Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 2018 (Jan.–Mar. 2018)

May 11, 2018 FULLCAST HOLDINGS CO., LTD. (4848)

Agenda

- In this document, the “Short-Term Operational Support Business” is referred to as “Short-Term”, and the “Sales Support Business” is referred to as “Sales” in some parts.
- We acquired the shares of BOD Co., Ltd. during the first quarter and now BOD Co., Ltd. is newly included within the scope of consolidation. The earnings of BOD Co., Ltd. are included in the “Short-Term Operational Support Business”.
- Of the company’s consolidated subsidiaries, the account settlement date of BOD Co., Ltd. is March 31. Quarterly consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.
- From the fiscal year ending December 2018, the name of “Management” service has been changed to the “BPO” service.
- In this document, names of services are written in an abbreviated form; “Part-Time Worker Placement” service is referred to as “Placement”; and “Part-Time Worker Payroll Management”, “My Number Management”, “Year-End Tax Adjustment Management”, and BPO services by BOD Co., Ltd. are referred to as “BPO” in the “Short-Term Operational Support Business”, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012. In addition, “Long-Term Dispatching” services with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as “Dispatching.”

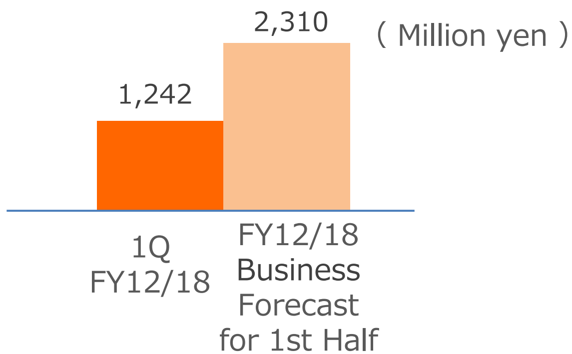
1Q FY12/18 Summary of Business Performance

1Q FY12/18 Summary of Business Performance

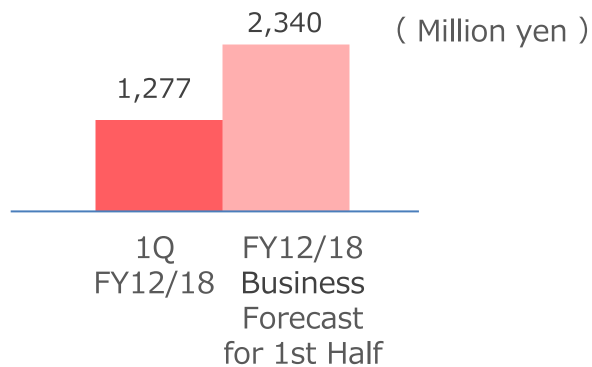
Consolidated results were strong, driven by existing mainstay services

- **Regarding consolidated results, operating income increased thanks primarily to an increase in sales year on year attributed mainly to growth in the existing mainstay services of "Placement" and "BPO", in addition to growth in "BPO" from the inclusion of the results of newly consolidated BOD Co., Ltd. in the "Short-Term Operational Support Business", a mainstay business of the Group.**
- **Thanks to our management efforts focused upon raising productivity, we were able to restrain SG&A expenses, and as a result, operating income, ordinary income and quarterly net income attributable to Fullcast Holdings Co., Ltd. were strong relative to business forecast for the first half.**

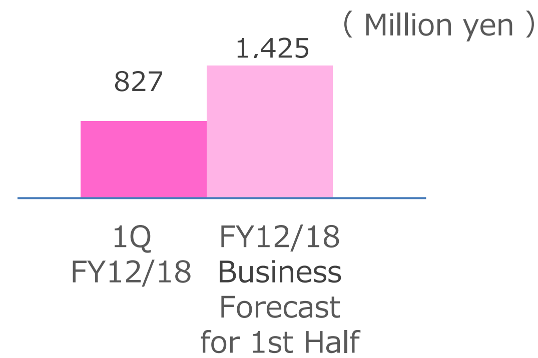
Operating Income
(53.8% of 1H FY12/18 E)



Ordinary Income
(54.6% of 1H FY12/18 E)



Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.
(58.1% of 1H FY12/18 E)



Consolidation of BOD Co., Ltd.

- **On January 4, 2018, we acquired the shares of BOD Co., Ltd., which engages in BPO services including data entry, order management contracting, credit screening agency services, invoice agency and processing services, payment management operations, order management, bookkeeping and accounting contracting and others. Through this consolidation, the earnings of BOD Co., Ltd. have been included in the results for the first quarter of the fiscal year ending December 2018.**
- **By including these results, sales of the "BPO" services in the "Short-Term Operational Support Business" increased.**
  - From the fiscal year ending December 2018, the name of "Management" service has been changed to the "BPO" service.

