statements, Notes.”

Short-Term Operational Support Business (Short-term personnel services, human resource services for event operation, payroll management outsourcing services, other services)

[Main companies] Fullcast Co., Ltd.
Top Spot Co., Ltd.
Work & Smile Co., Ltd.
Fullcast Senior Works Co., Ltd.
Fullcast Porter Co., Ltd.
Otetsudai Networks Inc.
Fullcast Advance Co., Ltd.
BOD Co., Ltd.
HR Management Co., Ltd.
Progress, Inc.
Fullcast Global Co., Ltd.
Minimaid Service Co., Ltd.
Fullcast International Co., Ltd.
Hayfield inc.

Sales Support Business (Distributor sales and call center operations, other services)

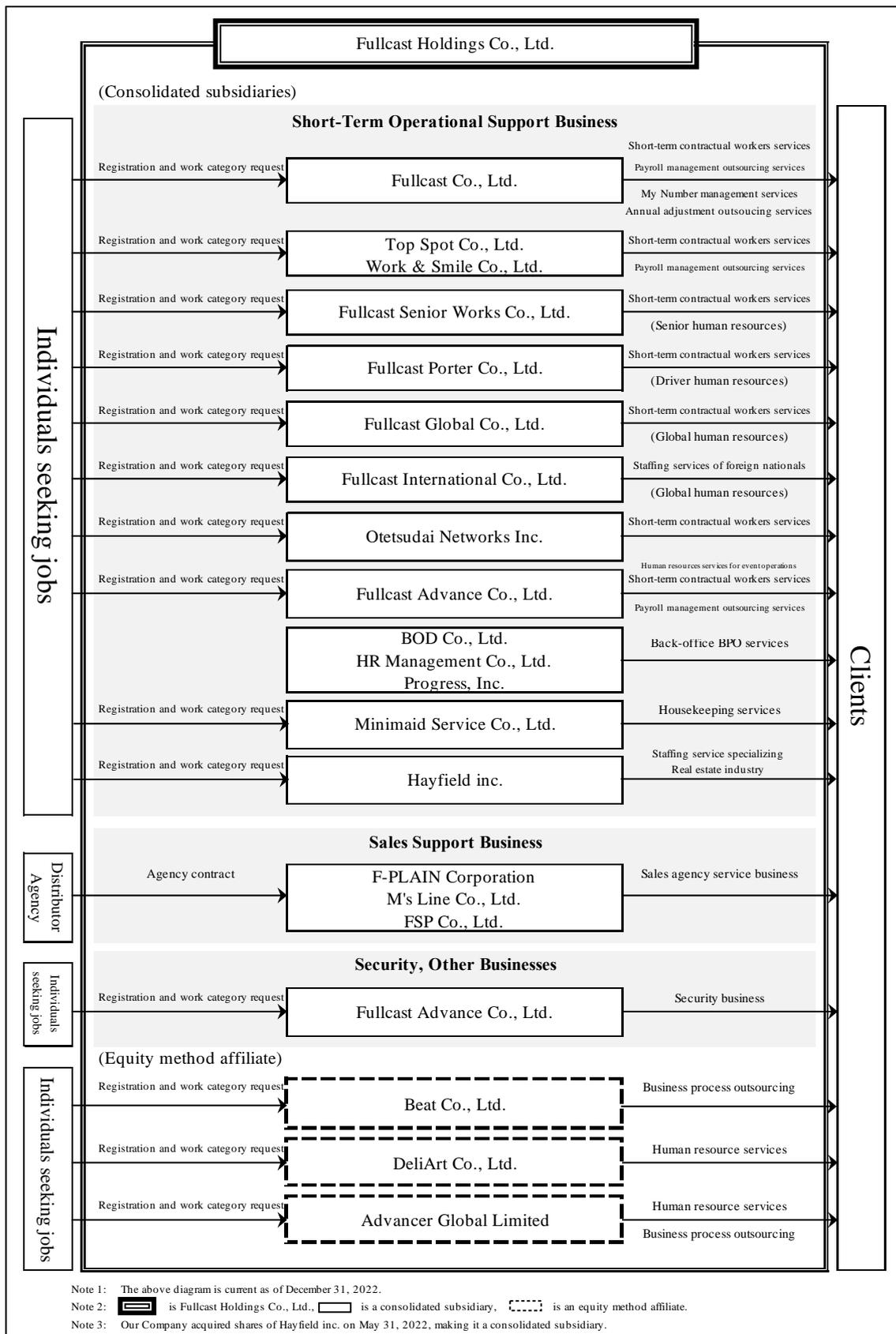
[Main companies] F-PLAIN Corporation
M’s Line Co., Ltd.
FSP Co., Ltd.

Security, Other Businesses (Security business, other services)

[Main companies] Fullcast Advance Co., Ltd.

Please note that Fullcast Holdings Co., Ltd. is a specified listed company falling under the category of a specified listed company, and de minimis standards for material facts concerning insider trading regulations will be judged based on consolidated data.

A diagram of our business activities is shown below:



4. Overview of affiliated entities

Company	Location	Share capital (Million yen)	Major business activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiaries) Fullcast Co., Ltd. (Notes 3, 6)	Shinagawa-ku, Tokyo	100	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd. (Notes 6)	Shinagawa-ku, Tokyo	113	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Work & Smile Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Senior Works Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Porter Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Global Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast International Co., Ltd.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	51.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1
Otetsudai Networks Inc.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
BOD Co., Ltd.	Toshima-ku, Tokyo	80	Short-Term Operational Support Business	51.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
HR Management Co., Ltd.	Toshima-ku, Tokyo	20	Short-Term Operational Support Business	51.0 (51.0)	- Provides services such as management advice and system leases.
Progress, Inc.	Toshima-ku, Tokyo	50	Short-Term Operational Support Business	60.0 (60.0)	- Provides services such as management advice and system leases.

Minimaid Service Co., Ltd.	Shibuya-ku, Tokyo	30	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Hayfield inc.	Shinagawa-ku, Tokyo	4	Short-Term Operational Support Business	100.0	- Provides services such as system leases. - Concurrent directorates: 1
F-PLAIN Corporation	Minato-ku, Tokyo	80	Sales Support Business	78.2	- Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 2
M's Line Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	- Provides services such as management advice and system leases.
FSP Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	- Provides services such as management advice and system leases.
Fullcast Advance Co., Ltd.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as management advice, business outsourcing, and system leases. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
			Security, Other Businesses		
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Company-wide	100.0	- Sublets a part of our rented building to this company for office use. - Provides services such as business outsourcing and system leases. - Provides financial support: borrowing and lending operating capital
(Equity method affiliate) Beat Co., Ltd.	Yokohama-shi, Kanagawa	50	Business process outsourcing Worker dispatch business	30.0	- Concurrent directorates: 1
DeliArt Co., Ltd.	Chiyoda-ku, Tokyo	43	Worker dispatch business	20.0	-
Advancer Global Limited (Notes 2)	Singapore	(million Singapore dollars) 41	Employment services Facility management services	25.9	- Concurrent directorates: 1

- Notes:
1. The "Major business activities" field for consolidated subsidiaries category follows the business segment classification.
 2. The share capital of Advancer Global Limited is the amount as of June 30, 2022.
 3. Specified subsidiary.
 4. The voting shares indicated in parentheses represents the ratio of voting rights held indirectly.
 5. None of the companies have submitted securities report or securities registration statement.
 6. Sales by Fullcast Co., Ltd. and Top Spot Co., Ltd. account for over 10% of consolidated net sales (excluding internal sales among consolidated companies).

	Key Information about Profit and Loss		(Million yen)
	Fullcast Co., Ltd.	Top Spot Co., Ltd.	
Net sales	43,109	6,742	
Ordinary profit	6,152	684	
Profit	4,244	467	
Net assets	4,377	738	
Total assets	11,158	1,752	

5. Number of Employees

(1) Status of Consolidated Companies

(As of December 31, 2022)

Name of Segment	Number of Employees
Short-Term Operational Support Business	1,021 [1,539]
Sales Support Business	74 [53]
Security, Other Businesses	54 [21]
Company-wide (Shared)	130 [177]
Total	1,279 [1,790]

- Notes:
1. “Number of employees” is the number of employees engaged in work, and the average annual number of temporary employees is listed within parentheses.
 2. The number of employees listed as “Company-wide (shared)” indicates the number of employees who belong to administrative departments who cannot be assigned to specific business segments.
 3. In the “Short-Term Operational Support Business,” the number of employees and temporary employees increased by 40 and 293, respectively, compared to the end of the previous consolidated fiscal year. This was mainly due to an increase in new and mid-career hires of employees and an increase in employees following the consolidation of Hayfield inc. as well as the filling in part-time workers.

(2) Status of the Submitting Company

(As of December 31, 2022)

Number of Employees	Average Age (Years old)	Average Years of Service	Average Annual Salary (Thousand yen)
96 [166]	38.7	10 years and 8 months	5,209

- Notes:
1. “Number of employees” is the number of employees engaged in work, and the average annual number of temporary employees is listed within parentheses.
 2. “Average annual salary” includes bonuses and additional wages.
 3. Our Company’s employees mainly perform management and planning related to the our Group, and they are included in the Company-wide (shared) category.

(3) Status of Labor Unions

No enterprise unions have been formed within our Company or Group. Regarding labor-management relations, there are no items worthy of special mention.

Part 2: State of Business

1. Management Policy and Environment, and Issues to Be Addressed

(1) Fundamental Management Policies

Our Group considers the “sustained improvement of corporate value” to be one of its most important management issues.

We manage our business by focusing upon capital efficiency and identify ROE as a target indicator to reflect “improvement of corporate value” with the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our Company.

(2) Target Management Indicators

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor to maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 1.0 time to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. Our Group also seek to achieve an ROE of over 20% as a target indicator of “improvement of corporate value.”

(3) Medium- to Long-Term Management Strategies

With the highest priority assigned to compliance as the basic assumption of our management, we are working toward greater business growth centered on our “Short-Term Operational Support Business” and by ensuring that our Group-wide corporate governance leverages the functionality of our holding company.

In addition, under “Medium-Term Management Plan 2024,” we will achieve business growth centered on the “Short-Term Operational Support Business,” aspiring toward a new record high consolidated operating profit of 10 billion yen in the fiscal year ending December 2024, the final year of the plan.

(4) Management Environment and Key Management Issues

Management Environment

With regards to the current operating environment surrounding the staffing service industry, in which our Group mainly operates, the employment situation is recovering, as reflected by the continuing decline in the number of unemployed and the improvement in the number of new job offers and the new jobs offers-to-applicants ratio. As for the future outlook, the operating environment is expected to continue to recover.

Our Group’s mainstay segment of “Short-Term Operational Support Business” accounts for a high percentage of our Group’s consolidated net sales and operating profit at around 90%. The “Short-Term Operational Support Business” segment engages in the 4 services of placement, BPO, dispatching and outsourcing, and provides short-term staffing services in a timely manner based on changes in workload at customer companies. Against a backdrop of the declining labor force population in Japan recently, our Company recognizes that the “Short-Term Operational Support Business” is moving from the conventional domain of providing necessary human resources in response to gaps in the busy period and slow periods of clients to business domains for part-time workers directly hired by companies to maintain the minimum necessary workforce. Going forward, we will endeavor to alleviate workers shortages in Japan by providing more sophisticated short-term staffing services.

Key Management Issues

Our Group has established the “Medium-Term Management Plan 2024” and has been working to fulfill this plan. In the fiscal year ending December 2023, the second fiscal year of the plan, our Group will focus on the main management issue of “Aiming for the creation of the Group structure to flexibly address changes in the business environment, and business expansion by improving customer satisfaction based on further service improvement including DX,” and make efforts to resolve this issue. In implementing our management policy in “Part 2: State of

Business, 1. Management Policy and Environment, and Issues to be Addressed (1) to (3)” and the medium- to long-term management strategies, our Group recognizes that the business and financial issues to address with prioritize are as follows.

1) Sustained Improvement of Corporate Value

As stated in “Part 2: State of Business, 1. Management Policy and Environment, and Issues to be Addressed (1) Fundamental Management Policies,” we consider the “sustained improvement of corporate value” as one of our most important management issues. Accordingly, we will manage our businesses by focusing upon capital efficiency through the maintenance of an appropriate level of shareholder equity while at the same time continuing to return profits to shareholders. In addition, we seek to realize further expansion of profits in the “Placement” (Note 1) and “BPO” (Note 2) services in the Short-Term Operational Support Business, which is the main business of our Group.

In addition, we will continue to emphasize compliance-first management and strive to maintain and improve it while placing the highest priority on winning the trust of all stakeholders in our business operations.

Notes: 1. The mainstay “Part-Time Worker Placement” service and the recruitment agency services specializing in the real estate industry provided by Hayfield inc. are referred to as “Placement.”

2. The mainstay “Part-Time Worker 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.”

2) Achievement of “Medium-Term Management Plan 2024”

Based on “Medium-Term Management Plan 2024,” we will work toward achieving the target of a “new record high consolidated operating profit of 10 billion yen in the final year of the plan.”

An outline of “Medium-Term Management Plan 2024” is presented below.

a) Applicable Period

Three years from the fiscal year ended December 2022 to the fiscal year ending December 2024

b) Numerical Targets

Consolidated operating profit of 10 billion yen in the fiscal year ending December 2024

c) Key Performance Indicators (KPI)

Indicators for achieving “sustained improvement of corporate value”	: ROE of 20% or higher
Indicators related to shareholder returns	: Total return ratio of 50%
Indicators supporting “basic capital policy”	: D/E ratio 1.0 times (upper)

d) Summary of Business Strategy

■ Short-Term Operational Support Business

- Integrate online and real-life using DX to further improve the service level provided to both staff and clients alike resulting in business growth

■ New Businesses and M&A

- Expand businesses established under the previous Medium-Term Management Plan
- Actively invest in M&A to take our business portfolio to the next stage of growth

■ Sales Support Business

- Expand the business by strengthening sales capabilities, diversifying product offerings, and horizontally expanding the entertainment business

■ Security, Other Businesses

- Increase the number of stable permanent security projects, increase collaboration with other companies, and expand Group synergies

3) Business Targets for the Fiscal Year Ending December 2023

With “Aiming for create of the Group structure to flexibly address changes in the business environment, and business expansion by improving customer satisfaction based on further service improvement including DX” as its target for the fiscal year ending December 2023, our Group will further expand its business centered on the mainstay “Short-Term Operational Support Business.” In addition, our Group will work on the following measures in the fiscal year ending December 2023 in order to improve our value as a Group by building a Group-wide coordination system and enhancing our ability to respond to change.

- DX-related measures
 - Move registration procedures, contracts, and various ledgers for clients online
 - Improve web-based staffing order system and upgrade matching system
 - Update the “Cast Portal,” the dedicated website for registered staff, and its app version
 - Promote work efficiency by utilizing RPA
- Continue opening new offices (around 10 new offices annually)
- Rolling out a public sector sales department regionally
- Share our Group’s client data and assign talented individuals to appropriate positions
- Develop specialized recruitment business into multi-industry
- Continue to expand logistics subcontracting business and various BPO, and increase collaboration between Group companies related to staffing human resources
- Further examine M&A opportunities to expand group synergies

2. Risks Associated with Our Businesses

The main risks recognized by management with the potential to seriously impact our consolidated financial condition, business results, cash flow conditions among the matters concerning the business and accounting conditions appearing in our securities report, are as follows. As part of our policy of proactive disclosure of information to investors, descriptions of risks may also include matters that do not necessarily fall under the category of business risks, but those which may be regarded as important factors for investors in making investment decisions or understanding our Group’s business activities.

Furthermore, the possibility or timing for these risks to emerge and the impact for our Group’s business results if these risks will materialize, are not included because of the difficulty in making reasonable assessments of these.

Our Group seeks to proactively identify potential business risks, prevent their occurrence and take adequate measures to address them should they appear. The following statements may contain potential risk factors which may occur in the future, and they are based on our best judgment as of the date of reporting of these securities report.

(1) Fullcast Group’s Policy for Business Growth

We endeavor to raise our competitive position by strengthening corporate governance and by promoting speed in both our strategic decision-making process and in the implementation of various strategies by our management. However, should these decisions and implementation take longer than anticipated and the contribution to our earnings does not proceed as planned, our Group’s business results could be negatively affected.

Within the “Short-Term Operational Support Business,” our Company engages in both “Placement” and “BPO” services and other services in response to the Revised Worker Dispatching Act implemented on October 1, 2012. In addition, BOD Group provides “Back Office BPO Services,” Minimaid Service Co., Ltd. provides “Housekeeping Services,” and Hayfield inc. provides “Recruitment Agency Services Specializing in the Real Estate Industry.” If these business results do not progress according to forecasts, our Group’s business results could be materially affected.

In the “Sales Support Business,” our Company engages in sales support for telecommunications products and call center operations. If business revenues are not generated in line with forecasts, or if large amounts of capital must be invested, or if the appeal of the products sold deteriorates, our Group’s business results could be affected.

In the “Security, Other Businesses,” our Company provides security services mainly to public facilities and

general companies. If these business results do not progress according to forecasts, our Group's business results could be affected.

In addition to reinforcing our existing businesses with a view to the future, our Group has the potential to launch new business ventures through the establishment of new companies, M&A, business tie-ups and among other means. However, there are many elements of uncertainty surrounding new business ventures, and in cases where the initially expected synergies are not achieved and business profit does not meet forecasts due to changes in the business environment surrounding our Group or changes in legal regulations related to the new business venture, our Group's business results could be materially affected.

Moreover, due to the acquisition of overseas companies, our Group is exposed to foreign exchange risks, risks related to local regulations applied to businesses of acquired companies, and country risks. If these risks appear, they may adversely affect our Group's business results and financial condition.

We maintain a policy of selling shares in affiliates or marketable securities of companies which cease to provide synergies with our Group's various businesses. Also, our Group's business results could be materially affected by the implementation of impairment accounting related to goodwill as well as the shares of affiliated companies and investment securities during times when market capitalization or the actual value of companies whose shares we hold deteriorate significantly due to a drop in their business results.

(2) Legal Regulations

1) Changes in Legal Regulations

If the laws and other related ordinances applied to the business operations of our Group are enforced or revised or legal interpretations modified due to changes in societal conditions surrounding the labor market, these enforcement, revisions or new legal interpretations could materially affect our Group's business. Applicable laws include the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Industrial Accident Compensation Insurance Act, Health Insurance Act, Employees' Pension Insurance Act, the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (My Number Act), and Immigration Control and Refugee Recognition Act (Immigration Control Act), Act on the Arrangement of Related Acts to Promote Work Style Reform (Work Style Reform Act). As a countermeasure against these risks, our Group endeavors to gather information in a timely manner concerning revisions to or changes in the interpretation of the laws and regulations applied to our Group's business operations, to address these in an appropriate manner, and quickly understand the impacts on our Group's business results and financial condition.

2) Recruitment Agency Business

Our Group provides paid-for employment placement services under the license of Minister of Health, Labor and Welfare and in accordance with the Employment Security Act. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 31 of the Act, if there are grounds to disqualify our license as prescribed in Article 32 of the Act, or if there are grounds to cancel our license, our license could be canceled or orders to suspend or halt our operations could be issued. As a countermeasure against these risks, our Group is committed to implementing compliance and risk management to prevent any violation of acts and ordinances. However, if licenses are canceled or if other measures are taken due to some reason in the future, we may be unable to continue providing worker dispatching services and our Group's business results could be materially affected.

3) Worker Dispatching Service

Our Group provides worker dispatching services under the license of Minister of Health, Labor and Welfare in accordance with the Worker Dispatching Act. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 7, if there is a violation of relevant laws and regulations, if there are grounds to disqualify our license as prescribed in Article 6, or if there are grounds to cancel our license as prescribed in Article 14, our license could be canceled or orders to suspend or

halt our operations could be issued.

As a countermeasure against these risks, our Group is committed to implementing compliance and risk management to prevent any violation of acts and ordinances. However, if licenses are canceled or if other measures are taken due to some reason in the future, we may be unable to continue providing worker dispatching services and our Group's business results could be materially affected.

4) Various Management Services Including Part-Time Worker Payroll Management Service

Because our Group conducts outsourcing services independent of the contracting client company based upon an outsourcing agreement, we may become liable for damages caused by the incompleteness of outsourcing services or delays in reporting. Should this risk materialize, our Group will work to mitigate damages by reducing costs with internal efforts, such as increasing the efficiency of operations. However, depending upon the amount of compensation for damages, our Group's business could be affected if we cannot mitigate damages through these efforts.

5) Onsite Subcontracting Service

As an onsite subcontracting service provider based on subcontracts, our Group completes its subcontracting services independently at the client company of said contracts. In carrying out the work involved, we follow commonly accepted practices (as defined in Notice No. 37 of 1986 by Japan's Ministry of Labor) that separates and distinguishes between the employee dispatching and the subcontracting services and other relevant laws and regulations.

Due to the nature of the subcontracting business, our Group is exposed to productivity risks and defective product risks. As a countermeasure against these risks, our Group will work to absorb damages by reducing costs with internal efforts, such as increasing efficiency of operations should these risks materialize. However, our Group's business could be affected if we cannot offset the affected costs through these efforts.

6) Sharing of Social Insurance Contributions

If legal revisions expand the scope of social insurance and employment insurance in the future, or if the number of employees enrolled in social insurance increases due to growth in the worker dispatch or subcontracting businesses owing to the prolonged need for short-term human resources arising from chronic labor shortages at customer companies, the amount of social insurance premiums borne by our Company will increase. Also, this could lead to an increase in the number of cases requiring procedures for obtaining or losing coverage qualifications, which in turn could increase costs for clerical work. As a countermeasure against these risks, our Group strives to quickly understand the impacts on our Group's business results and financial condition by gathering information in a timely manner concerning revisions to laws and regulations. At the same time, should this risk materialize, our Group will work to pass on the cost increase to the invoice amount for customers or make internal efforts to cut costs, such as increasing efficiency of operations. However, if the cost increase cannot be offset through these efforts, our Group's business results could be materially affected.

(3) Economic Trends

Our Group's business composition focused upon the "Short-Term Operational Support Business" is not susceptible to the impacts of economic trends during the current environment where there is a worker shortage due to structural factors regarding the population. However, if the economy deteriorates beyond our Group's assumptions, our Group's business results and financial condition could be affected. As a countermeasure against these risks, our Group regularly monitors economic trends and market developments, and promotes a sales strategy tailored to specific geographic regions and characteristics of customer industry. In addition to improving sales capabilities, our Group continues to work on increasing profit margin by enhancing productivity, and then working to mitigate the said risk.

(4) Managing the Database on Client Firms and Staff

Our Group always strives to provide staff best matched to the needs of client companies and deploy staff for clients promptly and efficiently. To facilitate this, our Group manages a database that contains information on staff work attitudes and experiences by job classification, and similar information regarding our clients.

To be prepared for the potential of a malfunction in servers, our Group makes backup databases and servers themselves are operated in a redundant configuration using multiple machines in preparation for any potential problems. However, if these servers were to fail simultaneously as a result of problems such as earthquakes or other natural disasters, cyberattacks, human errors or other factors, and this results in a system failure, our Group's operations could be impeded and our business could be materially affected.

As a countermeasure against these risks in the future, our Group expects to make investments in information technologies as needed to help differentiate our Company from our competitors in terms of costs and services offered. Deterioration in the effectiveness of these investments could contribute to reductions in their contribution to sales growth in the future.

To appropriately manage personal information and other data, we endeavor to prevent unauthorized access, lost, falsification or unauthorized disclosure of personal information by establishing clear handling rules, strictly controlling access rights to the system and stepping up internal inspections. However, our Group's business results could be affected by potential security breaches of personal information, and our Group could lose the trust of the public, suffer decreased sales, and become subject of claims for damages.

(5) Workplace Accidents and Transaction-Related Trouble

1) Recruitment Agency Business

In the process of selecting staff members who apply for jobs, the client company may file a suit against us for breach of contract or demand other compensation in the event that our Company selects and places a staff member who does not meet the recruitment requirements of the client company due to our negligence. As a countermeasure against these risks, our Group has a compliance system under which it ensures personnel in charge of legal affairs can handle various legal risks. However, our Group's business could be materially affected by accidents depending upon the legal nature and the amount of money involved.

2) Worker Dispatching Service

In the event that a staff member is injured, becomes ill or dies during the course of performing work tasks or due to causes attributable to work at the dispatched workplace, our Group as an employer may become responsible to pay compensation according to the relevant laws and regulations including the Labor Standards Act and the Industrial Accident Compensation Insurance Act (Destination business owners that are our clients bear the employer's liability in accordance with the Industrial Safety and Health Act, and are obliged to protect the safety of staff in accordance with the Civil Code.).