1Q FY12/18 Consolidated Business Highlights (Jan.–Mar. 2018)

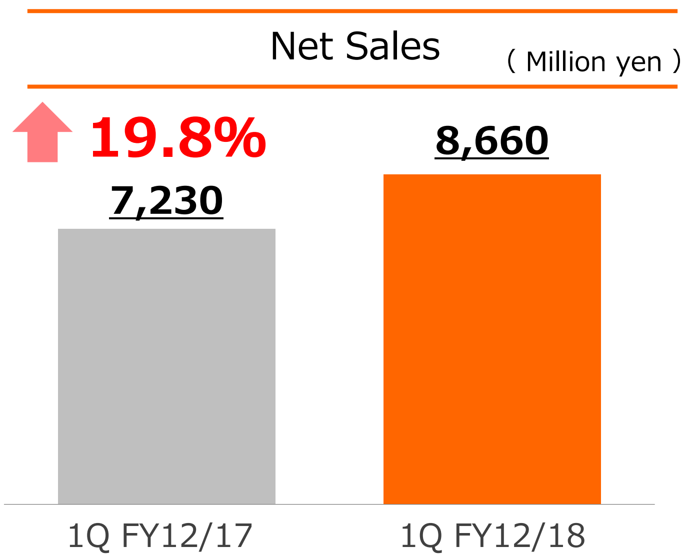
Consolidated: 1Q FY12/18 Year-on-Year Comparison

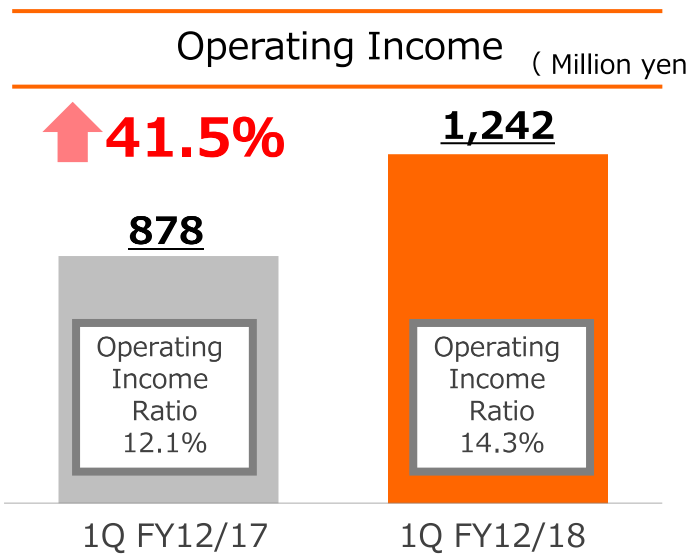
【 Factors Behind the Change in Net Sales 】

- Net sales increased by 19.8% year-on-year, attributed mainly to higher sales of the existing mainstay services of "Placement" and "BPO", in addition to growth in "BPO" from the inclusion of the results of BOD Co., Ltd. in the "Short-Term Operational Support Business", a mainstay business of the Group.

【 Factors Behind the Change in Operating Income 】

- Operating income increased by 41.5% year-on-year, due mainly to an increase in sales of the "Short-Term Operational Support Business", and operating income ratio increased by 2.2PT.





Consolidated: 1Q FY12/18 Year-on-Year Comparison

- Ordinary income increased by 44.9% year-on-year on the back of growth in operating income.
- Quarterly net income attributable to Fullcast Holdings Co., Ltd. increased by a smaller margin of 16.4% year-on-year because the tax burden in the current first quarter increased after the amount of loss carried forward was eliminated in the previous fiscal year and because a gain on step acquisitions (*) of 167 million yen was posted in the previous first quarter.

(Million yen)

	1Q FY12/17	1Q FY12/18	Difference	Rate of change
Net Sales	7,230	8,660	1,430	19.8%
Gross Profit	2,856	3,790	934	32.7%
SG&A expenses	1,979	2,548	570	28.8%
Operating Income	878	1,242	365	41.5%
Operating Income Ratio	12.1%	14.3%	—	2.2PT
Ordinary Income	882	1,277	396	44.9%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.	711	827	116	16.4%

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

1Q FY12/18 Segment Highlights Short-Term Operational Support Business Earnings (Jan.–Mar. 2018)

- The account settlement date of BOD Co., Ltd., which belongs in the “Short-Term Operational Support Business”, is March 31. Quarterly consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.