As a countermeasure against these risks, our Group fortifies staff awareness of safety by promoting occupational health and safety training for staff, as well as by posting and providing safety bulletins for on-the-job vigilance to prevent injury and illness. To provide better worker protection, our Group maintains a comprehensive general liability insurance and other insurances as an insurance program to pay agreed claims. However, should an accident not covered by this insurance occur, our Group could be forced to pay damages on the grounds of neglecting its duty to secure safety and tort liability as stipulated in labor contracts.

In addition, our Group could be sued or pressured to make other payments on allegations of accidents due to staff negligence, for violations of contracts with clients or for illegal activities of staff members in the course of performing services at the dispatched workplace. As a countermeasure against these risks, our Group has a compliance system under which it ensures personnel in charge of legal affairs can handle various legal risks. However, our performance may be seriously affected by accidents depending upon the legal nature and the amount of money involved.

(6) Securing and Retaining Employees

In order to improve employee retention, our Group implements measures to enhance employee training and motivation. However, if the loss of a greater than expected number of personnel occurred, our Group's business could be affected.

(7) Exchange Risk

Our Group assumes foreign exchange risk when converting into Japanese yen, because it receives remittances in the local currency denominated transactions in a foreign currency, including when conducting sales transaction with overseas companies and receiving dividend incomes from overseas affiliated companies. In addition, and as a general rule, the financial statements of overseas affiliates are prepared in local currency and converted into yen when preparing consolidated financial statements. Therefore, even if the value in local currency does not change with the exchange rate at the time of closing, the value after the conversion to yen may affect our Group's business results and financial statements. As a countermeasure against these risks, our Group works to mitigate risks by means of foreign exchange contracts as needed, while considering foreign currency trends.

(8) Changes in Accounting or Tax Systems, Others.

The new introduction of or changes to accounting standards or tax systems that cannot be anticipated by our Group could affect our Group's business results and financial condition. As a countermeasure against these risks, our Group strives to gather information in a timely manner concerning changes and the introduction of accounting standards or tax systems in order to quickly understand impacts on our Group's business results and financial condition.

(9) Large-Scale Natural Disasters and Pandemics

Our Group has implemented countermeasures after working to put into place a crisis management system for contingencies. However, if natural disasters, such as typhoons, earthquakes or tsunamis, occur that exceed our Group's expectations or a pandemic occurs and spreads far beyond our Group's expectations, these events could impact the business activities of our Group or our Group's business partners, and have a negative effect on our Group's business results and financial condition. As a countermeasure against these risks, our Group has established a business continuity plan (BCP) that it reviews as necessary to be able to continue or quickly restore important business operations even during a contingency.

(10) Climate Change

Opportunity losses and other factors resulting from the suspension of business activities could affect our Group's business results and financial condition if our business offices and supply chains are damaged due to the intensification of natural disasters caused by climate change. Recently, social demands for climate change countermeasures have been increasing. As such, if these efforts are inadequate or do not gain sufficient understanding from stakeholders, our Group's business results and financial condition may be affected by a decline in social credibility. Furthermore, if new laws and regulations related to climate change countermeasures are introduced, an increase in response costs may affect our Group's business results and financial condition.

Our Group continuously analyzes the business impact of climate change-related risks and opportunities based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), striving to proactively disclose information.

3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management

(1) Performance Overview

A summary of our Group's (our Company, its consolidated subsidiaries, and equity method affiliates) financial condition, operating results, and cash flow status (hereinafter, "operating results, others") in the current consolidated fiscal year are presented below.

1) Financial Condition and Operating Results

During the current consolidated fiscal year, Japan's economy continued to undergo a recovery trend amid an overall improvement in corporate earnings despite weaknesses in some industries, signs of improvement in corporate business condition, a moderate recovery taking place in personal consumption, and a move toward recovery in capital investments. Economic conditions are expected to continue to recover given the effects of various government policies with a new stage of life of coping with COVID-19. However, the economic horizon remains clouded due to a number of uncertainties including rising prices, supply-side constraints, fluctuations in financial and capital markets, and infection trends in China in addition to risks of a downturn in Japan's economy caused by weakening in overseas economies amid financial tightening around the world, all of which requires close attention to assess their potential impacts.

With regards to the current operating environment surrounding the staffing service industry, the employment situation is recovering, as reflected by the continuing decline in the number of unemployed and the improvement in the number of new job offers and the new jobs offers-to-applicants ratio. As for the future outlook, the operating environment is expected to continue to recover.

Against this backdrop, in the current consolidated fiscal year, our Group implemented group management activities to achieve our goal of "Under a client first approach, aim for greater business growth and expansion of peripheral services." Our Group also carried out marketing activities focused on boosting overall profitability of our Group, particularly in the mainstay "Placement" and "BPO" services. In addition, our Company worked to further expand its business while maximizing profits by continuing to increase productivity and promote operational efficiencies across our entire Group.

a. Operating Results

Even as the COVID-19 pandemic raged on, consolidated net sales increased by 23.4% year-on-year to 64,645 million yen. This was mainly due to growth of the "Short-Term Operational Support Business," which was supported by a number of factors including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well as the continued acquisition of public sector projects related to COVID-19-related operations.

In terms of profits, consolidated operating profit increased by 29.4% year-on-year to 9,823 million yen, with consolidated ordinary profit rising by 29.7% year-on-year to 9,884 million yen, driven mainly by the ongoing growth of client demand and increased sales of the "Short-Term Operational Support Business."

Profit attributable to owners of parent increased by 32.1% year-on-year to 6,622 million yen, on the back of the 69 million yen in gain on sale of investment securities booked as an extraordinary income following the divestment of investment securities held during the first quarter.

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues. We manage our business by focusing upon capital efficiency and by Identifying ROE as a target indicator to reflect "improvement of corporate value" based on the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our Company. Our Group targets ROE of 20% or higher.

ROE at the end of the current consolidated fiscal year was 30.6%, and while this represents an increase of 2.8% points from 27.8% at the end of the previous consolidated fiscal year, our ROE continues to remain above our target of 20%.

Furthermore, our Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29,

March 31, 2020) from the beginning of the first quarter of the current consolidated fiscal year. Although the application of the Accounting Standard for Revenue Recognition is subject to the transitional handling stipulated in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition, there is no impact on the balance of retained earnings at the beginning of the period nor on profit and loss for the current consolidated fiscal year.

Furthermore, our Group acquired shares of Hayfield inc. on May 31, 2022, making it a consolidated subsidiary. As such, it has been included in the scope of consolidation from the second quarter of the current consolidated fiscal year.

Results by Business Segment

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

i) Short-Term Operational Support Business

Even as the COVID-19 pandemic raged on, net sales of “Short-Term Operational Support Business” increased by 27.7% year-on-year to 59,439 million yen. This was due to factors mainly including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well the continued acquisition of public sector projects related to COVID-19-related operations.

In terms of profits, segment profit (operating profit) increased by 28.8% year-on-year to 10,533 million yen driven mainly by the continued growth in client demand and increased sales.

ii) Sales Support Business

Net sales of the “Sales Support Business” declined by 18.1% year-on-year to 2,882 million yen due to the downturn in sales of telecommunications products in the sale of Internet access, which is a mainstay business.

In terms of profits, segment profit (operating profit) increased by 3.0% year-on-year to 89 million yen due primarily to efforts to curb SG&A expenses, despite lower sales.

iii) Security, Other Businesses

Net sales of “Security, Other Businesses” increased by 1.2% year-on-year to 2,324 million yen due to an increase in the number of permanent and temporary security projects acquired.

In terms of profits, segment profit (operating profit) declined by 17.7% year-on-year to 263 million yen, due to the special demand with high gross profit for the Olympic in the previous fiscal year, despite an increase in net sales.

b. Financial Condition

i) Liquidity

With regards to assets, current assets increased by 5,152 million yen from the end of the previous consolidated fiscal year to 29,967 million yen. This increase is attributed mainly to an increase in cash and deposits of 3,216 to 20,626 million yen and an increase in notes and accounts receivable - trade of 1,895 to 8,986 million yen.

With regard to liabilities, current liabilities increased by 1,698 million yen from the end of the previous consolidated fiscal year to 9,659 million yen. This increase is attributed mainly to an increase in accrued consumption taxes of 421 to 2,163 million yen, an increase in accrued expenses of 344 to 1,874 million yen, an increase in accounts payable - other of 307 to 1,860 million yen, an increase in income taxes payable of 303 to 1,710 million yen, and an increase in other under current liabilities of 205 to 715 million yen caused mainly by an increase in social insurance deposits received of 231 to 576 million yen.

As a result, working capital (current assets – current liabilities) at the end of the current consolidated fiscal year stood at 20,308 million yen, representing an increase of 3,454 million yen from the end of the previous consolidated fiscal year, and the current ratio (current assets ÷ current liabilities × 100) increased to 310.2% from 311.7% at the end of the previous consolidated fiscal year.

ii) Capital Expenditures

Capital investments executed in the current consolidated fiscal year increased by 105 million yen year-on-year to 284 million yen. Major investments included the purchase of hardware for in-house use and the acquisition of property, plant and equipment associated with the opening of new sales offices, relocation of existing sales offices of 103 million yen, and the acquisition of intangible assets associated with the purchase of various software for in-house use of 181 million yen.

Our Company does not have any concrete plans for important capital investments during the fiscal year ending December 31, 2023 at this point.

iii) Interest-Bearing Debt

The total amount of interest-bearing debt at the end of the current consolidated fiscal year was 1,000 million yen, which is the same as the end of the previous consolidated fiscal year.

iv) Net Assets

Net assets at the end of the current consolidated fiscal year stood at 24,928 million yen, representing an increase of 4,349 million yen from the end of the previous consolidated fiscal year. This increase is mainly attributed to a rise in retained earnings of 4,918 million yen due to the realization of 6,622 million yen as profit attributable to owners of parent, and despite the acquisition of treasury shares of 903 million yen for the fiscal year ended December 2021 and dividends of surplus of 1,669 million yen during the current consolidated fiscal year.

As a result of these events, our debt-to-equity ratio (Interest-bearing debt ÷ equity capital (Note) × 100) decreased from 5.1% at the end of the previous fiscal year to 4.2%, and the equity-to-asset ratio (equity capital ÷ total assets × 100) increased from 66.2% at the end of the previous fiscal year to 66.7%.

Note: Equity capital = Total net assets – Share acquisition rights – Non-controlling interests

v) Basic Policy Concerning Profit Allocation

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

We will implement shareholder returns with a target of achieving a total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. Furthermore, we will seek to achieve our target indicator for “improvement of corporate value” of ROE of over 20%.

Fullcast Holdings has established a basic policy of offering a dividend from surpluses twice a year, comprised of interim and year-end dividends. The decision-making body for the dividend is the Board of Directors for both the interim and year-end dividends.

For the fiscal year ended December 2022, a dividend of 58 yen per share (an increase of 14 yen compared to the previous year and the same as forecast) will be paid based on the goal of achieving a total return ratio of 50%. At the end of the fiscal year, a dividend of 35 yen per share (12 yen increase compared to the previous year and the same as forecast) will be offered and share repurchases totaling up to a maximum 1,218 million yen will be conducted. As a result, the total return ratio for the fiscal year ended December 2022 is expected to exceed 50.0%.

According to our Articles of Incorporation, our Company can offer an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act.

2) Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year increased by 3,216 million yen from the end of the previous consolidated fiscal year to 20,626 million yen (compared to an increase of 4,101 million yen in the previous fiscal year).

(Cash Flows from Operating Activities)

Funds provided by operating activities were 6,796 million yen (compared with 6,368 million yen provided in the previous fiscal year), due to profit before income taxes of 9,922 million yen, compared to income taxes paid of 3,126 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities were 958 million yen (compared with 99 million yen used in the previous fiscal year), due to purchase of shares of subsidiaries resulting in change in scope of consolidation of 844 million yen, purchase of intangible assets of 181 million yen, and purchase of property, plant and equipment of 103 million yen, compared to proceeds from sale of investment securities of 186 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities were 2,622 million yen (compared with 2,168 million yen used in the previous fiscal year), due to dividends paid of 1,667 million yen and purchase of treasury shares of 907 million yen.

3) State of Production, Orders Received and Sales

a. Results of Production and Orders Received

Our Group does not typically perform production activities, and due to the extremely short period from the acceptance of orders to the booking of sales in our “Short-Term Operational Support Business,” we do not display the scope of orders received as a monetary amount.

b. Sales Performance

Name of segment	Current consolidated fiscal year (January 1 to December 31, 2022) (Million yen)	Change from the previous year (%)
Short-Term Operational Support Business	59,439	27.69%
Sales Support Business	2,882	(18.14)%
Security, Other Businesses	2,324	1.23%
Total	64,645	23.45%

Note: Elimination is performed for intersegment transactions.

(2) Awareness, Analysis and Review of Status of Operating Results, Others from the Perspective of Management

Our awareness, analysis and review of status of operating results, others from the perspective of management are presented below. Note that the following statements may contain risk factors forecast for the future, although they are based on our best judgment as of the end of the current consolidated fiscal year.

1) Significant Accounting Policies and Estimates

Our Group’s consolidated financial statements are prepared based on accounting standards generally accepted in Japan. The preparation of these consolidated financial statements requires the adoption of accounting policies and estimates by management which affects the booking and disclosure of assets, liabilities, profits and costs. Management determines these estimates in a reasonable manner taking into account past performance, but actual results may differ from these estimates due to their uncertainty.

Significant accounting policies adopted for our Group’s consolidated financial statements appear in “Part 5: Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Significant Accounting Policies in the Preparation of the Consolidated Financial Statements).”

In addition, significant accounting estimates used in the preparation of our Group’s consolidated financial

statements appear in “Part 5: Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Important Accounting Estimates).”

Regarding accounting estimates in conjunction with the spread of COVID-19, while there are concerns about changes in the economic situation and business environment due to the worldwide spread of COVID-19, our Group has conducted accounting estimates assuming that there are no material impacts from COVID-19 during the current consolidated fiscal year because it is difficult to predict when the COVID-19 pandemic will end. However, there is a possibility that material impacts will occur on the consolidated financial statements in subsequent consolidated fiscal years, if we review our judgments according to changes in the future situation.

2) Awareness, Analysis and Review of Status of Operating Results, Others for the Current Consolidated Fiscal Year

a. Operating Results, Others

i) Net Sales

Even as the COVID-19 pandemic raged on, consolidated net sales increased by 23.4% year-on-year to 64,645 million yen. This was mainly due to growth of the “Short-Term Operational Support Business,” which was supported by a number of factors including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well as the continued acquisition of public sector projects related to COVID-19-related operations. We explain our results by business segment below.

- Short-Term Operational Support Business

Even as the COVID-19 pandemic raged on, net sales of “Short-Term Operational Support Business” increased by 27.7% year-on-year to 59,439 million yen. This was due to factors mainly including the acquisition of projects in excess of pre-COVID-19 pandemic short-term staffing demand levels, as well the continued acquisition of public sector projects related to COVID-19-related operations.

- Sales Support Business

Net sales of the “Sales Support Business” declined by 18.1% year-on-year to 2,882 million yen due to the downturn in sales of telecommunications products in the sale of Internet access, which is a mainstay business.

- Security, Other Businesses

Net sales of “Security, Other Businesses” increased by 1.2% year-on-year to 2,324 million yen due to an increase in the number of permanent and temporary security projects acquired.

ii) Operating Expenses and Profit

Cost of sales increased by 8,848 million yen from the previous consolidated fiscal year to 43,184 million yen (an increase of 25.8% year-on-year), while the cost of sales ratio increased 1.2% points from 65.6% in the previous consolidated fiscal year to 66.8%. Selling, general and administrative expenses increased by 1,199 million yen from the previous consolidated fiscal year to 11,637 million yen (an increase of 11.5% year-on-year) while the ratio to net sales decreased by 1.9% points from 19.9% in the previous consolidated fiscal year to 18.0%. As a result, operating profit increased by 2,231 million yen from the previous consolidated fiscal year to 9,823 million yen (an increase of 29.4% year-on-year). We explain our results by business segment below.

- Short-Term Operational Support Business

In terms of profits, segment profit (operating profit) increased by 28.8% year-on-year to 10,533 million yen driven mainly by the continued growth in client demand and increased sales.

- Sales Support Business

In terms of profits, segment profit (operating profit) increased by 3.0% year-on-year to 89 million yen due primarily to efforts to curb SG&A expenses, despite lower sales.

- Security, Other Businesses

In terms of profits, segment profit (operating profit) declined by 17.7% year-on-year to 263 million yen, due to the special demand with high gross profit for the Olympic in the previous fiscal year, despite an increase in net sales.

- iii) Non-Operating Income and Expenses, and Ordinary Profit

In terms of non-operating income and expenses, net income of 61 million yen was posted in the current consolidated fiscal year while net income of 32 million yen was reported in the previous consolidated fiscal year. Ordinary profit increased by 2,261 million yen from the previous consolidated fiscal year to 9,884 million yen (an increase of 29.7% year-on-year) thanks to the upswing in operating profit.

- iv) Extraordinary Income and Losses, and Profit before Income Taxes

The total after deducting extraordinary losses from extraordinary income was net extraordinary income of 37 million yen. As a result, profit before income taxes totaled 9,922 million yen (an increase of 30.4% year-on-year).

- v) Income Taxes and Profit

Income taxes after tax-effect accounting is applied increased by 709 million yen from the previous consolidated fiscal year to 3,181 million yen, and profit totaled 6,741 million yen (an increase of 31.3% year-on-year).

- vi) Profit Attributable to Owners of Parent

Profit attributable to non-controlling interests totaled 119 million yen.

Consequently, profit attributable to owners of parent increased by 1,610 million yen from the previous consolidated fiscal year to 6,622 million yen (an increase of 32.1% year-on-year). Basic earnings per share stood at 183.11 yen (137.34 yen in the previous consolidated fiscal year).

- b. Significant Factors Affecting Operating Results

Significant factors affecting our Group's operating results are presented in "Part 2: State of Business, 2. Risks Associated with Our Businesses."

- c. Financial Resources for Capital and Liquidity of Funds

- i) Funding Requirements

The main funding requirements for our Group's business activities are working capital for maintaining and expanding business activities, capital investment funds for expenses associated with the new opening and relocation of sales offices and system investment expenses in addition to temporary funding requirements such as M&A.

- ii) Financial Resources for Capital and Liquidity of Funds

Our Group strives to utilize diverse financing methods while adhering to our basic financial policy of appropriately securing funds, and of maintaining both suitable levels of liquidity and sound financial position needed to conduct our business.

We believe that sufficient working capital and capital investment funds for maintaining and expanding our Group's business activities can be secured by using cash flow provided by operating activities and by utilizing borrowings from financial institutions.

In order to effectively procure working capital, our Group has concluded overdraft agreements with four banks for a maximum of 5,600 million yen in total.

Details regarding the status of our interest-bearing debt are presented in "Part 2: State of Business, 3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management (1) Performance Overview, 1) Financial Condition and Operating Results, b. Financial Condition, iii) Interest-Bearing Debt."

Our Group’s policy on fund procurement and fund management is presented in “Part 5. Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Notes Regarding Financial Instruments).”

d. Management Policy, Management Strategy, and Objective Indicators for Determining the Achievement of Management Targets, Others

Our Group considers the “sustained improvement of corporate value” to be one of its most important management issues.

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor to maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 1.0 time to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. Our Group also seek to achieve an ROE of over 20% as a target indicator of “improvement of corporate value.” In addition, we maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

Indicators for achieving “sustained improvement of corporate value” : ROE of 20% or higher

Indicators related to shareholder returns : Total return ratio of 50%

Indicators supporting “basic capital policy” : D/E ratio 1.0 times (upper)

We seek to achieve the above target indicators to realize our vision of “sustained enhancement of corporate value.”

Our Group has established “Medium-Term Management Plan 2024.” For details, please see “Notice of Establishment of Medium-Term Management Plan 2024” released on February 10, 2022.

4. Contracts of Vital Importance to Management

There are no relevant matters.

5. Research and Development Activities

There are no relevant matters.

Part 3: State of Equipment

1. Overview of Capital Investment

Capital investment in the current consolidated fiscal year totaled 284 million yen. Major investments included the acquisition of property, plant and equipment associated with the purchase of hardware for in-house use and the opening of new sales offices, relocation of existing sales offices of 103 million yen, and the acquisition of intangible assets associated with the purchase of various software for in-house use of 181 million yen.

2. State of Major Equipment

(1) Submitting Companies

(As of December 31, 2022)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (Million yen)				Employees
				Buildings and structures	Tools, furniture and fixtures	Other	Total	
Fullcast Holdings Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office	12	69	272	352	96 [166]

- Notes:
1. "Other" in "book-value" includes construction in progress and software.
 2. "Employees" refers to staff engaged in work. The number of temporary employees is represented by the figures in parentheses apart from the number of regular employees, and it is the average yearly number of employees.
 3. Apart from those listed above, assets leased from parties other than consolidated companies are as outlined below (amounts are annual rental charges, excluding parking).

(As of December 31, 2022)

Name of business office (Location)	Name of segment	Nature of equipment	Annual rent expenses (Million yen)
Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Leased buildings	107
Company housing for employees	Company-wide (Shared)	Leased buildings	2
Total	-	-	109

(2) Domestic Subsidiaries

(As of December 31, 2022)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (Million yen)					Employees
				Buildings and structures	Tools, furniture and fixtures	Land (area; m ²)	Other	Total	
Fullcast Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	99	36	-	1	136	477 [590]
Top Spot Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	24	10	-	1	36	88 [64]
Fullcast Advance Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Security, Other Businesses Short-Term Operational Support Business	Business office Operating equipment	9	5	-	0	14	78 [63]
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office Operating equipment	-	0	-	0	0	34 [11]
Otetsudai Networks Inc.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	-	0	-	10	10	2 [2]
Work & Smile Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	2	0	-	-	2	6 [5]
Fullcast Senior Works Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	1	0	-	0	1	5 [2]
Fullcast Porter Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	0	-	-	1	6 [1]
F-PLAIN Corporation	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office Operating equipment	4	2	-	28	33	69 [46]
M's Line Co., Ltd.	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office Operating equipment	-	-	-	-	-	5 [7]
BOD Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	67	36	-	34	136	238 [115]
Fullcast Global Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	0	-	-	0	3 [-]
Minimaid Service Co., Ltd.	Head office (Shibuya-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	48	1	184 (276.84)	28	261	54 [697]
HR Management Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	-	-	0	1	51 [3]
Fullcast International Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	0	0	-	-	0	2 [-]

Progress, Inc.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	-	0	-	-	0	75 [9]
Hayfield inc.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office Operating equipment	3	-	-	3	6	20 [9]

- Notes:
1. "Other" in "book-value" includes vehicles and software.
 2. "Employees" refers to staff engaged in work. The number of temporary employees is represented by the figures in parentheses apart from the number of regular employees, and it is the average yearly number of employees.
 3. Apart from those listed above, assets leased from parties other than consolidated companies are as outlined below (amounts are annual rental charges, excluding parking).

(As of December 31, 2022)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Annual rent expenses (Million yen)
Fullcast Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	357
	Company housing for employees		Leased buildings	109
Top Spot Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	45
	Company housing for employees		Leased buildings	11
Fullcast Advance Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Security, Other Businesses	Leased buildings	37
	Company housing for employees	Short-Term Operational Support Business	Leased buildings	4
Fullcast Business Support Co., Ltd.	Company housing for employees	Company-wide (Shared)	Leased buildings	0
Work & Smile Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	3
	Company housing for employees		Leased buildings	0
Fullcast Senior Works Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	5
Fullcast Porter Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	4
F-PLAIN Corporation	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	24
	Company housing for employees		Leased buildings	2
M's Line Co., Ltd.	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	3
	Company housing for employees		Leased buildings	0
BOD Co., Ltd.	Head office, branches (Toshima-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	185
	Company housing for employees		Leased buildings	0
Fullcast Global Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	1
	Company housing for employees		Leased buildings	0
Minimaid Service Co., Ltd.	Head office, branches (Shibuya-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	12
	Company housing for employees		Leased buildings	3
Fullcast International Co., Ltd.	Company housing for employees	Short-Term Operational Support Business	Leased buildings	0
Progress, Inc.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Leased buildings	1
Hayfield inc.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Leased buildings	10

3. Plans for Creation and Retirement of Equipment

(1) New major equipment

There are no relevant matters.

(2) Major equipment retired

There are no relevant matters.

Part 4: Status of Submitting Companies

1. Status of Shares

(1) Total Number of Shares, Other Information

1) Total number of shares

Type	Total number of shares authorized (Shares)
Ordinary shares	110,000,000
Total	110,000,000

2) Shares issued

Type	Number of shares issued by the end of the fiscal year (Dec. 31, 2022)	Number of shares issued at the date of submission (Mar. 27, 2023)	Name of exchange for listed financial instruments, or name of association trading registered and approved financial instruments	Description
Ordinary shares	37,486,400	37,486,400	Tokyo Stock Exchange Prime Market	One unit of shares: 100 shares
Total	37,486,400	37,486,400	-	-

(2) State of New Share Acquisition Rights

1) Details of stock option system

Fullcast Holdings Co., Ltd. No. 1-1 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	4 Directors of our Company (excluding those who are Audit & Supervisory Committee Members) 8 Directors of our Company's wholly-owned subsidiaries 2 Auditors of our Company's wholly-owned subsidiaries
Number of share acquisition rights (Rights)*	1,356 [1,342] (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Ordinary shares: 135,600 [134,200] (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)*	1 (Note 2)
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issue price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning the transfer of share acquisition rights*	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of our Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2022). For matters that have changed from the end of the current fiscal year to the end of the month prior to submission date (February 28, 2023), the contents as of the end of the month prior to the submission date are described in brackets [], and for other matters, there is no change from the contents at the end of the current fiscal year.

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when our Company executes a share split (including the gratis allotment of our Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date

(hereinafter “allotment date”) of the share acquisition rights. However, such adjustments shall be made for the number of shares granted not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or share consolidation

The number of shares granted after adjustment shall apply on or after the day following the record date of share splits when our Company executes a share split and on and after the effective date when our Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase share capital or reserves due to a decline in surplus is approved at the General Meeting of Shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall, on or after the day following the end date of this meeting of shareholders, apply retroactively to the day immediately following the record date.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional share capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in share capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
(2) The amount of additional legal capital surplus resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in share capital prescribed in (1) above subtracted from the maximum of an increase in share capital described in (1) above.
4. (1) For share acquisition rights allotted to our Company’s Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of our Company at the time the rights are exercised.
(2) For share acquisition rights allotted to the Directors or Corporate Auditors of our Company’s wholly-owned subsidiaries, in principle, the person receiving the allotment of share acquisition rights (hereinafter, “share acquisition right holders” collectively with persons receiving the allotment of share acquisition rights per (1) above), must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.
(3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.
5. When undertaking a merger (limited to instances where our Company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where our Company will become a spin-off company), or stock swaps or stock transfers (limited to instances where our Company will become a wholly-owned subsidiary) (hereinafter, “organizational restructuring act” shall be used to collectively refer to these terms), our Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act (hereinafter, “Restructuring Company”) to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, “Residual Share Acquisition Rights”) immediately prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the wholly-owning parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the Residual Share Acquisition Rights will be canceled and the Restructuring Company shall newly issue share acquisition rights.

The issuance of share acquisition rights of the Restructuring Company must be prescribed following each of the

following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

- (1) Number of Share Acquisition Rights Issued by Restructuring Company
The same number of share acquisition rights as the number of Residual Share Acquisition Rights held by share acquisition rights holders will be issued for each share acquisition rights holder.
- (2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary shares of the Restructuring Company.
- (3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring act.
- (4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the Restructuring Company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be received by exercise of each share acquisition right to be issued.
- (5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.
- (6) Matters Relating to Additional Share Capital and Legal Capital Surplus Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.
- (7) Acquisition Restrictions of Share Acquisition Rights by Transfer
The acquisition of share acquisition rights by transfer requires approval of the Board of Directors of the Restructuring Company.
- (8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of our Company (if resolution of the meeting of shareholders is not required, when approved by resolution of our Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416, Paragraph 4 of the Companies Act), our Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.
 - (i) Agenda items on approval of merger agreements in which our Company is not the surviving company
 - (ii) Agenda items on approval of a company spin-off agreement or plan based on which our Company will become a spin-off company
 - (iii) Agenda items on a stock swap agreement based upon which our Company will become a wholly-owned subsidiary or a stock transfer plan
 - (iv) Agenda items, as details of all shares issued by our Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares by transfer
 - (v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares of the said type by transfer and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of our Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 1-2 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	8 employees of our Company's wholly-owned subsidiaries
Number of share acquisition rights (Rights)*	19 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Ordinary shares: 1,900 (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)*	1 (Note 2)
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issue price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning the transfer of share acquisition rights*	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of our Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2022). As of the end of the month prior to submission date (February 28, 2023), these items have not changed.

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when our Company executes a share split (including the gratis allotment of our Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of shares granted not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or share consolidation

The number of shares granted after adjustment shall apply on or after the day following the record date of share splits when our Company executes a share split and on and after the effective date when our Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase share capital or reserves due to a decline in surplus is approved at the General Meeting of Shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall, on or after the day following the end date of this meeting of shareholders, apply retroactively to the day immediately following the record date.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional share capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in share capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
 - (2) The amount of additional legal capital surplus resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in share capital prescribed in (1) above subtracted from the maximum of an increase in share capital described in (1) above.
4. (1) In principle, persons who receive an allotment of share acquisition rights (hereinafter, "share acquisition rights holders") must be an employee of our Company's wholly-owned subsidiaries at the time of exercising these rights.
 - (2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised

depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.

5. When undertaking a merger (limited to instances where our Company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where our Company will become a spin-off company), or stock swaps or stock transfers (limited to instances where our Company will become a wholly-owned subsidiary) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), our Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act (hereinafter, "Restructuring Company") to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "Residual Share Acquisition Rights") immediately prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the wholly-owning parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the Residual Share Acquisition Rights will be canceled and the Restructuring Company shall newly issue share acquisition rights. The issuance of share acquisition rights of the Restructuring Company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

- (1) Number of Share Acquisition Rights Issued by Restructuring Company

The same number of share acquisition rights as the number of Residual Share Acquisition Rights held by share acquisition rights holders will be issued for each share acquisition rights holder.

- (2) Type of Shares of Restructuring Company Required for Share Acquisition Rights

The ordinary shares of the Restructuring Company.

- (3) Number of Shares of Restructuring Company Required for Share Acquisition Rights

Determined following Note 1 above based on the conditions of the organizational restructuring act.

- (4) Amount of Assets Required for Exercise of Share Acquisition Rights

The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the Restructuring Company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be received by exercise of each share acquisition right to be issued.

- (5) Period for Exercise of Share Acquisition Rights

The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

- (6) Matters Relating to Additional Share Capital and Legal Capital Surplus Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights

Determined following Note 3 above.

- (7) Acquisition Restrictions of Share Acquisition Rights by Transfer

The acquisition of share acquisition rights by transfer requires approval of the Board of Directors of the Restructuring Company.

- (8) Reason and Conditions for Acquisition of Share Acquisition Rights

If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of our Company (if resolution of the meeting of shareholders is not required, when approved by resolution of our Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416, Paragraph 4 of the Companies Act), our Company can acquire the share acquisition rights

for gratis on the date separately prescribed by the Board of Directors.

- (i) Agenda items on approval of merger agreements in which our Company is not the surviving company
- (ii) Agenda items on approval of a company spin-off agreement or plan based on which our Company will become a spin-off company
- (iii) Agenda items on a stock swap agreement based upon which our Company will become a wholly-owned subsidiary or a stock transfer plan
- (iv) Agenda items, as details of all shares issued by our Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares by transfer
- (v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares of the said type by transfer and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of our Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 2-1 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 25, 2022
Category of persons granted share acquisition rights and number (Persons)	4 Directors of our Company (excluding those who are Audit & Supervisory Committee Members) 13 Directors of our Company's subsidiaries
Number of share acquisition rights (Rights)	587 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)	Ordinary shares: 58,700 (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)	1 (Note 2)
Exercise period of share acquisition rights	April 12, 2025 to April 11, 2075
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)	Issue price: 1,631.35 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights	(Note 4)
Matters concerning the transfer of share acquisition rights	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of our Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2022). As of the end of the month prior to submission date (February 28, 2023), these items have not changed.

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when our Company executes a share split (including the gratis allotment of our Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of shares granted not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or share consolidation

The number of shares granted after adjustment shall apply on or after the day following the record date of share splits when our Company executes a share split and on and after the effective date when our Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase share capital or reserves due to a decline in surplus is approved at the General Meeting of Shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall, on or after the day following the end date of this meeting of shareholders, apply retroactively to the day immediately following the record date.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be

adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3.
 - (1) The amount of additional share capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in share capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
 - (2) The amount of additional legal capital surplus resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in share capital prescribed in (1) above subtracted from the maximum of an increase in share capital described in (1) above.
4.
 - (1) For share acquisition rights allotted to our Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of our Company at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - (2) For share acquisition rights allotted to the Directors of our Company's subsidiaries, in principle, the person receiving the allotment of share acquisition rights (hereinafter, "share acquisition rights holders" collectively with persons receiving the allotment of share acquisition rights per (1) above), must be a Director of the subsidiary at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - (3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the final year of the Medium-Term Management Plan.
 - (4) If the share acquisition rights holders pass away, the inheritor of his/her estate may succeed to the share acquisition rights.
 - (5) Partial exercising of one unit of share acquisition rights shall not be permitted.
 - (6) Other conditions for the exercise of these rights shall be stipulated by our Company's Board of Directors, which determines the subscription matters for share acquisition rights.
5. When undertaking a merger (limited to instances where our Company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where our Company will become a spin-off company), or stock swaps or stock transfers (limited to instances where our Company will become a wholly-owned subsidiary) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), our Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act (hereinafter, "Restructuring Company") to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "Residual Share Acquisition Rights") immediately prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the wholly-owning parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the Residual Share Acquisition Rights will be canceled and the Restructuring Company shall newly issue share acquisition rights. The issuance of share acquisition rights of the Restructuring Company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.
 - (1) Number of Share Acquisition Rights Issued by Restructuring Company
The same number of share acquisition rights as the number of Residual Share Acquisition Rights held by share

acquisition rights holders will be issued for each share acquisition rights holder.

- (2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary shares of the Restructuring Company.
- (3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring act.
- (4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the Restructuring Company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be received by exercise of each share acquisition right to be issued.
- (5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring act, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.
- (6) Matters Relating to Additional Share Capital and Legal Capital Surplus Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.
- (7) Acquisition Restrictions of Share Acquisition Rights by Transfer
The acquisition of share acquisition rights by transfer requires approval of the Board of Directors of the Restructuring Company.
- (8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the general meeting of shareholders of our Company (if resolution of the meeting of shareholders is not required, when approved by resolution of our Company's Board of Directors), our Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.
 - (i) Agenda items on approval of merger agreements in which our Company is not the surviving company
 - (ii) Agenda items on approval of a company spin-off agreement or plan based on which our Company will become a spin-off company
 - (iii) Agenda items on a stock swap agreement based upon which our Company will become a wholly-owned subsidiary or a stock transfer plan
 - (iv) Agenda items, as details of all shares issued by our Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares by transfer
 - (v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares of the said type by transfer and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of our Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 2-2 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 25, 2022
Category of persons granted share acquisition rights and number (Persons)	65 employees of our Company and our Company's subsidiaries
Number of share acquisition rights (Rights)	504 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)	Ordinary shares: 50,400 (Note 1)
Amount paid at the time of exercise of share acquisition rights (Yen)	1 (Note 2)

Exercise period of share acquisition rights	April 12, 2025 to April 11, 2075
Issue price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)	Issue price: 1,631.35 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights	(Note 4)
Matters concerning the transfer of share acquisition rights	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of our Company.
Matters concerning the granting of share acquisition rights associated with organization restructuring	(Note 5)

*Details presented represent conditions as of the last day of the current fiscal year (December 31, 2022). As of the end of the month prior to submission date (February 28, 2023), these items have not changed.

- Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares and the number of shares per one share acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when our Company executes a share split (including the gratis allotment of our Company's ordinary shares; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of shares granted not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or share consolidation

The number of shares granted after adjustment shall apply on or after the day following the record date of share splits when our Company executes a share split and on and after the effective date when our Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase share capital or reserves due to a decline in surplus is approved at the General Meeting of Shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall, on or after the day following the end date of this meeting of shareholders, apply retroactively to the day immediately following the record date.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional share capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in share capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
 - (2) The amount of additional legal capital surplus resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in share capital prescribed in (1) above subtracted from the maximum of an increase in share capital described in (1) above.
4. (1) In principle, persons who receive an allotment of share acquisition rights (hereinafter, "share acquisition rights holders") must be an employee of our Company and our Company's subsidiaries at the time of exercising these rights. Provided, however, that this shall not apply in case of mandatory retirement, retirement due to company reasons, or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - (2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ending December 2024, final year of the Medium-Term Management Plan.
 - (3) If the share acquisition rights holders pass away, the inheritor of his/her estate may succeed to the share acquisition rights.
 - (4) Partial exercising of one unit of share acquisition rights shall not be permitted.

5. When undertaking a merger (limited to instances where our Company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (limited to instances where our Company will become a spin-off company), or stock swaps or stock transfers (limited to instances where our Company will become a wholly-owned subsidiary) (hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms), our Company shall issue share acquisition rights of corporations cited in Article 236, Paragraph 1, Item 8, a through e of the Companies Act (hereinafter, "Restructuring Company") to share acquisition rights holders who own the remaining share acquisition rights (hereinafter, "Residual Share Acquisition Rights") immediately prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the wholly-owning parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the Residual Share Acquisition Rights will be canceled and the Restructuring Company shall newly issue share acquisition rights. The issuance of share acquisition rights of the Restructuring Company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company

The same number of share acquisition rights as the number of Residual Share Acquisition Rights held by share acquisition rights holders will be issued for each share acquisition rights holder.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights

The ordinary shares of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights

Determined following Note 1 above based on the conditions of the organizational restructuring act.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights

The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the Restructuring Company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the Restructuring Company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights

The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring act, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Share Capital and Legal Capital Surplus Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights

Determined following Note 3 above.

(7) Acquisition Restrictions of Share Acquisition Rights by Transfer

The acquisition of share acquisition rights by transfer requires approval of the Board of Directors of the Restructuring Company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights

If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the general meeting of shareholders of our Company (if resolution of the meeting of shareholders is not required, when approved by resolution of our Company's Board of Directors), our Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which our Company is not the surviving company

(ii) Agenda items on approval of a company spin-off agreement or plan based on which our Company will

become a spin-off company

- (iii) Agenda items on a stock swap agreement based upon which our Company will become a wholly-owned subsidiary or a stock transfer plan
- (iv) Agenda items, as details of all shares issued by our Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares by transfer
- (v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for our Company's approval concerning the acquisition of the shares of the said type by transfer and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of our Company with regard to the shares

2) Description of rights plan

There are no relevant matters.

3) State of other new share acquisition rights

There are no relevant matters.

(3) State of exercising of bonds with share subscription rights, with exercise-price amendments attached

There are no relevant matters.

(4) Trends in total number of shares issued and share capital

Date	Change in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Change in share capital (Million yen)	Balance of share capital (Million yen)	Change in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
February 16, 2021 (Note)	(1,000,000)	37,486,400	-	2,780	-	-

Note: Treasury shares were cancelled on February 16, 2021 in accordance with the resolution of the meeting of Board of Directors on February 12, 2021.

(5) Shareholder ownership status

(As of December 31, 2022)

Classification	Stock information (One unit of shares: 100 shares)							State of share less than one unit (Shares)	
	Government and local public organizations	Financial institutions	Financial commodity traders	Other corporations	Foreign corporations etc.		Individual and others		Total
					Non-individual	Individual			
Shareholders	-	13	22	25	191	8	3,047	3,306	-
Shares held (Unit)	-	56,412	3,725	185,285	90,398	50	38,942	374,812	5,200
Percentage of shares - held (%)	-	15.050	0.993	49.434	24.118	0.013	10.389	100.00	-

Notes: 1. The 1,377,051 shares of treasury shares include 13,770 units in "Individual and others" and 51 shares in "State of share less than one unit."

2. 10 units are included in the "Other corporations" column under the name of Japan Securities Depository Center, Inc.

(6) Major shareholders

(As of December 31, 2022)

Name	Address	Number of shares held	Percentage of shares held to total shares issued (excluding treasury shares) (%)
Hirano Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	13,626,600	37.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	3,321,000	9.20
Hikari Tsushin Co., Ltd.	1-4-10 Nishi Ikebukuro, Toshima-ku, Tokyo	2,728,400	7.56
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,891,000	5.24
UH Partners2, Inc.	2-9-9 Minami Ikebukuro, Toshima-ku, Tokyo	1,321,100	3.66
SIL, Inc.	2-9-9 Minami Ikebukuro, Toshima-ku, Tokyo	801,100	2.22
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1 Konan, Minato-ku, Tokyo)	752,992	2.09
Victory Trivalent International Small-Cap Fund (Standing proxy: Citibank N.A., Tokyo Branch)	3435 Stelzer Road, Columbus OH 43219 - 6004 US (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	499,200	1.38
The Bank of New York Mellon SA/NV. 10 (Standing proxy: MUFG Bank, Ltd.)	Boulevard Anspach 1, 1000 Bruxelles, Belgium (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	350,000	0.97
State Street Bank and Trust Company 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Division)	AIB International Centre P.O. Box 518 IFSC Dublin, Ireland (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	337,700	0.94
Total	-	25,629,092	70.98

Note: In addition to the above, there is 1,377,051 shares of treasury shares owned by our Company.

(7) Voting Rights

1) Shares issued

(As of December 31, 2022)

Classification	Number of shares	Number of voting rights	Description
Non-voting shares	-	-	-
Shares with limited voting rights (Treasury shares, other)	-	-	-
Shares with limited voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, other)	(Treasury shares) Ordinary shares 1,377,000	-	-
Shares with full voting rights (Other)	Ordinary shares 36,104,200	361,042	-
Share less than one unit	Ordinary shares 5,200	-	-
Total number of shares issued	37,486,400	-	-
Voting rights of all shareholders	-	361,042	-

Note: 1,000 shares (10 voting rights) are included in the "Shares with full voting rights (Other)" column under the name of Japan Securities Depository Center, Inc.

2) Treasury shares

(As of December 31, 2022)

Name	Address	Number of shares held by own name (Shares)	Number of shares owned by other holders (Shares)	Total number of shares owned (Shares)	Percentage of shares held to total shares issued (%)
Fullcast Holdings Co., Ltd.	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo	1,377,000	-	1,377,000	3.67
Total	-	1,377,000	-	1,377,000	3.67

2. Acquisitions of Treasury Shares

Class of shares: Acquisition of ordinary shares under Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisitions based upon decisions made at the General Meeting of Shareholders

There are no relevant matters.

(2) Acquisitions based upon decisions made at the meeting of Board of Directors

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the meeting of Board of Directors (February 10, 2022) (Acquisition period: February 14, 2022 to March 24, 2022)	533,900	903,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	393,500	902,848,400
Total number of shares of residual resolutions and total cost	140,400	151,600
Ratio of unexercised rights as of the last day of the current fiscal year (%)	26.3	0.0
Treasury shares acquired during the current period	-	-
Ratio of unexercised rights as of the date of submission of this report (%)	26.3	0.0

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the meeting of Board of Directors (February 10, 2023) (Acquisition period: February 13, 2023 to April 28, 2023)	486,000	1,217,430,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	-	-
Total number of shares of residual resolutions and total cost	-	-
Ratio of unexercised rights as of the last day of the current fiscal year (%)	-	-
Treasury shares acquired during the current period	-	-
Ratio of unexercised rights as of the date of submission of this report (%)	100.0	100.0

Note: At the meeting of Board of Directors held on February 10, 2023, our Company resolved to purchase treasury shares and to conduct a tender offer of treasury shares as a specific method of acquiring treasury shares. The outline of the tender offer is as follows.

Period of the Tender Offer: From February 13 to March 13, 2023 (20 business days)

Tender Offer Price: 2,505 yen per ordinary share

Number of share certificates planned for purchase: 485,900 shares

Publication date for commencing the Tender Offer: February 13, 2023

Commencement date of settlement: April 5, 2023

(3) Description of items not based upon decisions made at either General Meeting of Shareholders or the meeting of Board of Directors

Classification	Number of shares (Shares)	Total cost (Yen)
Treasury shares acquired in the current fiscal year	85	226,469
Treasury shares acquired during the current period	-	-

Note: Treasury shares acquired during the current period does not include the purchase of share less than one unit from March 1, 2023 up to the submission date of the securities report.

(4) Handling and Possession of Treasury Shares Acquired

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares for which a purchaser was solicited	-	-	-	-
Acquired treasury shares that were retired	-	-	-	-
Acquired treasury shares that were transferred due to a merger, share exchange, share issuance or company split	-	-	-	-
Other (exercise of the share acquisition rights)	32,200	60,803,500	1,400	2,707,600
Treasury shares held	1,377,051	-	1,375,651	-

Note: Treasury shares held during the current period does not include the purchase of shares less than one unit and exercise of the share acquisition rights from March 1, 2023 up to the submission date of the securities report.

3. Dividend Policy

Our Company maintains a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50%.

Our Company will implement shareholder returns with a target of achieving a total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve ROE of 20% or higher, which is an indicator used to represent “improvement of corporate value.”

Our Company has established a basic policy of offering a dividend from surpluses twice a year, comprised of an interim and year-end dividends. The decision-making body for the dividend is the Board of Directors for both the interim and year-end dividends.

For the fiscal year ended December 2022, a total annual dividend will be 58 yen per share, an increase of 14 yen compared to the previous year and the same as forecast, based on the goal of achieving a total return ratio of 50%. As a year-end dividend, a dividend of 35 yen per share (12 yen increase compared to the previous year and the same as forecast) will be offered and share repurchases totaling up to a maximum 1,218 million yen will be conducted through tender offer. It was resolved at the meeting of Board of Directors held on February 10, 2023. As a result, the total return ratio for the fiscal year ended December 2022 is expected to exceed 50.0%.

With regards to internal reserves, our Company plans to improve our business base in order to achieve sustainable growth through allocation to preparation for future business expansion, development of systems, and enhancement of internal programs such as employee education.

According to our Articles of Incorporation, our Company can offer an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act.

Note: The following are dividends to be paid from retained earnings whose record date are in the current fiscal year.

Date of resolution	Total amount of dividend (Million yen)	Dividend per share (Yen)
Resolution by the meeting of Board of Directors on Aug. 12, 2022	830	23
Resolution by the meeting of Board of Directors on Feb. 10, 2023	1,264	35

4. Corporate Governance

(1) Corporate Governance

1) Basic Approach to Corporate Governance

Our Group considers the basic principles and aims of corporate governance to ensure transparent management for all concerned parties including shareholders, as well as to improve the efficiency of management in order to realize the “sustained improvement of corporate value.”

2) Overview of Corporate Governance Systems and Reasons for this Systems Adoption

A. Overview of Corporate Governance Systems

The following is an overview of corporate structures.

a) The Board of Directors

It is our policy for the composition of the Board of Directors to consist of at least one-third outside directors and to report all outside directors as independent directors as stipulated by the Tokyo Stock Exchange. Our Company has chosen outside directors to serve as 3 of our 7 Directors, and in so doing we aim to strengthen the supervisory function of overall business execution from an external perspective.

As of March 27, 2023, the Board of Directors was comprised of 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members (3 of whom are outside directors) for a total of 7 members (7 males and no females). The Board of Directors ensures transparent management and makes decisions on matters of importance for management, such as supervision of execution of overall management of our Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing our Group.

The Board of Directors is comprised of 7 members: President, Representative Director and CEO Kazuki Sakamaki, Chairperson of the Board of Directors Takehito Hirano, Director Takahiro Ishikawa, Director Shiro Kaizuka, Audit & Supervisory Committee Member Kouji Sasaki, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani.

The meeting of Board of Directors was held 12 times during the fiscal year ended December 2022 and all Directors attended all the meetings. The main matters considered included the Medium-Term Management Plan (including reviewing and updating said plan), shareholder returns and capital policy, M&A and business alliances, internal control and compliance, officer remuneration, corporate governance (including an examination of the appropriateness of retaining cross-shareholdings and an evaluation of the effectiveness of the Board of Directors), and related party transactions.

b) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of 3 outside directors who are independent and Audit & Supervisory Committee Members (3 males and no females) and they discuss, deliberate and make decisions on important matters concerning audits. The Audit & Supervisory Committee also works to establish ties in which it can receive timely reports from Accounting Auditors.

The Audit & Supervisory Committee is comprised of 3 members: Audit & Supervisory Committee Member Kouji Sasaki who serves as the Chairperson, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani.

c) General Manager of the Legal Department

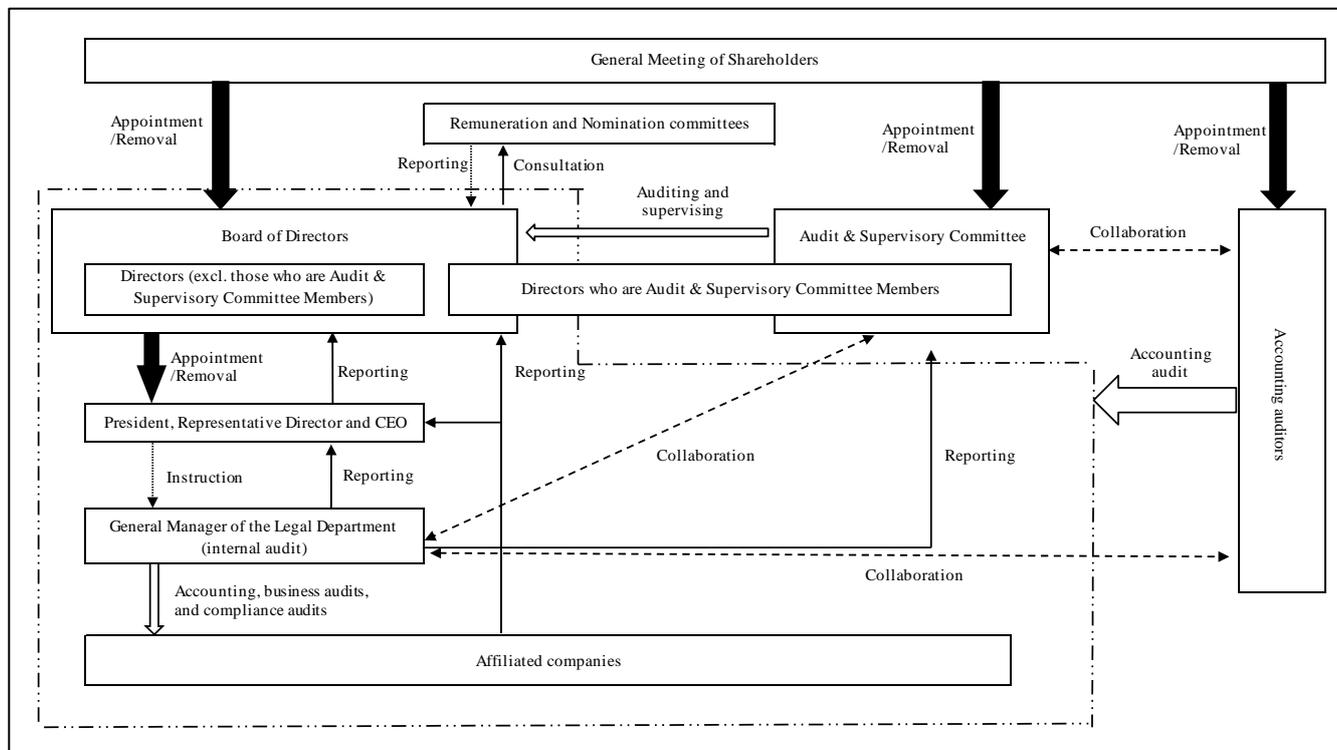
The General Manager of the Legal Department works to promote a climate of compliance awareness, which is a prerequisite for company management throughout the entire group of companies and promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control systems and guidelines related to financial reporting, and internal auditing work including information security system organization are used to improve the corporate value of our Group.

d) Accounting Auditors

As an auditing company in charge of accounting audits, our Company has entered into audit contracts with PricewaterhouseCoopers Aarata LLC for audits based upon the Financial Instruments and Exchange Act and

the Companies Act. In addition to regular audits, our Company also receives confirmation on issues regarding accounting and internal control as required, and endeavor to ensure that our accounting practices and internal control systems are adequate.

(Pattern Diagram of our Company's Corporate Governance Systems)



B. Reasons for Corporate Governance Systems Adoption

Our Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit & Supervisory Committee on March 25, 2016 when a resolution to make changes to the Articles of Incorporation including the transition to a company with an Audit & Supervisory Committee was passed at the 23rd Annual General Meeting of Shareholders held on the same day.

As of March 27, 2023, Fullcast Holdings Co., Ltd. is a company with the Board of Directors, which is comprised of 7 Directors, including 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members, and also a company with an Audit & Supervisory Committee, which is comprised of the 3 Directors who are Audit & Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, our Company has chosen outside directors to serve as 3 of our 7 Directors, and in so doing we aim to strengthen the supervisory function of overall management from an external perspective.

Regarding directors who are Audit & Supervisory Committee Members, by appointing all 3 as Outside Directors (One of them being a fulltime Audit & Supervisory Committee Member), our Company performs effective and appropriate oversight of business execution by Directors and have put in place a system that ensures objectivity and neutrality.

Our Company believes that these systems allow our corporate governance to function properly.

3) Other Matters on Corporate Governance

A. Internal Control Systems

- a) The following measures shall be taken to ensure a system of preventive measures regarding risk, compliance with laws and ordinances, and risk management (hereinafter Risk Management System) at the Board of Directors.
 - i. For matters that can affect our entire Company—such as important non-customary transactions, important accounting estimates, transactions between companies and directors, and important transactions with subsidiaries—decisions must be made by the Board of Directors.
 - ii. The Chief Executive Officer (hereinafter, CEO) regularly reports to the Board of Directors about efforts being made for the Risk Management System and business process improvement.
When serious problems arise, they are reported immediately to the Board of Directors.
- b) The following measures shall be taken to ensure the Risk Management System is maintained in the performance of duties by Directors (excluding those who are Audit & Supervisory Committee Members) and employees (the same “Risk Management System” detailed in “a”).
 - i. The CEO shall be placed as the chief of risk management and the General Manager of the Legal Department as the chief of risk management practices.
Risk managers in charge of each Group company shall be placed within our Company, while the General Manager of the Legal Department, under the direction of the CEO, will supervise practices of “ii” through “vii.”
 - ii. Put in place administrative authority regulations and work to establish internal control systems that will prevent authority from being centralized in specific people.
 - iii. Establish a Risk Management System based on these regulations in accordance with basic risk management regulations.
 - iv. Create standards for important information that must be reported immediately to the Board of Directors and disclosure standards, to carry out timely disclosure of issues of noncompliance, risks and other important information.
 - v. Provide necessary rank-specific training for Directors (excluding those who are Audit & Supervisory Committee Members), managerial employees and regular employees. In cases where relevant laws have been enacted or revised, or where major scandals or accidents have arisen in our Group or other companies, our Company quickly provides any necessary training.
 - vi. With the rigorous Risk Management System in business execution and internal auditing being conducted, through the risk managers placed within our Company who are in charge of each Group company, every effort shall be made to ensure thorough Risk Management System at each Group company.
 - vii. In transactions throughout all of our businesses, processes established by financial statements, and business accounting systems, our Company checks all events for the possibility of misstatements or mistakes and streamline systems to ensure that no fraudulent actions are taken during the course of our business. Also, when and where necessary, our Company sets up lateral organizations for the specific purpose of streamlining various processes.
- c) The following measures shall be taken to put in place systems for storing and managing information.
 - i. The General Manager of the Legal Department will instruct Directors (excluding those who are Audit & Supervisory Committee Members) and employees to appropriately store and manage documents based on document management rules.
 - ii. The General Manager of the Legal Department shall store and manage the following documents (including electromagnetic records) together with related materials for at least ten years:
 - (i) Minutes from General Meeting of Shareholders
 - (ii) Minutes from the Board of Directors Meetings
 - (iii) Financial documents
 - (iv) Other documents determined by the Board of Directors

- iii. Directors (excluding directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members can always review documents in “ii” above.
- d) The following measures shall be taken to ensure the efficient execution of duties of Directors of our Company and our Group.
 - i. At the initial Board of Directors meeting of in each term, Directors shall develop a business plan toward achieving common goals for our employees. The Board of Directors shall regularly review the implementation of this business plan.
 - ii. As a foundation for systems to ensure that work is being executed efficiently by Directors, the Board of Directors shall at minimum be held at regular one-month intervals, and extraordinary sessions shall also be held whenever necessary.
 - iii. Regarding execution of work based upon decisions made at the Board of Directors, persons in charge, their responsibilities and execution procedures shall be defined in organizational rules, division of duties regulations, and administrative authority regulations.
- e) The following measures shall be taken to develop a system for ensuring proper operations in the business group.
 - i. Our Company shall draw up a Fullcast Group Employee Code of Conduct for all Group companies, and work to gain compliance by all employees. As well as ensuring compliance of this Code by the whole company, Directors at Group companies will also lead by example by acting based on this code of conduct.
 - ii. Where serious legal violations at Group companies or other important facts concerning risk have been discovered, Directors and employees at Group companies must report to the General Manager of the Legal Department, who shall in turn report them to the CEO. Under the direction of the CEO, the General Manager of the Legal Department will conduct and supervise an investigation into the reported facts, and where deemed necessary, will decide upon appropriate countermeasures. Also, where necessary, the CEO shall report matters to the Board of Directors, and the General Manager of the Legal Department shall report matters to the Audit & Supervisory Committee.
 - iii. The General Manager of the Legal Department will instruct Our Group companies to put in place appropriate internal control systems.
- f) The following measures shall be taken to develop a system for ensuring the effectiveness of audits carried out by Audit & Supervisory Committee.
 - i. When a request is made by an Audit & Supervisory Committee Member for an employee to be allocated to assist in their work, our Company’s employees shall be assigned to provide them with assistance. Audit & Supervisory Committee Member’s assistants shall not be subject to the direction of Directors (excluding those who are Audit & Supervisory Committee Members), and Audit & Supervisory Committee Members shall conduct their performance reviews. Consent must be gained from the Audit & Supervisory Committee to transfer or reprimand the assistants.
 - ii. Audit & Supervisory Committee Member’s assistants shall not jointly take on posts that involve execution of work.
 - iii. When Directors (excluding those who are Audit & Supervisory Committee Members) and employees of our Company or our Group have discovered facts about legal violations or matters that may cause significant damage to our Company, they must promptly report these facts to an Audit & Supervisory Committee Member. Directors (excluding those who are Audit & Supervisory Committee Members) or employees of our Company or our Group who report these matters shall be kept anonymous and persons who report these matters will not be treated unfairly because they reported these matters.
 - iv. A whistleblower hotline will be set up outside our Company. Persons who use the whistleblower system will be kept anonymous and these individuals will not be treated unfairly because they used the whistleblower system. In addition, the whistleblower hotline outside our Company shall put in place a system to report submitted information to the General Manager of the Legal Department and Full-Time Audit & Supervisory Committee Member.

- v. Directors (excluding those who are Audit & Supervisory Committee Members) or employees of our Company or our Group must report promptly to an Audit & Supervisory Committee Member if requested by an Audit & Supervisory Committee Member to report matters concerning the execution of business.
- vi. Audit & Supervisory Committee Members can attend the Board of Directors Meetings of subsidiaries and other meetings deemed necessary for audit purposes by the Audit & Supervisory Committee Member. In addition, Audit & Supervisory Committee Members can browse documents they determine as necessary for audit purposes.
- vii. Audit & Supervisory Committee Members shall work closely with the Accounting Auditor and Internal Audit Departments and can receive advice from outside experts such as attorneys when necessary.
- viii. When an Audit & Supervisory Committee Member requests the prepayment of expenses necessary to carry out their duties, our Company shall pay such costs or obligations promptly, excluding instances where deliberations with the department in charge determine that the costs or obligations related to the request are not necessary for the execution of the Auditor & Supervisory Committee Member's duties.
- g) The following measures shall be taken to develop a basic concept toward eliminating anti-social forces and to ensure its effectiveness.
 - i. Our Company and Group companies shall act in accordance with the Fullcast Group Employee Code of Conduct, sever relations with anti-social forces, and not conduct any transactions with such forces.
 - ii. Information on anti-social forces shall be collected in-house, managed as well as used with information from external specialized agencies, which is in turn are used to determine whether or not the counterpart is anti-social.
 - iii. Unreasonable requests from anti-social forces shall be firmly rejected. Furthermore, the unreasonable demands shall be handled with a firm stance as an organization.
 - iv. Links with external specialized agencies shall be established to provide access to cooperation and appropriate advice on elimination of anti-social forces.

B. Summary of Limited Liability Contracts

Based on Article 427, Paragraph 1 of the Companies Act, our Company and our outside directors who are Audit & Supervisory Committee Members have signed a limited liability contract concerning liability for damages under Article 423, Paragraph 1 of the Companies Act. Based upon this contract, where work has been performed in good faith and without gross negligence, the maximum amount of damages that our Company is liable for is the total minimum liability stipulated in Article 425, Paragraph 1 of the Companies Act.

C. Matters related to directors and officers liability insurance agreements

Our Company has concluded a directors and officers liability insurance (D&O insurance) agreement prescribed in Article 430-3, Paragraph 1 of the Companies Act, with Directors, Audit & Supervisory Board Members, and managers of our Company and its subsidiaries under the Companies Act as insured persons so that officers can fully fulfill their expected roles in performing their duties and our Company can recruit useful personnel. The insurance contract will cover the insured officers, etc. from damages that may arise from being liable for the execution of duties or being pursued for such liability. However, there are certain grounds of indemnification, such as not being covered for damages caused by acts after a recognized violation of laws and regulations.

In addition, our Company bears the full amount of insurance premiums, including the rider, and there is no insurance premium burden for the insured person.

D. Resolution matters for the General Meeting of Shareholders that can be decided upon at the Board of Directors

In the Articles of Incorporation, it is stipulated that our Company may decide on the following matters at the Board of Directors, without the need for decisions made at the General Meeting of Shareholders.

- a) It may acquire treasury shares

To be able to improve capital efficiency and increase returns to shareholders

- b) It may pay dividends from retained earnings
To be able to implement flexible capital policy and dividend policy
- c) It may pay interim dividends
To be able to implement flexible capital policy and dividend policy
- d) According to decisions made by the Board of Directors, it may be exempt from liability for damages, to the limit of the law, for Directors and Audit & Supervisory Committee Members (including who were previously Directors, Audit & Supervisory Committee Members, and members of Board of Corporate Auditors) resulting from negligence of duty
To be able to adequately conduct the roles that are expected to be performed in normal course of business.

E. Number of Directors

It is stipulated in the Articles of Incorporation that there are to be no more than 10 Directors (excluding those who are Audit & Supervisory Committee Members), and no more than 4 Directors who are Audit & Supervisory Committee members at our Company.

F. Decision requirements for appointment of Directors

Regarding decisions to appoint Directors, it is stipulated in the Articles of Incorporation that shareholders with at least 1/3 of shareholders' voting rights, and who can exercise voting rights, must be present and that our Company requires the majority of these voting rights to be exercised.

Regarding appointments of Directors through cumulative voting, it is stipulated in the Articles of Incorporation that voting must not be done through cumulative voting.

G. Special decision requirements for General Meeting of Shareholders

Our Company endeavors to smoothly conduct the General Meeting of Shareholders, and regarding special decision requirements for General Meeting of Shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act, it is stipulated in the Articles of Incorporation that shareholders with at least 1/3 of shareholders' voting rights and who can exercise voting rights must be present, and that our Company requires at least 2/3 of these voting rights to act.

H. Investor Relation, Other Activities

Our Company considers endeavors to ensure highly transparent management and timely and appropriate disclosure of corporate information to be of vital importance in gaining understanding and trust for our management.

Our Company considers shareholders to be an important class of stakeholders and dates for shareholder related meetings such as the General Meeting of Shareholders are set at appropriate times that allow for constructive dialogue with shareholders and to provide information that is accurate to achieve this dialogue.

Our Company holds briefings for institutional investors and analysts two times per year as part of our efforts to promote constructive dialogue with shareholders within a reasonable scope outside of General Meetings of Shareholders from the perspective of contributing to sustainable growth and the medium- to long-term improvement of corporate value. The President, Representative Director and CEO attend all briefings and endeavors to engage in proactive dialogue with participants.

Furthermore, our Company has established a system for disclosing information equally to investors in Japan and overseas through its website.

Our Company, through its initiatives, endeavors to be the most accountable company in the industry and promotes discussions on corporate governance and important management policies with major shareholders who have an investment policy to realize returns over the medium to long term.

(2) Officers

1) List of Officers

There are 7 males and no female officers (ratio of female officers: 0.0%)

Title	Name	Date of birth	Career summary		Term	Number of shares held
Director and Chairperson	Takehito Hirano	August 25, 1961	Apr. 1984 Sept. 1990 July 2006 Sept. 2007 Dec. 2009 Mar. 2015 Apr. 2017 Oct. 2018	Joined Harvest Futures Inc. Established Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) and served as President, Representative Director President, Representative Director of Fullcast Marketing Co., Ltd. (currently F-PLAIN Corporation) Director of our Company Director and Advisor of our Company Director and Chairman of our Company (present post) Representative Director and Chairman of F-PLAIN Corporation (present post) Director of Advancer Global Limited (present post)	(Note 2)	2,000
President, Representative Director and CEO	Kazuki Sakamaki	September 30, 1970	Apr. 1989 Feb. 1995 Oct. 2005 Oct. 2007 Oct. 2008 June 2009 Dec. 2011 Jan. 2013 Jan. 2014	Joined AI Tusho Co., Ltd. Joined Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast HR Institute Co., Ltd. (currently Fullcast Co., Ltd.) Corporate Executive Officer, General Manager of the Business Engineering Dept. of Fullcast Co., Ltd. Corporate Executive Officer, General Manager of the Tokai & Kansai Sales Dept. of Fullcast Co., Ltd. Representative Director of Fullcast Co., Ltd. Director of our Company President and Representative Director of Fullcast Co., Ltd. (present post) President, Representative Director and CEO of our Company (present post)	(Note 2)	102,039
Director	Takahiro Ishikawa	July 22, 1967	Sept. 1990 Sept. 2000 Apr. 2006 Jan. 2012 May 2012 Dec. 2014 Mar. 2016 Apr. 2016 Jan. 2017	Senior Managing Director of Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast Factory Co., Ltd. Representative Director of Fullcast Central Co., Ltd. Director of STARTLINE Co., Ltd. (present post) President and Representative Director of Beat Co., Ltd. President and Representative Director of Beattech Co., Ltd. Director of our Company (present post) Representative Director and Chairman of Beat Co., Ltd. (present post) Representative Director and Chairman of Beattech Co., Ltd. (present post)	(Note 2)	154,600
Director	Shiro Kaizuka	October 3, 1961	Sept. 1990 May 2002 Oct. 2002 Feb. 2010 Sept. 2013 Apr. 2016 June 2016 Mar. 2017	Senior Managing Director of Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.) Director of Interbiz Limited (present post) Representative Director of Rearvio Co., Ltd. (present post) Representative Director of Dimension Pockets Co., Ltd. (present post) Representative Partner of IPM G.K. (present post) Representative Partner of One Suite G.K. (present post) Director of our Company (present post)	(Note 2)	75,200

Title	Name	Date of birth	Career summary		Term	Number of shares held
Director (Full-Time Audit & Supervisory Committee Member)	Kouji Sasaki	August 2, 1945	Apr. 1966 Dec. 1984 June 1995 Sept. 1995 Dec. 1999 Sept. 2008 Mar. 2016	Joined Tokyo Regional Taxation Bureau and worked in the general affairs division, before later working in tax offices Passed the tax accountant examination Retired as a special examiner at Nakano tax office Opened Sasaki Tax Accounting Office (Director, present post) Outside Audit & Supervisory Board Member of our Company Audit & Supervisory Board Member of Fullcast HR Institute Co., Ltd. (currently Fullcast Co., Ltd.) Director (full-time Audit & Supervisory Committee Member) of our Company (present post)	(Note 3)	9,600
Director (Audit & Supervisory Committee Member)	Masataka Uesugi	July 31, 1965	Apr. 1995 Apr. 1999 June 2003 June 2003 June 2004 June 2007 Dec. 2012 June 2013 Dec. 2013 Nov. 2014 Mar. 2015 Mar. 2016 June 2016 Mar. 2021	Registered as an attorney-at-law (Tokyo Bar Association) Founded Uesugi Law Office Partner of Amlec Law and Accounting Firm Audit & Supervisory Board Member of Digital Arts Inc. Audit & Supervisory Board Member of Nextech Co., Ltd. Outside Audit & Supervisory Board Member of jig.jp Co. Ltd. (present post) Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Commerce One Holdings Inc. (present post) Outside Audit & Supervisory Board Member of Ceres Inc. Outside Audit & Supervisory Board Member of Aiming Inc. (present post) Founded Sakurada Dori Partners (partner, present post) Director (Audit & Supervisory Committee Member) of our Company (present post) Outside Director (Audit & Supervisory Committee Member) of Digital Arts Inc. (present post) Outside Director (Audit & Supervisory Committee Member) of Ceres Inc. (present post)	(Note 3)	-
Director (Audit & Supervisory Committee Member)	Hideyuki Totani	January 5, 1979	Oct. 2003 June 2007 July 2007 June 2013 July 2014 Dec. 2015 Mar. 2016 July 2016 July 2021	Joined Ernst & Young ShinNihon LLC Registered as Certified Public Accountant Partner at Seiwa Audit Corporation (currently RSM Seiwa Audit Corporation) Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Ichigo Holdings, Inc. (present post) Auditor of F-PLAIN Corporation (present post) Director (Audit & Supervisory Committee Member) of our Company (present post) Representative at RSM Seiwa Audit Corporation President at RSM Seiwa Audit Corporation (present post)	(Note 3)	-
Total						343,439

- Notes: 1. Directors Kouji Sasaki, Masataka Uesugi and Hideyuki Totani are outside director, as defined in Article 2, Item 15 of the Companies Act.
2. The term of office for Directors who are not Audit & Supervisory Committee Members is from the Annual General Meeting of Shareholders for the fiscal year ended December 2022 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2023.
3. The term of office for Directors who are Audit & Supervisory Committee Members is from the Annual General Meeting of

Shareholders for the fiscal year ended December 2021 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2023.

4. The Audit & Supervisory Committee is comprised of the following members:
Chair: Kouji Sasaki; Members: Masataka Uesugi and Hideyuki Totani
5. The number of shares held by Representative Director Kazuki Sakamaki shows the effective number of shares held, including those in the Directors shareholders association of Fullcast Holdings Co., Ltd.

2) Outside Officers

A. Overview of outside directors' personal relationships, capital relationships and other concerns over business relationships

The shareholdings of our Company by our 3 outside directors are outlined below.

(As of March 27, 2023)

Position in our Company	Name	Number of shares held
Full-Time Audit & Supervisory Committee Member	Kouji Sasaki	9,600
Audit & Supervisory Committee Member	Masataka Uesugi	-
Audit & Supervisory Committee Member	Hideyuki Totani	-

Hideyuki Totani has a concurrent post at F-PLAIN Corporation which is a consolidated subsidiary of our Company.

There is no special conflict of interest between our Company and the other important concurrent offices of our Company's outside directors.

B. Attitudes towards functions, roles and appointment of outside directors

In appointing outside directors, our Company selects them based on the following line of thought.

(Outside Directors)

- Outside directors are selected from those who are judged to be qualified as having rich experience and special knowledge in governance, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for overall execution of work and ensuring transparency of management.
- In order to meet the objectives of appointing outside directors, their independence is objectively judged in appointing new outside directors, in accordance with the judgment criteria for independence of independent directors stipulated by the Tokyo Stock Exchange, Inc. and the Criteria for the Independence of Outside Officers created by our Company.
- When a corporate manager becomes an outside director, conflict of interest may arise in business transactions with the director's own company. Conflict of interest in individual cases shall be appropriately dealt with in the procedures of the Board of Directors.

(Reference) Criteria for the Independence of Outside Officers

Our Company has stipulated the following criteria for determining the independence of our Company's outside directors as part of its efforts to strengthen corporate governance.

[Conditions of Independence for Officers]

Our Company's independent officers are outside directors as stipulated in the Companies Act and Ordinance for Enforcement of the Companies Act and they are persons who satisfy the conditions outlined below, in addition to the conditions for independence set forth by financial instrument exchanges in Japan, including the Tokyo Stock Exchange.

- ① Persons who do not fall into any of the following categories
 - (1) A Director who is an executor of business or not an business executor of our Company's parent company;
 - (2) An executor of business of our Company's sister company;
 - (3) An organization for whom our Company or our Company's subsidiaries (hereinafter, the "Group") is a major customer or a person who executes the business of that major customer;
 - (4) A major customer of the Group or a person who executes the business of that major customer;
 - (5) A consultant, accounting expert or legal expert who, in addition to remuneration for directors receives money exceeding a certain amount or other assets from the Group (or an organization

- that receives the said assets or person who belongs to the said organization);
- (6) A person who fell into any of the categories described in (1) to (5) above in the last one year;
 - (7) A relative of a person (excluding unimportant persons) who falls into any of the following categories (i) to (iii) within the second degree of the relationship:
 - (i) A person who falls into any of the above categories (1) to (6);
 - (ii) An executor of business for a subsidiary of our Company;
 - (iii) A person who falls into (ii) or was an executor of business for our Company in the last year.
- ② Individuals who do not have other circumstances that prevents them from fulfilling their duties as independent officer.
 - ③ Even when ① or ② above applies, an individual can still be appointed as independent officer if it is determined they effectively possess independence, and the reason is explained and disclosed at the time of their appointment as outside officer.

(Notes)

1. An “executor of business” means a Director in charge of business execution, an executive officer, or an employee.
2. A “major customer” is defined as a company whose payments or receivables for transactions with the Group account for 2% or more of annual consolidated net sales of the Group or the customer within most recent business year.
3. “In addition to remuneration for directors receives money exceeding a certain amount or other assets from the Group” means a person who received monetary proceeds of 10 million yen or more or interests with the equivalent value from the Group, in addition to remuneration for directors, in the most recent business year.

Audit & Supervisory Committee Members Kouji Sasaki, Masataka Uesugi, and Hideyuki Totani, who are also outside directors, were appointed after being judged to be qualified as having rich experience in governance and specialist knowledge, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for the overall execution of work and ensuring transparency of management. Our Company has appointed them as independent officers (which refers to outside directors and outside auditors for whom there is no risk of conflict of interest with general shareholders), which the Tokyo Stock Exchange stipulates as a “matter to be observed” under the Corporate Code of Conduct. Our Company has also notified the stock exchange of their appointment.

Kouji Sasaki maintains the qualification of as a professional tax accountant, Masataka Uesugi as an attorney-at-law, and Hideyuki Totani as a certified public accountant.

- 3) Supervision and audits by outside directors who are Audit & Supervisory Committee Members, mutual cooperation with audits by internal, Audit & Supervisory Committee, and accounting audits, and relationships between the internal control department and those members

In the Board of Directors Meetings, outside directors who are Audit & Supervisory Committee Members provide necessary comments for resolutions and discussions as required, and state opinions on resolutions and discussions as the need arises, from the perspective of decision-making processes used in execution of duties by Directors (excluding those who are Audit & Supervisory Committee Members), and in the Board of Directors’ resolutions are appropriate.

Audit & Supervisory Committee Members and the Internal Audit Department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. At the Audit & Supervisory Committee Meetings, detailed explanations on audit plans and audit results are carried out in a timely manner by PricewaterhouseCoopers Aarata LLC, our Company’s Accounting Auditor.

The internal control department (Legal Department) summarizes findings from effectiveness assessments on the state of operation and maintenance of internal controls. The President, Representative Director and CEO then report the summarized findings to the Board of Directors, the Audit & Supervisory Committee and the Accounting Auditor as required in a timely manner. Even in cases where illicit actions have been committed by people with roles that are crucial for internal control as part of financial reporting, or where major changes have been made in internal control, they still report to the Board of Directors, the Audit & Supervisory Committee and the Accounting Auditors as required in a timely manner.

(3) Audits

1) Status of Audits by Audit & Supervisory Committee

(i) Organization, Personnel and Procedures of Audits by Audit & Supervisory Committee

All 3 Audit & Supervisory Committee Members on our Audit & Supervisory Committee are outside directors who are independent. Outside directors who are Audit & Supervisory Committee Members include a tax accountant and a lawyer. As well as conducting audits from various expert standpoints, based upon standards for audits and other tasks by the Audit & Supervisory Committee, they also audit execution of work by Directors, and state their opinions on matters such as appropriate operations and streamlining of operations.

Our Company has a policy in place to appoint full-time Audit & Supervisory Committee members to enable sufficient collaboration among the Audit & Supervisory Committee and Internal Audit Departments as well as share information at important meetings and gather information from Directors (excluding those who are Audit & Supervisory Committee Members), in order to strengthen the audit and supervisory functions of the Audit & Supervisory Committee. Currently, our Company has appointed Kouji Sasaki as full-time Audit & Supervisory Committee member. He has professional experience as a tax accountant and possesses considerable knowledge concerning finance and accounting.

ii) Status of Activities by Audit & Supervisory Committee and Audit & Supervisory Committee Members

In the current fiscal year, our Company's Audit & Supervisory Committee held meetings on 11 occasions, with each meeting lasting around 1 hour. The attendance record of individual Audit & Supervisory Committee members is as follows:

Classification	Name	Number of times attended Audit & Supervisory Committee meetings
Outside Director (Full-time Audit & Supervisory Committee Member)	Kouji Sasaki	11/11
Outside Director (Audit & Supervisory Committee Member)	Masataka Uesugi	11/11
Outside Director (Audit & Supervisory Committee Member)	Hideyuki Totani	11/11

The main topics discussed by the Audit & Supervisory Committee include establishment of the audit plan, deliberations on important audit items, development and operation of the internal control system, evaluation of Accounting Auditor and determination of its reappointment, and advanced deliberation of matters to be reported to the Board of Directors.

The following resolutions, reports and discussions were held throughout the year.

12 resolutions: Submission of audit report, determination of remuneration of Directors who are Audit & Supervisory Committee Members, etc.

13 reports and discussions: Results of the 29th audits, progress and status of compliance, etc.

In addition, the main activities of the full-time Audit & Supervisory Committee Member included serving as the chairs of meetings of the Audit & Supervisory Committee as well as facilitating communication with Directors (excluding those who are Audit & Supervisory Committee Members), attendance at meetings of the Board of Directors, and if necessary, reporting the viewing of important documents or status of execution of duties by Directors and employees to the Audit & Supervisory Committee.

2) Status of Internal Audits

Internal Audits are conducted based on internal audit regulations.

The internal audit regulations stipulate that the functions of Internal Audits are to properly understand corporate property and operations from the standpoint of management analysis, and to contribute to the streamlining of management and increasing of its efficiency, and also to achieve effective communication and coordination in all of its operations. The General Manager of the Legal Department is responsible for audits.

3) Status of Accounting Audits

A. Name of accounting auditor

PricewaterhouseCoopers Aarata LLC

B. Duration as accounting auditor

11 years

C. Certified public accountants engaging in auditing work

Shigeru Takahama

Tatsuya Chiba

D. Composition of audit assistants involved in auditing work

Assistants involved in our Company's accounting audit work include 5 certified public accountants, 4 persons who have passed the certified public accountant exam, and 11 others.

E. Selection Method of Audit Corporation and Reason

Our Company selects the audit corporation based comprehensively on such areas as quality control, independence, specialization, audit remuneration, communication with Audit & Supervisory Committee and management, and response to illicit risks, etc., referencing the "Practical Guidelines for Auditors, etc. Concerning the Formulation of Evaluation and Selection Standards for Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.

When it deems necessary, such as when the duties of the Accounting Auditor are hindered, etc., the Audit & Supervisory Committee determines the details of resolutions on the dismissal or non-reappointment of the Accounting Auditor to be submitted to the general meeting of shareholders.

In addition, if the Accounting Auditor is deemed to fall under each item set forth in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor will be dismissed based on the consent of all Audit & Supervisory Committee Members. In such a case, the Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee will report the nature and reason for the dismissal of the Accounting Auditor at the first General Meeting of Shareholders convened after the dismissal.

F. Evaluation of Audit Corporation by the Audit & Supervisory Committee

Our Company's Audit & Supervisory Committee comprehensively evaluates the audit system and the status of the execution of duties by the Accounting Auditor.

4) Details of Audit Remuneration and Other Information

A. Remuneration for audit-certified public accountants and other information

(Million yen)

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit certification work	Remuneration based on non-auditing work	Remuneration based on audit certification work	Remuneration based on non-auditing work
Submitting company	36	-	41	-
Consolidated subsidiaries	-	-	-	-
Total	36	-	41	-

B. Remuneration for the same network (PricewaterhouseCoopers) as audit certified public accountants (excluding A.)

There are no relevant matters.

C. Other details of remuneration based on significant audit certification work

There are no relevant matters.

D. Policy for determining audit remuneration

At Fullcast Holdings, our Company determines audit remuneration after giving consideration of factors such as audit-certified accountants' audit plans, audit contents and audit days.

E. Reasons why the Audit & Supervisory Committee approved the remuneration of the Accounting Auditor

The Audit & Supervisory Committee, based on the "Practical Guideline on Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, confirmed and reviewed the evaluation and analysis of auditing results from the previous fiscal year, plan for auditing hours and assignment of personnel in the audit plan, status of business execution by the Accounting Auditor, and appropriateness of estimates for remuneration. As a result, the Audit & Supervisory Committee has given its consent to the remuneration for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Officer Remuneration

1) Policy concerning the Approval of Calculation Method of Officer Remuneration and its Amount

It is stated in the Articles of Incorporation that officers' remunerations are stipulated based upon decisions made at the General Meeting of Shareholders.

Our Company determines the amount of remuneration for officers once each year, which must be within the range of remuneration limits determined at the General Meeting of Shareholders.

The limit on remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) is set at 200 million yen per year and the limit of remuneration for Directors who are Audit & Supervisory Committee Members is 50 million yen per year based on the resolution at the 23rd Annual General Meeting of Shareholders held on March 25, 2016 (number of eligible Directors at the time of the resolution: 3 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members). In addition, at the 29th Annual General Meeting of Shareholders held on March 25, 2022, new share acquisition rights were issued as stock options to Directors (excluding those who are Audit & Supervisory Committee Members) within the scope of this maximum remuneration.

Remuneration-type stock options adopt consolidated operating profit, a primary financial target of the Medium-Term Management Plan, as the indicator related to performance-linked remuneration. Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the consolidated operating profit target for the fiscal year ending December 2024, the final year of the Medium-Term Management Plan. Since our Company has set consolidated operating profit targets for the fiscal year ending December 2024 as an indicator, there is no performance against our targets for the current fiscal year.

At the meeting of Board of Directors held on February 26, 2021, our Company resolved "Policy for determining the details of remuneration of individual directors." The organization with the authority to decide on the policy for determining the amount of remuneration of officers of our Company and the method of calculating such remuneration is the Board of Directors. With regard to the remuneration of Directors (excluding those who are Audit & Supervisory Committee Members), the President, Representative Director and CEO who is an executive director, formulates a compensation plan including the total amount of remuneration. And after deliberations by the Remuneration Committee consisting of 3 independent outside directors and the President, Representative Director and CEO who is an executive director, the total amount of remuneration is resolved by the Board of Directors.

The specific details of the remuneration amounts of each Director shall be left to the President, Representative Director and CEO who is an executive director, and the content of the authority shall be the amount of base remuneration for each Director and the amount of performance-linked remuneration of each Director. The reason for delegating these powers is that when determining individual remuneration of Directors, the Remuneration Committee deliberates in accordance with the policy and reports to the Board of Directors, and those who have been delegated determine such matters by respecting the report.

The Board of Directors has resolved to delegate the determination of individual remuneration of Directors pertaining to the current fiscal year to Kazuki Sakamaki, President, Representative Director and CEO, and has confirmed that the method of determining the content of remuneration and the content of the determined remuneration are consistent with the policy resolved by the Board of Directors for the individual remuneration of Directors pertaining to the current fiscal year. It has also confirmed that the report from the Remuneration Committee is respected and judges that it is in line with the policy.

During the relevant fiscal year, deliberation and resolution were made by the Board of Directors as follows:

- March 25, 2022: Deliberation and resolution on remuneration of Directors (excluding those who are Audit & Supervisory Committee Members)

The remuneration of Directors who are Audit & Supervisory Committee Members is determined through discussions among the Directors who are Audit & Supervisory Committee Members.

The details of “Policy for determining the details of remuneration of individual directors” are presented below.

1. Fundamental policy

The fundamental policy for the determination of remuneration of our Company’s individual Directors shall be to set this remuneration at an appropriate level based on the importance of each of their duties and their achievements using a remuneration system linked to our Company’s business performance and return to shareholders, so that the remuneration works sufficiently as an incentive to achieve the sustainable enhancement of corporate value. Specifically, the remuneration of the President, Representative Director and CEO who serves as an executive director and the Director responsible for supervisory functions (excluding those who are Audit & Supervisory Committee Members) shall be comprised of base remuneration (monetary compensation) as the fixed remuneration and performance-linked remuneration (monetary compensation) and stock-based compensation (non-monetary remuneration). The remuneration of outside directors who are Audit & Supervisory Committee members shall comprise only base pay as fixed remuneration in view of their duties.

2. Policy regarding the amount of remuneration for each individual in terms of base remuneration (monetary remuneration) (including the policy on determining the timing or conditions for the granting of remuneration)

The base remuneration of our Company’s Directors shall be comprised of monthly fixed remuneration, which shall be determined holistically while considering the level of other companies, our Company’s performance, and level of employee pay based on the Director’s position, duties, and number of years in office.

3. Policy regarding the details and amount or calculation method of performance-linked remuneration and non-monetary remuneration (including the policy on determining the timing or conditions for the granting of remuneration)

Performance-linked remuneration shall be comprised of cash remuneration reflecting key performance indicators (KPI) to elevate awareness about improving performance each business year. The amount calculated is based on the level of achievement of targets for consolidated operating profit for each respective business year and shall be paid monthly in conjunction with monthly fixed remuneration. The target KPIs and their values, in principle, shall be set when formulating a plan that is consistent with the Medium-Term Management Plan or medium-term consolidated operating profit targets set by our Company, and be reviewed as necessary based on changes in the operating environment.

Non-monetary compensation shall be comprised of remuneration-type stock options and adopt consolidated operating profit, a primary financial target of the Medium-Term Management Plan or medium-term consolidated operating profit targets set by our Company, as the indicator related to performance-linked remuneration. Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the consolidated operating profit target for the final year of the Medium-Term Management Plan or of medium-term consolidated operating profit target.

4. Policy regarding determination of the proportion of monetary remuneration, performance-linked remuneration or non-monetary remuneration for each Director

The ratio of each type of remuneration for Executive Director and Director (excluding those who are Audit & Supervisory Committee Members) shall be determined considering remuneration levels of other companies engaged in related business types or formats or whose business size is similar to our Company. Furthermore, the benchmark ratio of each type of remuneration shall be 8:1:1 representing base remuneration: performance-linked remuneration: non-monetary remuneration (in case the level of KPI achievement is 100%).

Note: Performance-linked remuneration shall be cash remuneration and non-monetary remuneration shall be remuneration type stock options.

5. Matters regarding the determination of details of remuneration for individual Directors

The remuneration amount and each type of remuneration of the President, Representative Director and CEO who serves as an Executive Director and the Director (excluding those who are Audit & Supervisory Committee Members) will be proposed by the President, Representative Director and CEO who serves as an Executive Director that will include the total amount of remuneration following the aforementioned fundamental policy on determining remuneration and individual policies. Next, the Board of Directors passes a resolution on the total amount of remuneration (each amount of base remuneration, performance-linked remuneration and stock-type remuneration, if applicable), timing, conditions and other important matters, if any. The specific details of each individual Director are entrusted to the discretion of the President, Representative Director and CEO who serves as an Executive Director. The details of this authority shall comprise the amount of base remuneration of each Director and performance-linked remuneration of each Director.

However, our Company will establish a Remuneration Committee comprised of 3 independent outside directors who are Audit & Supervisory Committee Members and the President, Representative Director and CEO who serves as an Executive Director to prevent arbitrary decisions on remuneration by the President, Representative Director and CEO who serves as an Executive Director and ensure that authority is exercised appropriately. The Remuneration Committee deliberates on whether the individual remuneration proposals established by the President, Representative Director and CEO who serves as an Executive Director are appropriate or not in accordance with the above mentioned policies for determination of remuneration. After this, revisions are made if necessary and the Remuneration Committee establishes a remuneration proposal within the scope of the total amount approved by the Board of Directors. The Remuneration Committee submits its proposal to the President, Representative Director and CEO who serves as an Executive Director, and the President, Representative Director and CEO who serves as an Executive Director determines the remuneration amount for individual Directors while respecting the details of this proposal.

2) Total amount of remuneration by officer classification, total amount by type of remuneration, and number of officers covered

Classification	Total amount of remuneration (Million yen)	Total amount by type of remuneration (Million yen)			Number of officers covered
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	
Directors (excluding Audit & Supervisory Committee Members) (excluding outside directors)	126	108	18	-	4
Directors (Audit & Supervisory Committee Members) (excluding outside directors)	-	-	-	-	-
Outside officers	16	16	-	-	3

- Notes:
1. The limit on remuneration of Directors (excluding Audit & Supervisory Committee Members) is set at 200 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016.
In addition, new share acquisition rights were issued as stock options to Directors (excluding those who are Audit & Supervisory Committee Members) within the scope of this maximum remuneration as determined at the General Meeting of Shareholders on March 24, 2017.
 2. The limit on remuneration of Directors (Audit & Supervisory Committee Members) is set at 50 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016.

3) Total Amount of Consolidated Remuneration for Each Officer

Not listed, as there is no one for whom the total amount of consolidated remuneration exceeds 100 million yen.

4) Important items among employee bonuses for people working jointly as employees and officers

There are no relevant matters.

(5) Possession of shares

1) Standards and Approach to Categories of Investment Securities

Regarding the categories of investment securities owned purely for investment purposes and investment securities owned for reasons other than purely investment purposes, our Company categorizes shares held for the purpose of business strategy such as maintaining and strengthening relationships with business partners as cross-shareholdings and categorizes shares held for asset management purpose as purely investment.

2) Ownership of Shares by Fullcast Holdings Co., Ltd.

The following shows the status of Fullcast Holdings Co., Ltd., which is the company with the highest balance sheet amount for investment shares among our Company and its consolidated subsidiaries (highest holding company).

A. Investment shares that are held for purposes other than net investment purposes

a) Method of examining ownership policy and ownership rationale as well as details of examinations by the Board of Directors on suitability of ownership of individual shares

Our Group acquires and holds cross-shareholdings of publicly listed stocks when it is determined to contribute to the improved medium to long-term corporate value of our Group from the perspective of maintaining and strengthening cooperative business relations and maintaining and strengthening stable, long-term transactional relationships between our Group and its business partners, restricted to alliance relationships, transactional relationships or other business relationships. Our Company plans to sell and reduce its holdings of shares of associates and investment securities for which these business synergies are not expected to materialize.

In addition, the Board of Directors carefully screened our Group's cross-shareholdings (5 stocks), including whether the purpose of ownership is appropriate or not, and verified that ownership is indeed suitable. As a

result of this verification, the Board of Directors determined that at the current point in time it is appropriate to continue owning these cross-shareholdings.

With regard to exercising the voting rights of cross-shareholdings, our Group determines whether it approves or disapproves of a proposal and exercises its voting rights after comprehensively determining, based on individual scrutiny, whether the proposal contributes to the enhancement of the corporate value of the company and our Group and whether there is a possibility the proposal will damage shareholder value, for each individual proposal, taking into account the purpose of each individual holdings and referencing the criteria for exercising voting rights of the voting advisory company.

b) Number of different stocks and total value recorded in balance sheets

	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	5	10
Securities other than unlisted equity securities	3	118

(Stocks for which our Company's shareholdings increased in the current fiscal year)

	Number of different stocks	Total acquisition price related to increase in the number of shares (Million yen)	Reason for increase in number of shares
Unlisted equity securities	1	10	Investment to improve corporate value and increase the industry-wide position
Securities other than unlisted equity securities	-	-	-

(Stocks for which our Company's shareholdings decreased in the current fiscal year)

There are no relevant matters.

c) Information concerning special stocks, number of shares for each stock considered deemed holding, and amount appearing in balance sheet

Special Stocks

Stock	Current fiscal year	Previous fiscal year	Purpose of ownership, quantitative effects of ownership, and reason for the increase in the number of shares	Shares owned by our Company
	Number of shares Amount recorded in balance sheets (Million yen)	Number of shares Amount recorded in balance sheets (Million yen)		
e-LogiT Co., Ltd.	90,000	90,000	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a).	None
	55	73		
Seyfert LTD.	30,000	-	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a). (Note)	Yes
	33	-		

Note: Seyfert LTD. was newly listed on the Tokyo Stock Exchange on February 4, 2022, and its holdings have been reported since the current fiscal year. The information for the previous fiscal year has been omitted as it was unlisted.

Deemed holdings

There are no relevant matters.

B. Investment shares held for net investment purposes

Classification	Current fiscal year		Previous fiscal year	
	Number of different stocks	Total value recorded in balance sheets (Million yen)	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	-	-	-	-
Securities other than unlisted equity securities	1	30	1	133

Classification	Current fiscal year		
	Total amount of dividend income (Million yen)	Total amount of sales gain (loss) (Million yen)	Total amount of valuation gain (loss) (Million yen)
Unlisted equity securities	-	-	-
Securities other than unlisted equity securities	1	69	(14)

C. Investment shares changed the purpose of ownership from other than net investment purposes to net investment purposes during the current fiscal year

Stock	Number of shares	Amount recorded in balance sheets (Million yen)
Saint Care Holding Corporation	36,000	30

3) Ownership of shares by F-PLAIN Corporation

The following shows the status of F-PLAIN Corporation, which is the company with the next highest balance sheet amount for investment shares among our Company and its consolidated subsidiaries.

A. Investment shares that are held for purposes other than net investment purposes

- a) Method of examining ownership policy and ownership rationale as well as details of examinations by the Board of Directors on suitability of ownership of individual shares

Our Group acquires and holds cross-shareholdings of publicly listed stocks when it is determined to contribute to the improved medium to long-term corporate value of our Group from the perspective of maintaining and strengthening cooperative business relations and maintaining and strengthening stable, long-term transactional relationships between our Group and its business partners, restricted to alliance relationships, transactional relationships or other business relationships. Our Company plans to sell and reduce its holdings of shares of associates and investment securities for which these business synergies are not expected to materialize.

In inclusion of the cross-shareholdings held by F-PLAIN Corporation, the Board of Directors carefully screened our Group's cross-shareholdings (5 stocks), including whether the purpose of ownership is appropriate or not, and verified that ownership is indeed suitable. As a result of this verification, the Board of Directors determined that at the current point in time it is appropriate to continue owning these cross-shareholdings.

With regard to exercising the voting rights of cross-shareholdings, our Group determines whether it approves or disapproves of a proposal and exercises its voting rights after comprehensively determining, based on individual scrutiny, whether the proposal contributes to the enhancement of the corporate value of the company and our Group and whether there is a possibility the proposal will damage shareholder value, for each individual proposal, taking into account the purpose of each individual holdings and referencing the criteria for exercising voting rights of the voting advisory company.

b) Number of different stocks and total value recorded in balance sheets

	Number of different stocks	Total value recorded in balance sheets (Million yen)
Unlisted equity securities	-	-
Securities other than unlisted equity securities	1	249

(Stocks for which our Company's shareholdings increased in the current fiscal year)

There are no relevant matters.

(Stocks for which our Company's shareholdings decreased in the current fiscal year)

There are no relevant matters.

c) Information concerning special stocks, number of shares for each stock considered deemed holding, and amount appearing in balance sheet

Special Stocks

Stock	Current fiscal year	Previous fiscal year	Purpose of ownership, quantitative effects of ownership, and reason for the increase in the number of shares	Shares owned by our Company
	Number of shares	Number of shares		
	Amount recorded in balance sheets (Million yen)	Amount recorded in balance sheets (Million yen)		
Vision Co., Ltd.	177,600	177,600	Owned for maintaining and strengthening transactional relationship. Quantitative effects of holding are not mentioned due to the difficulty of mention. The rationale for ownership is verified using the method mentioned in a).	Yes
	249	206		

Deemed holdings

There are no relevant matters.

B. Investment shares held for net investment purposes

There are no relevant matters.

4) Possession of shares for submitting companies

The submitting company is the same as that appearing in "2) Ownership of Shares by Fullcast Holdings Co., Ltd."

Part 5: Financial Conditions

1. Preparation Methods for Consolidated and Non-Consolidated Financial Statements

(1) Our Company's consolidated financial statements are prepared in accordance with "Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Minister of Finance Decree No. 28, 1976).

(2) Our Company's consolidated financial statements are prepared in accordance with "Regulations for Terminology, Forms, and Preparation Methods of Financial Statements" (Minister of Finance Decree No. 59, 1963) (hereinafter, "Regulations for Financial Statements").

Our Company falls under the companies submitting special financial statements and prepares financial statements in accordance with the provisions of the Article 127 of the Regulations for Financial Statements.

2. Audit Certification

Based on Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, our Company underwent audits by PricewaterhouseCoopers Aarata LLC for consolidated financial statements of the current consolidated fiscal year (January 1 to December 31, 2022) and for financial statements of the current fiscal year (January 1 to December 31, 2022).

3. Special Initiatives for Ensuring the Adequacy of Consolidated Financial Statements

Our Company engages in special initiatives to ensure the adequacy of consolidated financial statements. Specifically, we have joined the Financial Accounting Standards Foundation to properly understand the details of accounting standards, and to respond appropriately to changes in these standards. Furthermore, we have put in place systems for receiving information from companies specializing in disclosure on both a regular and occasional basis.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Million yen)

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	17,410	20,626
Notes and accounts receivable - trade	7,090	* ¹ 8,986
Merchandise	19	30
Supplies	13	20
Other	303	356
Allowance for doubtful accounts	(20)	(50)
Total current assets	24,815	29,967
Non-current assets		
Property, plant and equipment		
Buildings and structures	680	682
Accumulated depreciation and impairment	(384)	(413)
Buildings and structures, net	296	269
Machinery, equipment and vehicles	5	8
Accumulated depreciation and impairment	(5)	(6)
Machinery, equipment and vehicles, net	0	1
Tools, furniture and fixtures	742	805
Accumulated depreciation and impairment	(592)	(645)
Tools, furniture and fixtures, net	150	160
Land	184	184
Construction in progress	2	3
Total property, plant and equipment	632	617
Intangible assets		
Software	312	373
Goodwill	607	1,305
Other	22	22
Total intangible assets	940	1,699
Investments and other assets		
Investment securities	* ² 2,014	* ² 2,111
Guarantee deposits	636	576
Deferred tax assets	394	551
Other	57	89
Allowance for doubtful accounts	(5)	(7)
Total investments and other assets	3,096	3,321
Total non-current assets	4,669	5,637
Total assets	29,484	35,604

(Million yen)

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	22	52
Short-term borrowings	* ³ 1,000	* ³ 1,000
Accounts payable - other	1,553	1,860
Accrued expenses	1,531	1,874
Income taxes payable	1,407	1,710
Accrued consumption taxes	1,742	2,163
Provision for bonuses	161	286
Allowance for subscription cancellations	36	-
Other	510	* ⁴ 715
Total current liabilities	7,961	9,659
Non-current liabilities		
Retirement benefit liability	747	816
Asset retirement obligations	118	111
Deferred tax liabilities	44	60
Other	36	30
Total non-current liabilities	945	1,017
Total liabilities	8,905	10,676
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	16,369	21,286
Treasury shares	(1,821)	(2,664)
Total shareholders' equity	19,334	23,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	152	149
Foreign currency translation adjustment	41	174
Total accumulated other comprehensive income	193	323
Share acquisition rights	133	152
Non-controlling interests	919	1,044
Total net assets	20,579	24,928
Total liabilities and net assets	29,484	35,604

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

Consolidated Statement of Income

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Net sales	52,366	* ¹ 64,645
Cost of sales	34,336	43,184
Gross profit	18,030	21,460
Selling, general and administrative expenses		
Salaries and bonuses	3,471	3,807
Other salaries	1,267	1,492
Provision for bonuses	19	126
Legal welfare expenses	716	820
Retirement benefit expenses	97	107
Communication expenses	340	360
Travel and transportation expenses	385	433
Rent expenses on land and buildings	796	893
Depreciation	208	214
Advertising expenses	665	303
Recruitment expenses	362	691
Provision of allowance for doubtful accounts	9	44
Amortization of goodwill	207	164
Other	1,896	2,185
Total selling, general and administrative expenses	10,438	11,637
Operating profit	7,592	9,823
Non-operating income		
Interest income	1	0
Dividend income	3	3
Share of profit of entities accounted for using equity method	26	64
Reversal of allowance for doubtful accounts	39	-
Subsidy income	12	15
Revenue - advertising	34	39
Other	22	24
Total non-operating income	137	144
Non-operating expenses		
Interest expenses	7	7
Settlement payments	46	47
Compensation expenses	18	-
Other	35	29
Total non-operating expenses	105	83
Ordinary profit	7,624	9,884

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Extraordinary income		
Gain on sale of investment securities	20	69
Subsidy income	22	16
Other	2	-
Total extraordinary income	45	84
Extraordinary losses		
Loss on retirement of non-current assets	* ² 22	* ² 25
Loss on COVID-19	* ³ 37	* ³ 22
Other	3	-
Total extraordinary losses	62	47
Profit before income taxes	7,606	9,922
Income taxes - current	2,493	3,293
Income taxes - deferred	(21)	(112)
Total income taxes	2,472	3,181
Profit	5,134	6,741
Profit attributable to non-controlling interests	123	119
Profit attributable to owners of parent	5,012	6,622

Consolidated Statement of Comprehensive Income

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Profit	5,134	6,741
Other comprehensive income		
Valuation difference on available-for-sale securities	26	3
Foreign currency translation adjustment	75	133
Total other comprehensive income	* 101	* 136
Comprehensive income	5,235	6,877
(Comprehensive income attributable to)		
Owners of parent	5,109	6,752
Non-controlling interests	126	125

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (January 1 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	2,006	14,721	(3,099)	16,408
Changes during period					
Dividends of surplus			(1,573)		(1,573)
Profit attributable to owners of parent			5,012		5,012
Purchase of treasury shares				(552)	(552)
Disposal of treasury shares			(49)	87	38
Cancellation of treasury shares			(1,742)	1,742	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,648	1,277	2,925
Balance at end of period	2,780	2,006	16,369	(1,821)	19,334

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	128	(33)	95	162	730	17,396
Changes during period						
Dividends of surplus						(1,573)
Profit attributable to owners of parent						5,012
Purchase of treasury shares						(552)
Disposal of treasury shares						38
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	23	75	98	(29)	189	257
Total changes during period	23	75	98	(29)	189	3,182
Balance at end of period	152	41	193	133	919	20,579

Current consolidated fiscal year (January 1 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,780	2,006	16,369	(1,821)	19,334
Changes during period					
Dividends of surplus			(1,669)		(1,669)
Profit attributable to owners of parent			6,622		6,622
Purchase of treasury shares				(903)	(903)
Disposal of treasury shares			(36)	61	25
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,918	(842)	4,075
Balance at end of period	2,780	2,006	21,286	(2,664)	23,409

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	152	41	193	133	919	20,579
Changes during period						
Dividends of surplus						(1,669)
Profit attributable to owners of parent						6,622
Purchase of treasury shares						(903)
Disposal of treasury shares						25
Net changes in items other than shareholders' equity	(3)	133	130	19	125	274
Total changes during period	(3)	133	130	19	125	4,349
Balance at end of period	149	174	323	152	1,044	24,928

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	7,606	9,922
Depreciation	219	228
Amortization of goodwill	207	164
Increase (decrease) in allowance for doubtful accounts	(43)	31
Increase (decrease) in provision for bonuses	37	125
Increase (decrease) in allowance for subscription cancellations	(24)	-
Interest and dividend income	(3)	(3)
Interest expenses	7	7
Share of loss (profit) of entities accounted for using equity method	(26)	(64)
Loss on retirement of non-current assets	22	25
Loss (gain) on sale of investment securities	(20)	(69)
Loss (gain) on valuation of investment securities	0	-
Loss on COVID-19	37	22
Decrease (increase) in trade receivables	(1,414)	(1,771)
Decrease (increase) in inventories	3	(17)
Decrease (increase) in accounts receivable - other	85	(8)
Increase (decrease) in trade payables	341	310
Increase (decrease) in accrued expenses	301	330
Increase (decrease) in accrued consumption taxes	519	395
Increase (decrease) in accrued enterprise taxes	38	37
Increase (decrease) in retirement benefit liability	56	68
Other, net	49	214
Subtotal	7,996	9,946
Interest and dividends received	45	3
Interest paid	(7)	(7)
Payment of loss on COVID-19	(34)	(21)
Income taxes paid	(1,639)	(3,126)
Income taxes refund	7	1
Net cash provided by (used in) operating activities	6,368	6,796
Cash flows from investing activities		
Purchase of property, plant and equipment	(52)	(103)
Purchase of intangible assets	(127)	(181)
Proceeds from sale of investment securities	20	186
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(844)
Proceeds from collection of loans receivable	45	6
Other, net	14	(22)
Net cash provided by (used in) investing activities	(99)	(958)

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Cash flows from financing activities		
Repayments of short-term borrowings	(80)	-
Repayments of long-term borrowings	-	(46)
Purchase of treasury shares	(554)	(907)
Dividends paid	(1,571)	(1,667)
Other, net	37	(2)
Net cash provided by (used in) financing activities	(2,168)	(2,622)
Effect of exchange rate change on cash and cash equivalents	-	0
Net increase (decrease) in cash and cash equivalents	4,101	3,216
Cash and cash equivalents at beginning of period	13,309	17,410
Cash and cash equivalents at end of period	* 17,410	* 20,626

Notes on Consolidated Financial Statements

(Significant Accounting Policies in the Preparation of the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

Consolidated subsidiaries: 18

Name of the consolidated subsidiaries:

Fullcast Co., Ltd.; Top Spot Co., Ltd.;

Fullcast Advance Co., Ltd.;

Fullcast Business Support Co., Ltd.;

Otetsudai Networks Inc.; Work & Smile Co., Ltd.;

Fullcast Senior Works Co., Ltd.;

Fullcast Porter Co., Ltd.; F-PLAIN Corporation;

M's Line Co., Ltd.;

FSP Co., Ltd.; BOD Co., Ltd.;

HR Management Co., Ltd.;

Fullcast Global Co., Ltd.;

Minimaid Service Co., Ltd.;

Fullcast International Co., Ltd.;

Progress, Inc.; and Hayfield inc.

Hayfield inc., whose shares our Company acquired in the current consolidated fiscal year, is included within the scope of consolidation.

2. Matters concerning the application of the equity accounting method

(1) Number of equity method affiliates: 3

Beat Co., Ltd.; DeliArt Co., Ltd.; Advancer Global Limited

(2) Items requiring mention with regards to procedures for applying the equity method

Of our Company's equity method affiliates, Beat Co., Ltd. and DeliArt Co., Ltd. have different fiscal year ends, and therefore, financial statements based upon provisional settlement of accounts as of the consolidated fiscal year end are used in preparing consolidated financial statements.

3. Matters concerning the fiscal year-end date and other information of consolidated subsidiaries

The settlement date of consolidated subsidiaries matches the consolidated closing date.

Hayfield inc. changed its closing date to December 31 in the current consolidated fiscal year, which is the same as the consolidated closing date.

4. Matters related to accounting policies

(1) Valuation rules and methods for significant assets

1) Securities

Other securities

Excluding non-marketable shares, etc.

Mark-to-market price method (valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)

Non-marketable shares, etc.

Stated at cost, as determined by the moving average method

2) Inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Products and supplies

First-in first-out method

(2) Depreciation methods of significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) as well as facilities attached to buildings and structures acquired on or after April 1, 2016.

The main service life is as follows:

Buildings and structures:	2 to 50 years
Machinery, equipment and vehicles:	2 to 6 years
Tools, furniture and fixtures:	2 to 20 years

2) Intangible assets (excluding lease assets)

Straight-line method

The straight-line method based on the usable period in-house (2 to 5 years) is used for software (portion used by our Company).

3) Lease assets

Lease assets from ownership non-transfer finance lease is calculated for the lease period as the service life and based on the straight-line method with zero residue prices.

(3) Accounting for significant allowance

1) Allowance for doubtful accounts

To prepare for credit losses on receivables, our Company and its consolidated subsidiaries reserve an estimated doubtful account allowance on ordinary receivables based on historical doubtful account ratios, and on highly doubtful receivables based on the recoverability from individual customers.

2) Provision for bonuses

To prepare for the payment of bonuses to employees, an amount accrued for the subject fiscal year among the estimated future obligations is designated in the reserve account.

(4) Accounting treatment methods for retirement benefits

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current consolidated fiscal year.

2) Treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the consolidated fiscal year when it is incurred.

Actuarial gain and losses are amortized at once as an expense in the consolidated fiscal year when it is incurred.

3) Adoption of simplified method for small-scale corporations, etc.

Certain consolidated subsidiaries adopt the simplified method which assumes the benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, within the calculation of retirement benefit liabilities and retirement benefit costs.

(5) Accounting for significant revenue and expenses

The following is a description of the main performance obligations and the usual point at which such performance obligations are satisfied (usual time at which revenue is recognized) in our Group's major business activities related to revenue from contracts with customers. No adjustments for significant financial factors are made for receivables based on contracts with such customers, as the period between satisfaction of performance obligations and receipt of consideration for any of the businesses is usually less than one year.

(Dispatching)

The Dispatching services provide "Worker Dispatching Services," in which temporary staff are recruited, registered, and dispatched to client companies and other organizations. Such performance obligations include dispatching contracted temporary staff with our Group to the client company and providing the promised temporary staffing services over the period agreed upon in the staffing contract. Such obligations become

satisfied over the contract period and (or as) the operating hours, recognizing revenue based on the operating hours.

(BPO)

The BPO services provide back-office operations such as general affairs, sales, accounting, payroll, sales and marketing, etc., under contract to our Group from clients. Such performance obligations include not only completing the operations entrusted by the customer within the contract period and delivering the deliverable, but also providing services in which our Group performs the entrusted operations under its own responsibility and control. As for contracts that require delivery of a deliverables, a performance obligation becomes satisfied when the deliverables are delivered to the customer, and revenue is recognized when the deliverables are delivered or when the customer accepts it. We recognize revenue on a straight-line basis over the period for contracts to perform outsourced services under its own responsibility and control, as our Group provides a monthly uniform service over the contract period.

(Outsourcing)

The Outsourcing services provide subcontracting services such as food and beverage sales at event venues, call center operations, data entry, and light warehouse work based on customer contracts, and is obligated to smoothly complete the operations requested in advance by assigning its own employees within the designated business site. Such performance obligations become satisfied upon completion of the services of the contracted outsourcing under the contract, and revenue is recognized based on the outsourcing amount under the contract, or the unit price determined according to operating results, volumes, such as the number of calls received and data entry, and the transaction results.

(Merchandise Sales)

The Merchandise Sales services provide mainly agency services for telecommunication service contracts and other services. Such performance obligations become satisfied when the customer and the service user conclude a contract for telecommunication services, etc. and the user begins to use the services provided by the customer, because the customer obtains benefits at that point in time. It recognizes revenue based on incentive contracts with customers that are contingent on the achievement of certain targets, such as sales volume and sales amount.

(Placement)

The Placement services provide staffing services to clients who wish to hire personnel by arranging recruitment requirements and then introducing individuals seeking jobs. Such performance obligations become satisfied when the customer hires the referred prospective employee, recognizing revenue based on the referral fee stipulated in the referral contract at the time of hire.

(Security)

The Security services provide security services, such as permanent security, crowd security, and traffic security, based on security contract agreements with customers. Such performance obligations become satisfied as security services are provided under the contract, recognizing revenue as the performance obligations are satisfied over a specified period of time. In addition to contracts with fixed contract fees, security contract agreements include pay-as-you-go contracts based on hourly rates, etc., agreed upon with the customer, and temporary contracts in which orders are received in accordance with daily demand. In all cases, the right to bill the customer is determined based on the actual hours of security services provided, and revenue is recognized based on such determined rights.

(6) Amortization method and period for goodwill

Goodwill is amortized over the period during which the influence of the goodwill is estimated to apply. However, if the monetary amount is small, goodwill is amortized all at once when it incurred.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash in hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(8) Other important matters for the preparation of consolidated financial statements

1) Application of the consolidated taxation system

The consolidated taxation system has been applied to our Company and certain consolidated subsidiaries.

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

Our Company and some of its subsidiaries will transition from the consolidated taxation system to the group tax sharing system from the subsequent consolidated fiscal year. However, 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 Holdings and some of its subsidiaries have not applied the provisions of paragraph 44 of the “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.

Also, our Company plans to apply the "Handling of accounting and disclosure when applying the Group Tax Sharing System (ASBJ PITF No. 42; August 12, 2021)," which stipulates the accounting treatment and disclosure of income taxes, local income taxes, and tax effect accounting when applying the group tax sharing system, from the beginning of the subsequent consolidated fiscal year.

(Important Accounting Estimates)

(Deferred tax assets)

(1) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax assets	394	551

(2) Information concerning details of important accounting estimates related to identified items

Our Company records deferred tax assets after examining recoverability based on the adequacy of future taxable income based on business plans, the existence of tax planning strategies, and the adequacy of scheduled reversal of taxable temporary differences.

The calculation of future taxable income is based on the business plan, and deferred tax assets are recorded based on the legal effective tax rates applied at the time of elimination of the difference for the tax effect pertaining to the temporary difference. For temporary differences that are deemed uncertain to resolve in the future, deferred tax assets have been reduced as the valuation reserve amount.

Changes in the expected amount of future taxable income or changes in the recoverability assessment of deferred tax assets based on other factors may affect the amount of profit for the subsequent consolidated fiscal year.

(Goodwill Valuation)

(1) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Goodwill	607	1,305

(2) Information concerning details of important accounting estimates related to identified items

Goodwill occurs in relation to the excess profitability expected in the future by the acquired business at the time of acquisition of control, and the period during which the effect will be expressed is estimated and evenly amortized.

In accordance with the ASBJ Accounting Standard for Impairment of Fixed Assets, our Company examines whether there are any signs of impairment based on the evaluation of excess profitability identified at the time of acquisition of control. When signs of impairment are identified, our Company determines the necessity of recognizing impairment losses by comparing the undiscounted future cash flows and book value within remaining amortization period of goodwill calculated based on future business plans. If our Company judges that recognition of impairment losses is necessary, goodwill will be reduced to the recoverable value, and the reduction amount will be recognized as impairment losses.

Business plans, etc., which are the basis for estimating the undiscounted future cash flows, include important assumptions regarding earnings and expense forecasts.

If such assumptions need to be reviewed due to uncertain changes in future economic conditions, or if the future cash flows and recoverable value decrease, there is a risk of affecting the consolidated financial statements for the subsequent consolidated fiscal year.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

Our Company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current consolidated fiscal year. As a result, our Company recognizes earnings at the amount expected to be received in exchange for goods or services when the control of the promised goods or services is transferred to the customer.

Although the application of the “Accounting Standard for Revenue Recognition” is subject to the transitional handling stipulated in the proviso to Paragraph 84 of the “Accounting Standard for Revenue Recognition,” there is no impact on the balance of retained earnings at the beginning of the period nor on profit and loss for the current consolidated fiscal year.

Due to the application of the “Accounting Standard for Revenue Recognition,” the “Allowance for subscription cancellations” presented in “Current liabilities” in the consolidated balance sheet for the previous consolidated fiscal year will be included in “Other” of “Current liabilities” from the current consolidated fiscal year. In accordance with the transitional handling stipulated in Paragraph 89-2 of the “Accounting Standard for Revenue Recognition,” our Company has not restated the previous consolidated fiscal year using the new presentation method.

Also, in accordance with the transitional handling stipulated in Paragraph 89-3 of the “Accounting Standard for Revenue Recognition,” notes to “Revenue Recognition, etc.” for the previous consolidated fiscal year are not presented.

(Application of Accounting Standard for Fair Value Measurement)

Our Company applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current consolidated fiscal year. In accordance with the transitional handling stipulated in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), our Company has decided to apply the new accounting policy established by the “Accounting Standard for Fair Value Measurement” into the future. This will have no impact on the consolidated financial statements.

Moreover, in the “Notes Regarding Financial Instruments,” our Company has decided to provide notes to breakdown of financial instruments by market value level. In accordance with the transitional handling stipulated in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019),” such notes for the previous consolidated fiscal year are not presented.

(Unapplied Accounting Standards)

1. “Handling of accounting and disclosure when applying the Group Tax Sharing System”

(ASBJ PITF No. 42, August 12, 2021)

(1) Overview

In line with the transition to the Group Tax Sharing System, our Company has established handling for accounting and disclosure of income tax and local tax and tax effect accounting when the Group Tax Sharing System is applied.

(2) Date of Planned Application

Our Company plans to apply the standard from the beginning of the fiscal year ending December 31, 2023.

(3) Effect of the Application of such Accounting Standard

The effect is being evaluated at the time of preparing the consolidated financial statements.

2. “Implementation Guidance on Accounting Standard for Fair Value Measurement”

(ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

The regulation provides for the market value calculation of investment trust, the handling of notes, and the treatment of notes regarding the fair value of investments in partnerships, etc., in which the net amount equivalent to the equity interest is booked on the balance sheet.

(2) Date of Planned Application

Our Company plans to apply the standard from the beginning of the fiscal year ending December 31, 2023.

(3) Effect of the Application of such Accounting Standard

The effect is being evaluated at the time of preparing the consolidated financial statements.

(Changes in Presentation Method)

(Notes on Consolidated Statement of Income)

(1) “Subsidy income” included in “Other” of “Non-operating income” in the previous consolidated fiscal year has been stated separately from the current consolidated fiscal year due to its increased materiality.

Consolidated financial statements for the previous consolidated fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 34 million yen for “Other” presented in “Non-operating income” in consolidated statement of income for the previous consolidated fiscal year has been restated as “Subsidy income” of 12 million yen, and “Other” of 22 million yen.

(2) “Commission for purchase of treasury shares” under “Non-operating expenses” in the previous consolidated fiscal year have been included in “other” in the current consolidated fiscal year because the monetary amount has become insignificant.

Consolidated financial statements for the previous consolidated fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 2 million yen for “commission for purchase of treasury shares” presented in “Non-operating expenses” in consolidated statement of income for the previous consolidated fiscal year have been restated as “other.”

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

While there are concerns about changes in the economic situation and business environment due to the worldwide spread of COVID-19, our Group has conducted accounting estimates assuming that there are no material impacts from COVID-19 during the current consolidated fiscal year because it is difficult to predict when the COVID-19 pandemic will end. However, there is a possibility that material impacts will affect our consolidated financial statements in subsequent consolidated fiscal years, if we review our judgments according

to changes in the future situation.

(Notes on Consolidated Balance Sheet)

*1 Of notes and accounts receivable - trade, receivables arising from contracts with customers are as follows.

	(Million yen)
	FY12/22 End (December 31, 2022)
Accounts receivable - trade	8,986

*2 The following figures reflect associates.

	(Million yen)	
	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Investment securities (equities)	1,502	1,700

*3 Our Company and its consolidated subsidiaries signed an agreement for overdraft with four banks to procure operating capital efficiently.

The balance of borrowings involved in the agreement for overdraft at the end of the current consolidated fiscal year is as follows:

	(Million yen)	
	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Limit of overdraft account	5,600	5,600
Borrowing	1,000	1,000
Balance	4,600	4,600

*4 Of other, contract liabilities are as follows.

	(Million yen)	
	FY12/22 End (December 31, 2022)	
Contract liabilities	7	

(Notes on Consolidated Statement of Income)

*1 Revenue from contracts with customers

Net sales are not separately presented for revenues from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in the “Notes on Consolidated Financial Statements (Revenue Recognition, etc.) 1. Information on revenue breakdowns generated by customer contracts”

*2 Details of loss on retirement of non-current assets are as follows:

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Buildings and structures	2	21
Machinery, equipment and vehicles	0	-
Tools, furniture and fixtures	1	1
Software	3	1
Other	15	2
Total	22	25

*3 Loss on COVID-19

Previous consolidated fiscal year (January 1 to December 31, 2021)

The main breakdown of loss on COVID-19 is allowance for business closure, loss on disposal of inventory, and other fixed expenses.

Current consolidated fiscal year (January 1 to December 31, 2022)

The main breakdown of loss on COVID-19 is allowance for business closure, loss on disposal of inventory, and other fixed expenses.

(Notes on Consolidated Statement of Comprehensive Income)

* Reclassification adjustment and tax effect in other comprehensive income

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	39	76
Reclassification adjustment	-	(69)
Before tax effect adjustment	39	7
Tax effect	(13)	(4)
Valuation difference on available-for-sale securities	26	3
Foreign currency translation adjustment:		
Amount incurred during the current fiscal year	75	133
Reclassification adjustment	-	-
Foreign currency translation adjustment	75	133
Total other comprehensive income	101	136

(Notes on in Consolidated Statement of Changes in Equity)

Previous consolidated fiscal year (January 1 to December 31, 2021)

1. Matters concerning the type and the number of shares issued and treasury shares

Type of shares	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued				
Ordinary shares	38,486,400	-	1,000,000	37,486,400
Total	38,486,400	-	1,000,000	37,486,400
Treasury shares				
Ordinary shares	1,777,898	286,468	1,048,700	1,015,666
Total	1,777,898	286,468	1,048,700	1,015,666

(Summary of reason for change)

(1) The main breakdown of the decrease in the number of shares issued is as follows:

 Cancellation of treasury shares by resolution of the Board of Directors on February 12, 2021: 1,000,000 shares

(2) The main breakdown of the increase in the number of treasury shares is as follows:

 Acquisition of treasury shares by resolution of the Board of Directors on February 12, 2021: 286,400 shares

 Purchase of share less than one unit: 68 shares

(3) The main breakdown of the decrease in the number of treasury shares is as follows:

 Cancellation of treasury shares by resolution of the Board of Directors on February 12, 2021: 1,000,000 shares

 Disposal of treasury shares by exercise of share acquisition rights: 48,700 shares

2. Matters concerning share acquisition rights

Company name	Details of share acquisition rights	Type of share for the purpose of share acquisition rights	Number of shares for the purpose of share acquisition rights				Balance at the end of the fiscal year (Million yen)
			As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	133
Total		-	-	-	-	-	133

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors Meeting on February 12, 2021	Ordinary shares	808	22.00	December 31, 2020	March 12, 2021
The Board of Directors Meeting on August 6, 2021	Ordinary shares	765	21.00	June 30, 2021	September 6, 2021

(2) Of dividends the record date of which belongs to the current consolidated fiscal year, those the effective date of which falls in the following consolidated fiscal year

Resolution	Type of shares	Dividend resource	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors Meeting on February 10, 2022	Ordinary shares	Retained earnings	839	23.00	December 31, 2021	March 11, 2022

Current consolidated fiscal year (January 1 to December 31, 2022)

1. Matters concerning the type and the number of shares issued and treasury shares

Type of shares	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued				
Ordinary shares	37,486,400	-	-	37,486,400
Total	37,486,400	-	-	37,486,400
Treasury shares				
Ordinary shares	1,015,666	393,585	32,200	1,377,051
Total	1,015,666	393,585	32,200	1,377,051

(Summary of reason for change)

- (1) The main breakdown of the increase in the number of treasury shares is as follows:
Acquisition of treasury shares by resolution of the Board of Directors on February 10, 2022: 393,500 shares
Purchase of share less than one unit: 85 shares
- (2) The main breakdown of the decrease in the number of treasury shares is as follows:
Disposal of treasury shares by exercise of share acquisition rights: 32,200 shares

2. Matters concerning share acquisition rights

Company name	Details of share acquisition rights	Type of share for the purpose of share acquisition rights	Number of shares for the purpose of share acquisition rights				Balance at the end of the fiscal year (Million yen)
			As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	152
Total		-	-	-	-	-	152

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors Meeting on February 10, 2022	Ordinary shares	839	23.00	December 31, 2021	March 11, 2022
The Board of Directors Meeting on August 12, 2022	Ordinary shares	830	23.00	June 30, 2022	September 5, 2022

(2) Of dividends the record date of which belongs to the current consolidated fiscal year, those the effective date of which falls in the following consolidated fiscal year

Resolution	Type of shares	Dividend resource	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors Meeting on February 10, 2023	Ordinary shares	Retained earnings	1,264	35.00	December 31, 2022	March 9, 2023

(Note on Consolidated Statement of Cash Flows)

* Reconciliation of the consolidated balance sheet items to cash and cash equivalents at end of period in the consolidated statement of cash flows are as follows:

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Cash and deposits	17,410	20,626
Cash and cash equivalents	17,410	20,626

(Notes Regarding Financial Instruments)

Previous consolidated fiscal year (January 1 to December 31, 2021)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

Our Group assumes bank loans for necessary funds. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which our Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risks. Accounts payable - other and accrued expenses, which are operating debts, have due dates of within one year. As for borrowings, our Company signed agreements for overdraft with four main banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, we manage settlement dates and balances for each trading client of core short-term human resources services businesses such as Fullcast Co., Ltd. We are also working to quickly understand and lessen recovery risks resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are minimal.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company conducts daily deposit balance management for our Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

In values where there are no market prices readily available in addition to values based upon market prices, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these, as recorded on December 31, 2021 are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.).

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Investment securities (*2)	1,289	1,226	(63)
(2) Guarantee deposits	636	631	(4)
Total assets	1,925	1,858	(67)

- Notes:
1. Cash and deposits, "notes and accounts receivable - trade," "short-term borrowings," "accounts payable - other," "accrued expenses," "income taxes payable" and "accrued consumption taxes" are omitted because they are cash and are settled in a short-term period and their fair value approximates their book value.
 2. Investment securities include the shares of listed equity method affiliates and the difference is due to the market valuation of said shares. Unlisted equity securities (consolidated balance sheet amount of 725 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in "(1) Investment securities."

3. Expected redemption amounts of pecuniary claims after the consolidated settlement date

(Million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and deposits	17,410	-	-	-
Notes and accounts receivable - trade	7,090	-	-	-
Total	24,500	-	-	-

4. Expected repayment amount of short-term borrowings

(Million yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	1,000	-	-	-	-	-
Total	1,000	-	-	-	-	-

Current consolidated fiscal year (January 1 to December 31, 2022)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

Our Group assumes bank loans for necessary funds. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which our Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable - other and accrued expenses, which are operating debts, have due dates of within one year. As for borrowings, our Company signed an agreement for overdraft with four main banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, we manage settlement dates and balances for each trading client of our core short-term human resources services businesses such as Fullcast Co., Ltd. We are also working to quickly understand and lessen recovery risks resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are minimal.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company conducts daily deposit balance management for our Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

Because variable factors are incorporated in calculating the market values of financial instruments, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these as recorded on December 31, 2022 are as follows. Non-marketable shares are not included in the following chart (see Note 2.).

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Investment securities (*2)	1,318	904	(414)
(2) Guarantee deposits	576	566	(10)
Total assets	1,895	1,471	(424)

- Notes: 1. Cash and deposits, "notes and accounts receivable - trade," "short-term borrowings," "accounts payable - other," "accrued expenses," "income taxes payable" and "accrued consumption taxes" are omitted because they are cash and are settled in a short-term period and their fair value approximates their book value.
2. Investment securities include the shares of listed equity method affiliates and the difference is due to the market valuation of said shares. Non-marketable shares, others (consolidated balance sheet amount: 793 million yen) are not included in "(1) Investment securities."

3. Expected redemption amounts of pecuniary claims after the consolidated settlement date

(Million yen)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and deposits	20,626	-	-	-
Notes and accounts receivable - trade	8,986	-	-	-
Total	29,611	-	-	-

4. Expected repayment amount of short-term borrowings

(Million yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	1,000	-	-	-	-	-
Total	1,000	-	-	-	-	-

3. Breakdown of financial instruments by market value level

Fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate market value.

Market value Level 1: Market value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities

Market value Level 2: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs

Market value Level 3: Market value calculated using significant unobservable inputs

In cases where multiple inputs that have a significant impact on the market value calculation are used, the fair value is classified to the lowest priority level in the market value calculation among the levels to which each of those inputs belongs.

(1) Financial instruments recorded in the consolidated balance sheets at market value

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	899	-	-	899
Total assets	899	-	-	899

Note: Investment trust applying transitional measures in accordance with Paragraph 26 of the "Accounting Standard for Fair Value Measurement" is not included in the table above. The amount of such investment trust in the consolidated

balance sheet is 5 million yen in investment securities.

(2) Financial instruments other than financial instruments recorded in the consolidated balance sheets at market value

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Guarantee deposits	-	566	-	566
Total assets	-	566	-	566

Note: Explanation of valuation methods used for market value calculation and inputs related to market value calculation.

Investment securities

Listed stocks are valued using quoted market prices. Listed stocks are traded in an active market and the fair value is classified as market value level 1.

There is no level because investment trust is based on published base prices, etc. and transitional measures are applied in accordance with Paragraph 26 of the "Accounting Standard for Fair Value Measurement."

Guarantee deposits

Market values for guarantee deposits are calculated and are based on present value that are obtained by discounting expected receivable amounts-reflecting collectability-once the average term of residence has been calculated from the past results of moving out, by highly-safe interest rates that correspond to the period up until departure. As such, the fair value is classified as market value level 2.

(Notes on Securities)

Previous consolidated fiscal year

1. Other securities (as of December 31, 2021)

(Million yen)

Classification	Consolidated balance sheet amount	Acquisition cost	Difference
Items for which consolidated balance sheet amount exceeds acquisition cost			
Shares	463	159	303
Subtotal	463	159	303
Items for which consolidated balance sheet amount does not exceed acquisition cost			
Shares	-	-	-
Subtotal	-	-	-
Total	463	159	303

2. Other securities sold during the previous consolidated fiscal year (January 1 to December 31, 2021)

Classification	Sale value	Total of sale gain	Total of sale loss
Shares	20	20	-

3. Other securities for which impairment was performed (January 1 to December 31, 2021)

Impairment of 0 million yen from other securities was recorded in the previous consolidated fiscal year.

When performing impairment, if the market value at end of term has fallen by 50% or more of the cost of the acquisition, impairment is performed on the entire amount, but if the decline is between 30% to 50%, impairment is performed with respect to the amount deemed to be necessary in light of the potential of recovery and other factors. In addition, in cases where the actual value has declined significantly due to deteriorating financial position, impairment of stocks for which the market value is deemed extremely difficult to grasp is performed based on the need after determining the recoverability individually.

Current consolidated fiscal year

1. Other securities (as of December 31, 2022)

(Million yen)

Classification	Consolidated balance sheet amount	Acquisition cost	Difference
Items for which consolidated balance sheet amount exceeds acquisition cost			
Shares	353	43	311
Subtotal	353	43	311
Items for which consolidated balance sheet amount does not exceed acquisition cost			
Shares	33	33	(0)
Other	5	5	-
Subtotal	38	38	(0)
Total	391	81	310

2. Other securities sold during the current consolidated fiscal year (January 1 to December 31, 2022)

(Million yen)

Classification	Sale value	Total of sale gain	Total of sale loss
Shares	186	69	-

3. Other securities for which impairment was performed (January 1 to December 31, 2022)

There are no relevant matters.

(Retirement benefits)

1. Summary of the retirement benefit scheme adopted

Our Company and its consolidated subsidiaries have established employees' termination allowance plans as fixed benefit-type programs.

As of the end of the current consolidated fiscal year, two companies among our Company and its consolidated subsidiaries maintain termination allowance plans.

2. Defined benefit plan

(1) Adjustment table for balances at beginning and end of period for retirement benefit obligations (excluding those which a simple method is applied)

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Retirement benefit obligations at beginning of period	596	646
Service cost	70	71
Interest cost	2	3
Actuarial differences occurred	12	20
Retirement benefits paid	(34)	(37)
Other	-	-
Retirement benefit obligations at end of period	646	703

(2) Adjustment table for liabilities for retirement benefits under a simple method at beginning and end of period

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Liabilities for retirement benefits at beginning of period	95	101
Retirement benefit expenses	13	13
Retirement benefits paid	(9)	(2)
Other	2	1
Liabilities for retirement benefits at end of period	101	112

(3) Adjustment table between retirement benefit obligations/pension assets at end of period and liabilities/assets for retirement benefits recorded in the consolidated balance sheet

	(Million yen)	
	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Retirement benefit obligations under the non-cumulative system	747	816
Net liabilities and assets recorded in the consolidated balance sheet	747	816
Retirement benefit liability	747	816
Net liabilities and assets recorded in the consolidated balance sheet	747	816

Note: Including the system under a simple method.

(4) Amount of retirement benefit expenses and their breakdowns

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Service cost	70	71
Interest cost	2	3
Cost to dispose of actuarial differences	12	20
Retirement benefit expenses calculated by a simple method	13	13
Other	(0)	(0)
Retirement benefit expenses for the defined benefit plan	97	107

(5) Matters concerning the actuarial calculation base

Main actuarial calculation base

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Discount rate	Mainly 0.4%	Mainly 0.4%
Expected rate of increase	3.8%	3.7%

(Stock options)

1. Stock option expenses and subjects

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Selling, general and administrative expenses	11	44

2. Stock option content, scale and changes

(1) Stock option content

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Categories and number of persons eligible for grants	4 Directors of our Company (excluding those who are Audit & Supervisory Committee Members) 8 Directors of our Company's wholly-owned subsidiaries 2 Auditors of our Company's wholly-owned subsidiaries	8 employees of our Company's wholly-owned subsidiaries
Type of stock and amount granted Note 1.	Ordinary shares, 201,600 shares	Ordinary shares, 19,200 shares
Grant date	April 10, 2017	April 10, 2017
Rights determination terms	Note 2.	Note 3.
Eligibility service (vesting) period	Not determined	Not determined
Rights exercise period	April 11, 2021 to April 10, 2051	April 11, 2021 to April 10, 2051

	Series 2-1 stock compensation-type share acquisition rights	Series 2-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 25, 2022	March 25, 2022
Categories and number of persons eligible for grants	4 Directors of our Company (excluding those who are Audit & Supervisory Committee Members)	66 employees of our Company and our Company's subsidiaries

	13 Directors of our Company's subsidiaries	
Type of stock and amount granted Note 1.	Ordinary shares, 58,700 shares	Ordinary shares, 51,100 shares
Grant date	April 11, 2022	April 11, 2022
Rights determination terms	Note 4.	Note 5.
Eligibility service (vesting) period	Not determined	Not determined
Rights exercise period	April 12, 2025 to April 11, 2075	April 12, 2025 to April 11, 2075

- Notes:
1. Converted to number of shares.
 2. Conditions for the exercise of share acquisition rights
 - 1) For share acquisition rights allotted to our Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of our Company at the time the rights are exercised.
 - 2) For share acquisition rights allotted to the Directors or Corporate Auditors of our Company wholly-owned subsidiaries, in principle, the person receiving the allotment of share acquisition rights, must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.
 - 3) Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.
 3. Conditions for the exercise of share acquisition rights
 - 1) In principle, persons who receive an allotment of share acquisition rights must be an employee of our Company's wholly-owned subsidiaries at the time of exercising these rights.
 - 2) Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2020, final year of the Medium-Term Management Plan.
 4. Conditions for the exercise of share acquisition rights
 - 1) For share acquisition rights allotted to our Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of our Company at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - 2) For share acquisition rights allotted to the Directors of our Company's subsidiaries, in principle, the person receiving the allotment of share acquisition rights (hereinafter, "share acquisition rights holder" collectively with persons receiving the allotment of share acquisition rights per 1) above), must be a Director of the subsidiary at the time the rights are exercised. Provided, however, that this shall not apply in case of retirement due to end of term of office or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - 3) Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2024, final year of the Medium-Term Management Plan.
 - 4) If the share acquisition rights holders pass away, the inheritor of their estate may become the successor to the share acquisition rights.
 - 5) Partial exercising of one unit of share acquisition rights shall not be permitted.
 - 6) Other conditions for the exercise of these rights shall be stipulated by our Company's Board of Directors, which determines the subscription matters for share acquisition rights.
 5. Conditions for the exercise of share acquisition rights
 - 1) In principle, persons who receive an allotment of share acquisition rights (hereinafter, "share acquisition rights holders") must be an employee of our Company and our Company's subsidiaries at the time of exercising these rights. Provided, however, that this shall not apply in case of mandatory retirement, retirement due to company reasons, or if the Board of Directors of our Company resolves that there are other justifiable reasons.
 - 2) Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the operating profit target for the fiscal year ended December 2024, final year of the Medium-Term Management Plan.
 - 3) If the share acquisition rights holders pass away, the inheritor of their estate may become the successor to the share acquisition rights.
 - 4) Partial exercising of one unit of share acquisition rights shall not be permitted.

(2) Stock option scale and changes

The number of existing stock options subject to conversion to stock in the consolidate fiscal year ended December 2022 is as shown below.

1) Quantity of stock options

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Before rights determined (shares)		
Previous consolidated fiscal year end	-	-
Granted	-	-
Expired	-	-
Rights determined	-	-
Undetermined balance	-	-
After rights determined (shares)		
Previous consolidated fiscal year end	163,400	6,300
Rights determined	-	-
Rights exercised	27,800	4,400
Expired	-	-
Unexercised balance	135,600	1,900

	Series 2-1 stock compensation-type share acquisition rights	Series 2-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 25, 2022	March 25, 2022
Before rights determined (shares)		
Previous consolidated fiscal year end	-	-
Granted	58,700	51,100
Expired	-	700
Rights determined	-	-
Undetermined balance	58,700	50,400
After rights determined (shares)		
Previous consolidated fiscal year end	-	-
Rights determined	-	-
Rights exercised	-	-
Expired	-	-
Unexercised balance	-	-

2) Unit price

	Series 1-1 stock compensation-type share acquisition rights	Series 1-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Exercise price (yen)	1	1
Average share price at exercise (yen)	2,423	2,301
Fair value unit price at grant date (yen)	1,121	1,121

	Series 2-1 stock compensation-type share acquisition rights	Series 2-2 stock compensation-type share acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 25, 2022	March 25, 2022
Exercise price (yen)	1	1
Average share price at exercise (yen)	-	-
Fair value unit price at grant date (yen)	2,614	2,614

3. Method of estimating fair value of stock options per unit granted in the current consolidated fiscal year

(1) Valuation method Black-Scholes model

(2) Key fundamental values and their estimation methods

	Series 2-1 stock compensation-type share acquisition rights	Series 2-2 stock compensation-type share acquisition rights
Volatility (*1)	63.93%	63.93%
Expected life (*2)	28 years	28 years
Dividend forecast (*3)	44 yen/share	44 yen/share
Risk-free interest rate (*4)	0.95%	0.95%

- Notes:
1. Calculated based on actual share prices from June 2001 to April 2022.
 2. Estimated to be exercised at the midpoint of the rights exercise period (because of the lack of sufficient data accumulation and the difficulty of making a reasonable estimate).
 3. Based on actual dividend results for the fiscal year ended December 31, 2021.
 4. JGB yields corresponding to the expected life (during the corresponding period).

4. Method of estimating the stock option numbers vested

Basically, it is difficult to estimate rationally the future expired number, so a method reflecting only the actual expired number is adopted.

(Notes on Tax Effect Accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

(Million yen)

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Deferred tax assets		
Allowance for doubtful accounts and bad debt expenses	8	17
Retirement benefit liability	229	250
Gains on sales of shares of subsidiaries under the Corporation Tax Act	50	50
Loss on valuation of investment securities	6	6
Loss on valuation of shares of subsidiaries and associates	356	356
Loss carried forward for tax purposes (Note)	38	31
Accrued enterprise taxes	92	124
Accrued social insurance premiums	6	14
Accrued business office taxes	9	10
Allowance for subscription cancellations	12	-
Asset retirement obligations	19	25
Commission for purchase of treasury shares	85	42
Share-based remuneration expenses	39	46
Provision for bonuses	40	92
Other	52	72
Subtotal deferred tax assets	1,041	1,135
Valuation reserve amount	(591)	(540)
Offsetting with deferred tax liabilities	(56)	(44)
Total deferred tax assets	394	551
Deferred tax liabilities		
Valuation difference on available-for-sale securities, etc.	(100)	(104)
Subtotal deferred tax liability	(100)	(104)
Offsetting with deferred tax assets	56	44
Total deferred tax liability	(44)	(60)
Net deferred tax assets	350	491

Notes: The amounts for loss carried forward for tax purposes and deferred tax assets carried forward for each period are omitted because the monetary amount of loss carried forward for tax purposes is immaterial.

2. Itemized details of the main reasons for differentials between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Legal effective tax rates	30.6%	-
(Adjustment)		
Fixed-rate residents on inhabitant tax	0.6	-
Amortization of goodwill	0.8	-
Share of loss (profit) of entities accounted for using equity method	(0.1)	-
Applicable tax rate difference of consolidated subsidiaries	0.4	-
Valuation reserve amount	0.1	-
Other	0.1	-
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	32.5%	-

Note: The note has been omitted for the current consolidated fiscal year because the difference between the legal effective tax rate and the ratio of tax expenses, including corporate taxes, after tax effect accounting is 5% or less of the legal effective tax rate.

(Asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of the asset retirement obligations

Restoration obligation under the real estate rental agreement regarding the head office property, others

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a discount rate of 0.00% to 0.469%, with estimated period estimated individually based on contract term.

(3) Increase (decrease) in total asset retirement obligations

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Balance at beginning of period	79	118
Increase in purchase of property, plant and equipment	39	6
Adjustment for lapse of time	0	0
Decrease due to fulfillment of asset retirement obligations	(0)	(13)
Balance at end of period	118	111

(Revenue Recognition, etc.)

1. Information on revenue breakdowns generated by customer contracts

Current consolidated fiscal year (January 1 to December 31, 2022)

(Million yen)

	Reporting segment			Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	
Dispatching	35,054	-	-	35,054
BPO	8,700	-	-	8,700
Placement	6,206	-	-	6,206
Outsourcing	9,479	-	-	9,479
Merchandise Sales	-	2,730	-	2,730
Security	-	-	2,324	2,324
Other	-	152	-	152
Revenue from contracts with customers	59,439	2,882	2,324	64,645
Sales to external customers	59,439	2,882	2,324	64,645

2. Basic information to understand revenue from contracts with customers

Our Company and its consolidated subsidiaries recognize revenue from contracts with customers based on the following five-step approach.

Step 1: Recognize contracts with customers.

Step 2: Recognize performance obligations in contracts.

Step 3: Calculate transaction price.

Step 4: Allocate transaction price to the performance obligations in contracts.

Step 5: Recognize revenue when (or as) performance obligations are satisfied.

The main performance obligations and the usual time of revenue recognition in the major business activities are as described in “Notes on Consolidated Financial Statements (Significant Accounting Policies in the Preparation of the Consolidated Financial Statements) 4. Matters related to accounting policies (5) Accounting for significant revenue and expenses.”

3. Information to determine the revenue amount for the current and subsequent fiscal years

(1) The balances of receivables arising from customer contracts, etc.

(Million yen)

	Current consolidated fiscal year
Receivables arising from contracts with customers (beginning balance)	7,090
Receivables arising from contracts with customers (ending balance)	8,986

Contract liability balances are omitted because the amount is immaterial.

(2) Transaction price allocated to the residual performance obligations

The practical method was applied because our Group has no significant transactions with an initially expected contract term of more than 1 year. Therefore, information on residual performance obligations has been omitted.

(Segment Information and Others)

[Segment information]

Previous consolidated fiscal year (January 1 to December 31, 2021)

1. Description of reported segments

Our Company's reported segments are business units for which financial information can be obtained independently from our Company's various structural units, and they are subject to regular examination by the Board of Directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) "Short-Term Operational Support Business", 2) "Sales Support Business" and 3) "Security, Other Businesses". The "Short-Term Operational Support Business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "Sales Support Business" mainly engages in agency sales of telecommunications products focused on distributor networks and call center operations. The "Security, Other Businesses" mainly conducts security work for public facilities and general companies.

2. Explanation of measurements of sales, profit (loss), asset, and other items for each reported segment

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

The profit of each reported segment is an amount based upon its operating profit. Inter-segment profits and transfers are based on market prices.

3. Disclosure of sales, profit (loss), asset, and other items for each reported segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	46,550	3,520	2,296	52,366	-	52,366
Inter-segment sales or transfers	45	12	7	65	(65)	-
Total	46,595	3,533	2,303	52,431	(65)	52,366
Segment profit	8,181	87	319	8,587	(995)	7,592
Segment assets	14,015	2,678	910	17,603	11,881	29,484
Other						
Depreciation	187	11	5	203	16	219
Amortization of goodwill	97	109	-	207	-	207
Increase of property, plant and equipment and intangible assets	77	4	1	82	97	179

- Notes:
- (34) million yen in inter-segment eliminations and (960) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (995) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
 - Segment profit has been adjusted with the operating profit shown in the consolidated statement of income.
 - The amount of 11,881 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of our Company.
 - The amount of 16 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings and structures, and software of the head office of our Company.
 - The amount of 97 million yen in adjustment for increased amount of property, plant and equipment, and intangible

assets is primarily comprised of those for buildings and structures of the head office of our Company and tools, furniture and fixtures, and software for a new system.

Current consolidated fiscal year (January 1 to December 31, 2022)

1. Description of reported segments

Our Company's reported segments are business units for which financial information can be obtained independently from our Company's various structural units, and they are subject to regular examination by the Board of Directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) "Short-Term Operational Support Business", 2) "Sales Support Business" and 3) "Security, Other Businesses". The "Short-Term Operational Support Business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "Sales Support Business" mainly engages in agency sales of telecommunications products focused on distributor networks and call center operations. The "Security, Other Businesses" mainly conducts security work for public facilities and general companies.

2. Explanation of measurements of sales, profit (loss), asset, and other items for each reported segment

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

The profit of each reported segment is an amount based upon its operating profit. Inter-segment profits and transfers are based on market prices.

3. Disclosure of sales, profit (loss), asset, and other items for each reported segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	59,439	2,882	2,324	64,645	-	64,645
Inter-segment sales or transfers	25	18	7	50	(50)	-
Total	59,463	2,900	2,332	64,695	(50)	64,645
Segment profit	10,533	89	263	10,885	(1,062)	9,823
Segment assets	17,627	2,692	867	21,186	14,418	35,604
Other						
Depreciation	199	12	4	215	13	228
Amortization of goodwill	164	-	-	164	-	164
Increase of property, plant and equipment and intangible assets	81	12	0	93	191	284

- Notes:
- (24) million yen in inter-segment eliminations and (1,038) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (1,062) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
 - Segment profit has been adjusted with the operating profit shown in the consolidated statement of income.
 - The amount of 14,418 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of our Company.
 - The amount of 13 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings and structures, and software of the head office of our Company.

5. The amount of 191 million yen in adjustment for increased amount of the property, plant and equipment, and intangible assets is primarily comprised of those for buildings and structures of the head office of our Company and tools, furniture and fixtures, and software for a new system.

(Related Information)

Previous consolidated fiscal year (January 1 to December 31, 2021)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated statement of income.

Current consolidated fiscal year (January 1 to December 31, 2022)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated statement of income.

(Information concerning impairment losses on non-current assets for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2022)

There are no relevant matters.

(Information regarding the amount of amortization of goodwill and unamortized balance for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2021)

(Million yen)

	Reporting segment				Company-wide/amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization during the period	97	109	-	207	-	207
Balance at end of period	607	-	-	607	-	607

Current consolidated fiscal year (January 1 to December 31, 2022)

(Million yen)

	Reporting segment				Company-wide/amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization during the period	164	-	-	164	-	164
Balance at end of period	1,305	-	-	1,305	-	1,305

(Information concerning gain on negative goodwill for each reporting segment)

Previous consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2022)

There are no relevant matters.

[Information on related parties]

Transactions with related parties

Transactions between consolidated financial statement submitting companies and related parties

Previous consolidated fiscal year (January 1 to December 31, 2021)

There are no relevant matters.

Current consolidated fiscal year (January 1 to December 31, 2022)

There are no relevant matters.

(Per-share information)

FY12/21 (January 1 to December 31, 2021)		FY12/22 (January 1 to December 31, 2022)	
Net assets per share	535.40 yen	Net assets per share	657.21 yen
Basic earnings per share	137.34 yen	Basic earnings per share	183.11 yen
Diluted earnings per share	136.70 yen	Diluted earnings per share	182.14 yen

Notes: The basis for calculating basic earnings per share and diluted earnings per share is as follows.

Item	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	5,012	6,622
Profit attributable to owners of parent related to ordinary shares (million yen)	5,012	6,622
Profit not available to ordinary shares (million yen)	-	-
Average number of ordinary shares outstanding during the period (shares)	36,491,354	36,163,688
Diluted earnings per share		
Adjusted profit attributable to owners of parent (million yen)	-	-
Increase of ordinary shares (shares)	169,622	193,284
(of these, share acquisition rights [shares])	(169,622)	(193,284)
Overview of potential stock not included in calculation of diluted earnings per share because the stock has no dilution effect	-	-

(Major Subsequent Events)

(Tender Offer for Treasury Shares)

At the Board of Directors Meeting held on February 10, 2023, based on the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005 including subsequent revisions. Hereinafter the "Companies Act") as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of our Company, Fullcast Holdings Co., Ltd. decided to acquire treasury shares and to conduct a tender offer of treasury shares (hereinafter referred to as "the Tender Offer") as a specific method of acquiring treasury shares.

1. Reasons for Acquisition of Treasury Shares

Treasury shares will be acquired in order to provide greater returns to shareholders as well as to implement a flexible capital policy to enhance capital efficiency.

2. Resolution at the Board of Directors:

Type of share certificates	Total	Total acquisition cost
Ordinary shares	486,000 shares (Upper limit)	1,217,430,000 yen (Upper limit)

(Note 1). Total number of shares issued: 37,486,400 shares (As of February 10, 2023)

(Note 2). Percentage of the total shares issued: 1.30% (Rounded to the second decimal place)

(Note 3). Acquisition period: From February 13 to April 28, 2023

3. Details Relating to the Acquisition

(1) Schedule, etc.

1) Resolution at the Board of Directors	February 10, 2023
2) Publication date for commencing the Tender Offer	February 13, 2023
3) Filing date for the Tender Offer registration statement	February 13, 2023
4) Period of the Tender Offer	From February 13 to March 13, 2023 (20 business days)

(2) Tender Offer Price

2,505 yen per ordinary share

Our Company decided at the Board of Directors Meeting held on February 10, 2023 to set the Tender Offer price at 2,505 yen discounted by 10% from 2,783 yen (Rounded to the nearest whole yen), which was the closing price of our Company's ordinary share on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors Meeting where they approved a resolution to carry out the Tender Offer (February 10, 2023).

(3) Number of Share Certificates Planned for Purchase

Type of share certificates	Number of share certificates planned for purchase	Number of planned excess amount of shares	Total
Ordinary shares	485,900 shares	- shares	485,900 shares

(4) Funds required for the Tender Offer

1,238,749,500 yen

Note: The amount of funds required for the Tender Offer is the estimated total of the purchase costs (1,217,179,500 yen), purchase handling charges, and other expenses including expenses required for the newspaper public notice regarding the Tender Offer and printing expenses for the Tender Offer explanation and other necessary documents.

(5) Commencement date of settlement

April 5, 2023

5) Consolidated statement schedule

[Corporate bond schedules]

There are no relevant matters.

[Schedule of debt]

Classification	Balance at beginning of period (Million yen)	Balance at end of period (Million yen)	Average interest rate (%)	Repayment term
Short-term borrowings	1,000	1,000	0.65	-
Current portion of long-term borrowings	-	-	-	-
Lease obligations due within one year	3	2	1.50	-
Long-term borrowings (excluding current portion of loans)	-	-	-	-
Lease obligations (excluding obligations due within 1 year)	4	3	1.50	January 1, 2024 to July 31, 2026
Other interest-bearing debt	-	-	-	-
Total	1,007	1,004	-	-

- Notes: 1. The average weighted interest rate for term-end balance on loans is listed as the average interest rate.
2. Total repayment schedule per year within 5 years after the consolidated settlement date of lease obligations (excluding obligations due within 1 year)

(Million yen)

Classification	Over 1 years and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years
Lease obligations	1	1	1	-

[Schedule of asset retirement obligations]

Items are omitted because their amount does not exceed one-hundredth of the sum of liabilities and net assets at the respective time-neither at the beginning nor end of the current consolidated fiscal year.

(2) Other

Information for each fiscal quarter in the current consolidated fiscal year

(Aggregate period)	First quarter	First half	First three quarters	Full year
Net sales (Million yen)	15,271	30,802	47,259	64,645
Quarterly profit before income taxes (Million yen)	2,534	4,947	7,575	9,922
Quarterly profit attributable to owners of parent (Million yen)	1,727	3,319	5,090	6,622
Quarterly basic earnings per share (yen)	47.49	91.61	140.66	183.11

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly basic earnings per share (yen)	47.49	44.11	49.06	42.44

2. Financial Statements

(1) Financial Statements

1) Balance sheet

(Million yen)

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	9,440	10,716
Supplies	6	11
Prepaid expenses	* ¹ 102	* ¹ 106
Current portion of long-term loans receivable from subsidiaries and associates	104	-
Accounts receivable - other	* ¹ 2,614	* ¹ 3,226
Other	* ¹ 40	* ¹ 59
Total current assets	12,306	14,117
Non-current assets		
Property, plant and equipment		
Buildings	15	12
Tools, furniture and fixtures	43	69
Construction in progress	-	3
Total property, plant and equipment	58	83
Intangible assets		
Software	222	269
Other	0	0
Total intangible assets	222	269
Investments and other assets		
Investment securities	268	128
Shares of subsidiaries and associates	4,099	5,143
Investments in capital	0	0
Guarantee deposits	96	96
Long-term prepaid expenses	14	38
Deferred tax assets	225	301
Total investments and other assets	4,701	5,706
Total non-current assets	4,981	6,058
Total assets	17,287	20,176

(Million yen)

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
LIABILITIES		
Current liabilities		
Short-term borrowings	* ² 1,000	* ² 1,000
Accounts payable - other	* ¹ 282	* ¹ 262
Accrued expenses	374	396
Income taxes payable	1,005	1,204
Accrued consumption taxes	72	107
Provision for bonuses	-	3
Deposits received	77	82
Unearned revenue	* ¹ 3	* ¹ 2
Total current liabilities	2,813	3,056
Non-current liabilities		
Long-term guarantee deposits	* ¹ 8	* ¹ 8
Provision for retirement benefits	646	703
Asset retirement obligations	22	22
Total non-current liabilities	677	734
Total liabilities	3,490	3,790
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Retained earnings brought forward	11,932	15,366
Total retained earnings	12,627	16,061
Treasury shares	(1,821)	(2,664)
Total shareholders' equity	13,586	16,177
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	79	56
Total valuation and translation adjustments	79	56
Share acquisition rights	133	152
Total net assets	13,798	16,386
Total liabilities and net assets	17,287	20,176

2) Statement of income

(Million yen)

	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Operating revenue		
Consulting fee income	2,258	2,677
Commissions from subsidiaries and associates	1,393	1,576
Dividends from subsidiaries and associates	2,830	3,810
Total operating revenue	*¹ 6,481	*¹ 8,062
Operating expenses	* ¹ * ² 2,216	* ¹ * ² 2,388
Operating profit	4,265	5,674
Non-operating income		
Interest income	* ¹ 19	* ¹ 26
Dividend income	* ¹ 44	2
Rental income from real estate	* ¹ 22	* ¹ 22
Other	* ¹ 2	* ¹ 8
Total non-operating income	86	58
Non-operating expenses		
Interest expenses	7	6
Depreciation	1	1
Cost of real estate lease revenue	22	22
Commission for purchase of treasury shares	2	4
Other	8	3
Total non-operating expenses	40	36
Ordinary profit	4,311	5,696
Extraordinary income		
Gain on sale of investment securities	20	69
Other	2	0
Total extraordinary income	22	69
Extraordinary losses		
Loss on retirement of non-current assets	* ³ 6	* ³ 1
Loss on valuation of shares of subsidiaries	* ⁴ 75	* ⁴ 9
Other	1	1
Total extraordinary losses	82	11
Profit before income taxes	4,252	5,754
Income taxes - current	444	650
Income taxes - deferred	4	(34)
Total income taxes	447	616
Profit	3,804	5,138

3) Statements of Shareholders' Equity
 FY12/21 (January 1 to December 31, 2021)

(Million yen)

	Shareholders' equity					
	Share capital	Retained earnings			Treasury shares	Total shareholders' equity
		Legal retained earnings	Other retained earnings	Total retained earnings		
			Retained earnings brought forward			
Balance at beginning of period	2,780	695	11,491	12,186	(3,099)	11,868
Changes during period						
Dividends of surplus			(1,573)	(1,573)		(1,573)
Profit			3,804	3,804		3,804
Purchase of treasury shares					(552)	(552)
Disposal of treasury shares			(49)	(49)	87	38
Cancellation of treasury shares			(1,742)	(1,742)	1,742	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	440	440	1,277	1,718
Balance at end of period	2,780	695	11,932	12,627	(1,821)	13,586

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Valuation and translation adjustments Total		
Balance at beginning of period	67	67	162	12,098
Changes during period				
Dividends of surplus				(1,573)
Profit				3,804
Purchase of treasury shares				(552)
Disposal of treasury shares				38
Cancellation of treasury shares				-
Net changes in items other than shareholders' equity	12	12	(29)	(18)
Total changes during period	12	12	(29)	1,700
Balance at end of period	79	79	133	13,798

FY12/22 (January 1 to December 31, 2022)

(Million yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Retained earnings			Treasury shares	
		Legal retained earnings	Other retained earnings	Total retained earnings		
			Retained earnings brought forward			
Balance at beginning of period	2,780	695	11,932	12,627	(1,821)	13,586
Changes during period						
Dividends of surplus			(1,669)	(1,669)		(1,669)
Profit			5,138	5,138		5,138
Purchase of treasury shares					(903)	(903)
Disposal of treasury shares			(36)	(36)	61	25
Net changes in items other than shareholders' equity						
Total changes during period	-	-	3,434	3,434	(842)	2,591
Balance at end of period	2,780	695	15,366	16,061	(2,664)	16,177

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Valuation and translation adjustments Total		
Balance at beginning of period	79	79	133	13,798
Changes during period				
Dividends of surplus				(1,669)
Profit				5,138
Purchase of treasury shares				(903)
Disposal of treasury shares				25
Net changes in items other than shareholders' equity	(23)	(23)	19	(3)
Total changes during period	(23)	(23)	19	2,588
Balance at end of period	56	56	152	16,386

Notes on Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for marketable securities

(1) Shares in subsidiaries and associates

Stated at cost, as determined by the moving average method

(2) Other securities

Excluding non-marketable shares, etc.

Mark-to-market price method (valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)

Non-marketable shares, etc.

Stated at cost, as determined by the moving average method

2. Depreciation/amortization method for non-current assets

(1) Property, plant and equipment

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (Excluding facilities attached to buildings) as well as facilities attached to buildings acquired on or after April 1, 2016.

The main service life is as follows:

Buildings: 3 to 15 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible assets

Software

The straight-line method based on the usable period in-house (5 years) is used for portion used by our Company

Other

Straight-line method

3. Standards for allowances

(1) Provision for bonuses

To prepare for provision for bonuses to employees, estimated amount to be paid for the current fiscal year is booked based on the estimated future obligations.

(2) Provision for retirement benefits

To prepare for employee retirement benefits, a provision for retirement benefits is booked pursuant to the expected amount of retirement benefit obligations at the end of the current fiscal year.

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it is incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it is incurred.

4. Accounting for revenue and expenses

Our Company's revenue includes consulting fee income and dividend income received from subsidiaries. The consulting fee income represents a performance obligation to assist subsidiaries in the planning and formulation of management strategies and business management, and is recognized as revenue over the term of the business management contract. Dividend income is recognized as revenue as of the effective date of the dividend.

5. Other important matters for the preparation of financial statements

(1) Application of the Consolidated Taxation System

The consolidated taxation system has been applied.

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

Our Company will transition from the Consolidated Taxation System to the Group Tax Sharing System from the subsequent fiscal year. However, 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 has 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.

Also, our Company plans to apply the "Handling of accounting and disclosure when applying the Group Tax Sharing System (ASBJ PITF No. 42; August 12, 2021)," which stipulates the accounting treatment and disclosure of income taxes, local income taxes, and tax effect accounting when applying the Group Tax Sharing System, from the beginning of the subsequent fiscal year.

(Important Accounting Estimates)

Valuation of shares of subsidiaries and associates

(1) Amount recorded on the financial statements for the current fiscal year

	Previous fiscal year	Current fiscal year
Shares of subsidiaries and associates	4,099 million yen	5,143 million yen
Loss on valuation of shares of subsidiaries	75 million yen	9 million yen

(2) Information concerning details of important accounting estimates related to identified items

Shares of subsidiaries and associates are stated at acquisition cost, as determined by the moving average method.

The acquisition cost reflects excess profitability based on the business plan at the time of the acquisition of shares. Therefore, if the conditions and assumptions underlying the evaluation are changed due to significant changes in the business environment or deterioration in the earnings situation, valuation losses may be recorded.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

Our Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. As a result, our Company recognizes earnings at the amount expected to be received in exchange for goods or services when the control of the promised goods or services is transferred to the customer.

Although the application of the "Accounting Standard for Revenue Recognition" is subject to the transitional handling stipulated in the proviso to Paragraph 84 of the "Accounting Standard for Revenue Recognition," there is no impact on the balance of retained earnings at the beginning of the period nor on profit and loss for the current fiscal year. And, in accordance with the transitional handling stipulated in Paragraph 89-3 of the "Accounting Standard for Revenue Recognition," notes to "Revenue Recognition, etc." for the previous fiscal year are not presented.

(Application of Accounting Standard for Fair Value Measurement)

Our Company applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal year. In accordance with the transitional handling stipulated in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), our Company has decided to apply the new accounting policy established by the "Accounting Standard for Fair Value Measurement" into the future. This will have no impact on the financial statements.

(Additional Information)

(Accounting Estimates Associated with the COVID-19 Pandemic)

While there are concerns about changes in the economic situation and business environment due to the worldwide spread of COVID-19, our Group has conducted accounting estimates assuming that there are no material impacts from COVID-19 during the current fiscal year because it is difficult to predict when the COVID19 pandemic will end. However, there is a possibility that material impacts will influence our financial statements in subsequent fiscal years, if we review our judgments according to changes in the future situation.

(Notes on Balance Sheet)

*1 Assets and liabilities vis-a-vis subsidiaries and associates

Other than those separately recorded, amounts of pecuniary claims or pecuniary debts to subsidiaries and associates are as follows.

	(Million yen)	
	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Short-term pecuniary claims	2,644	3,265
Short-term pecuniary debts	51	41
Long-term pecuniary debts	8	8

*2 Our Company signed overdraft agreements with four banks to procure operating capital efficiently. The balance of borrowings involved in the agreement for overdraft at the end of the current fiscal year is as follows.

	(Million yen)	
	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Limit of overdraft account	5,500	5,500
Borrowing	1,000	1,000
Balance	4,500	4,500

(Notes on Statement of income)

*1 Total amount of turnover for business and non-business transactions with associates are as follows.

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Turnover for business transaction		
Operating revenue	6,481	8,062
Operating expenses	197	204
Turnover for non-business transaction	83	48

*2 Significant components of operating expenses and its amounts are as follows.

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Salaries and bonuses	458	469
Other salaries	271	332
Provision for bonuses	-	3
Retirement benefit expenses	19	21
Commission expenses	450	454
Depreciation	122	124

Please note that all are included in general, and administrative expenses.

*3 Details of loss on retirement of non-current assets are as follows:

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
Tools, furniture and fixtures	-	1
Software	3	-
Other	3	0
Total	6	1

*4 Details of loss on valuation of shares of subsidiaries are as follows.

	(Million yen)	
	FY12/21 (January 1 to December 31, 2021)	FY12/22 (January 1 to December 31, 2022)
(Shares of subsidiaries)		
Fullcast Global Co., Ltd.	48	-
Fullcast International Co., Ltd.	27	9
Total	75	9

(Notes on Securities)

Shares of subsidiaries and associates

Previous fiscal year (December 31, 2021)

(Million yen)

Classification	Amount recorded in balance sheets	Market value	Difference
Shares of associates	717	764	47
Total	717	764	47

Note: Balance sheet amounts for shares of subsidiaries and associates for which the assessment of market value is recognized as being extremely difficult.

(Million yen)

Classification	FY12/21 End (December 31, 2021)
(1) Shares of subsidiaries	3,212
(2) Shares of associates	170
Total	3,382

Current fiscal year (December 31, 2022)

(Million yen)

Classification	Amount recorded in balance sheets	Market value	Difference
Shares of associates	717	514	(203)
Total	717	514	(203)

Note: Amounts recorded in the balance sheets for shares of subsidiaries and associates, including non-marketable shares, others.

(Million yen)

Classification	FY12/22 End (December 31, 2022)
(1) Shares of subsidiaries	4,256
(2) Shares of associates	170
Total	4,426

(Notes on Tax Effect Accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
(Million yen)		
Deferred tax assets		
Provision for retirement benefits	198	215
Loss on valuation of shares of subsidiaries and associates	868	871
Gains on sales of shares of subsidiaries under the Corporation Tax Act	50	50
Loss on valuation of investment securities	6	6
Accrued enterprise taxes	13	23
Other	55	94
Subtotal deferred tax assets	1,191	1,260
Valuation reserve amount	(931)	(933)
Total deferred tax assets	260	326
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(35)	(25)
Total deferred tax liability	(35)	(25)
Net deferred tax assets	225	301

2. Itemized details of the main reasons for differentials between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/21 End (December 31, 2021)	FY12/22 End (December 31, 2022)
Legal effective tax rates	30.6%	30.6%
(Adjustment)		
Dividend income	(20.4)	(20.3)
Fixed-rate residents on inhabitant tax	0.1	0.1
Loss on valuation of shares of subsidiaries and associates	0.5	0.0
Other	(0.3)	0.3
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	10.5%	10.7%

(Revenue Recognition, etc.)

Our Company recognizes revenue from contracts with customers based on the following five-step approach.

Step 1: Recognize contracts with customers.

Step 2: Recognize performance obligations in contracts.

Step 3: Calculate transaction prices.

Step 4: Allocate transaction prices to the performance obligations in contracts.

Step 5: Recognize revenues when (or as) performance obligations are satisfied.

Basic information to understand revenue from contracts with customers is presented in “Notes on Financial Statements (Significant Accounting Policies), 4. Accounting for revenue and expenses.”

(Major Subsequent Events)

Mention has been omitted here because it appears in “Notes on Consolidated Financial Statements (Major subsequent events).”

4) Statement schedule

(Schedule of property, plant and equipment)

(Million yen)

Classification	Type of asset	Balance at beginning of period	Increase during the period	Decrease during the period	Amount of amortization during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	15	-	-	3	12	98
	Tools, furniture and fixtures	43	52	1	25	69	287
	Construction in progress	-	3	-	-	3	-
	Total	58	55	1	29	83	385
Intangible assets	Software	222	143	-	96	269	-
	Other	0	-	-	-	0	-
	Total	222	143	-	96	269	-

* Main increases in software during the period are as follows.

Various software for in-house use

143 million yen

(Schedule of allowances)

(Million yen)

Subject	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period
Provision for bonuses	-	395	392	3

(2) Details of major assets and liabilities

Comments have been omitted as consolidated financial statements are prepared.

(3) Other

There are no relevant matters.

Part 6: Overview of the Shares of Company Affairs

Fiscal year	January 1 to December 31
Ordinary General Meeting of Shareholders	During March
Record date	December 31
Record date for dividends of surplus	June 30, December 31
Number of shares per unit	100 shares
Purchase of share less than one unit	
Handling position	(Special account) Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Agency office	-
Negotiation commission	Amount separately determined as stock brokerage commissions
Public announcement method	Announcements by our Company are made through electronic announcements. However, in the event of an accident or other unavoidable circumstances that prevent electronic public notice, we list announcements in Nihon Keizai Shimbun. Details about electronic announcements are contained on our website (https://www.fullcaholdings.co.jp).
Benefits to shareholders	There are no relevant matters.

Note: Shareholders of our Company have no exercise rights with respect to shares less than one unit held by them other than the rights listed below.

- The rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act
- The right to make a request in accordance with the provisions of Article 166, Paragraph 1 of the Companies Act
- The right to receive an allotment of offered shares and offered share acquisition rights in accordance with the number of shares held by the shareholder

Part 7: Reference Information on Submitting Companies

1. Information on Parent Companies of Submitting Companies

Our Company does not have any parent companies.

2. Other Reference Information

In the period from the start of the 30th fiscal year until the submission date for securities reports, the following documents have been submitted.

(1) Securities report, attached documents and confirmation notes

Fiscal year: Term 29 (January 1 to December 31, 2021), submitted to the Director General of the Kanto Local Finance Bureau on March 28, 2022

(2) Internal control report and attached documents

Submitted to the Director General of the Kanto Local Finance Bureau on March 28, 2022

(3) Quarterly reports and confirmation notes

Term 30, first quarter (January 1 to March 31, 2022): Submitted to the Director General of the Kanto Local Finance Bureau on May 13, 2022

Term 30, second quarter (April 1 to June 30, 2022): Submitted to the Director General of the Kanto Local Finance Bureau on August 12, 2022

Term 30, third quarter (July 1 to September 30, 2022): Submitted to the Director General of the Kanto Local Finance Bureau on November 14, 2022

(4) Extraordinary report

Extraordinary report pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Information, etc. (Results of exercise of voting rights at the Ordinary General Meeting of Shareholders):

Submitted to the Director General of the Kanto Local Finance Bureau on March 28, 2022

(5) Share buyback report

Submitted to the Director General of the Kanto Local Finance Bureau on April 14, 2022 and on March 14, 2023

Section 2: Information on Guaranty Companies of Submitting Companies

There are no relevant matters.