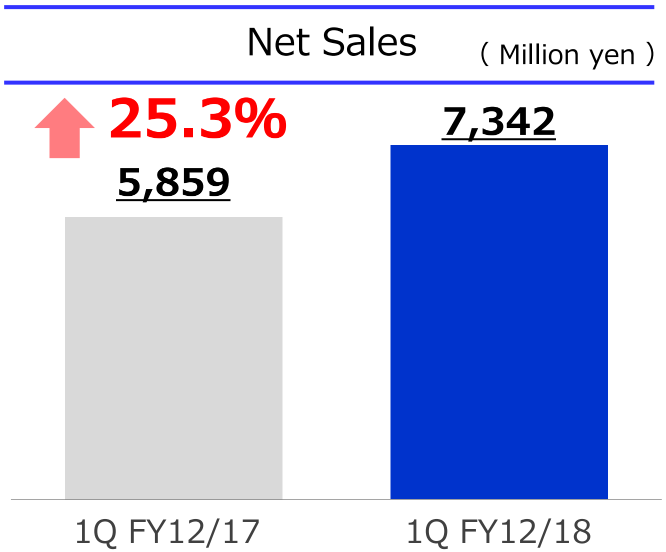
Short-Term: 1Q FY12/18 Year-on-Year Comparison

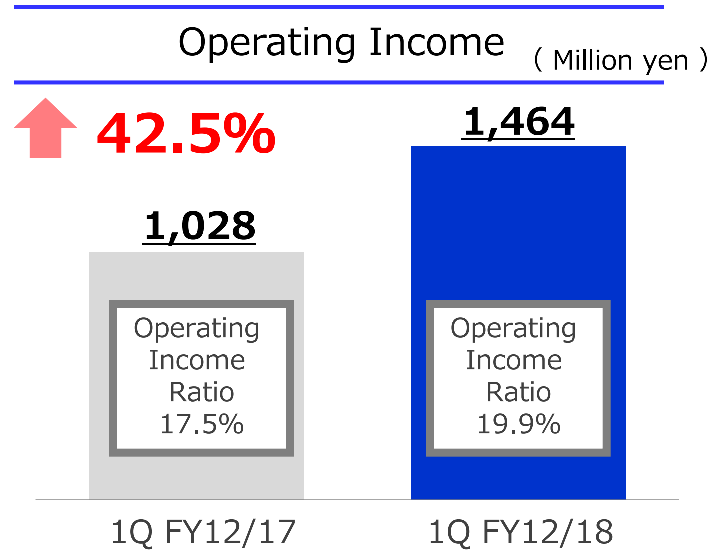
【 Factors Behind the Change in Net Sales 】

- Net sales increased by 25.3% year-on-year, due mainly to growth in "BPO" associated with the inclusion of earnings of BOD Co., Ltd., and higher sales of the existing mainstay services of "Placement" and "BPO" on the back of continued strong demand for hiring amongst client companies.

【 Factors Behind the Change in Operating Income 】

- Operating income increased by 42.5% year-on-year, due mainly to an increase in sales of existing mainstay services, and operating income ratio increased by 2.4PT.





Short-Term: 1Q FY12/18 Year-on-Year Comparison (By Service Category)

(Million yen)

	1Q FY12/17	1Q FY12/18	Difference	Rate of change
Net Sales	5,859	7,342	1,483	25.3%
Placement	1,099	1,308	209	19.0%
BPO	650	1,429	779	119.9%
Dispatching	3,589	4,106	517	14.4%
Outsourcing	521	499	△23	△4.3%
Gross Profit	2,362	3,368	1,006	42.6%
Placement	1,056	1,256	200	18.9%
BPO	648	1,374	726	112.1%
Dispatching	543	652	108	19.9%
Outsourcing	115	87	△28	△24.5%

- "BPO" sales rose due to the inclusion of earnings of BOD Co., Ltd., which was newly consolidated.
- Existing mainstay services of "Placement" and "BPO" grew on the back of continued strong demand for hiring amongst client companies.

- Earnings of BOD Co., Ltd., acquired on January 4, 2018, have been included in "BPO" services beginning from the first quarter of this fiscal year.
- From the fiscal year ending December 2018, the name of "Management" service has been changed to the "BPO" service.
- "BPO" services represent the aggregated total of "Part-Time Worker Payroll Management", "My Number Management", "Year-End Tax Adjustment Management", and BPO services conducted by BOD Co., Ltd.
- Numerical data represent reference figures and have not been audited by our accounting auditor.
- Part of BOD Co., Ltd.'s personnel expenses included in SG&A expenses in the consolidated business forecast released on February 9, 2018 have been booked as cost of sales

1Q FY12/18
Segment Highlights
Sales Support Business
Earnings(Jan.–Mar. 2018)

Sales: 1Q FY12/18 Year-on-Year Comparison

【 Factors Behind the Change in Net Sales 】

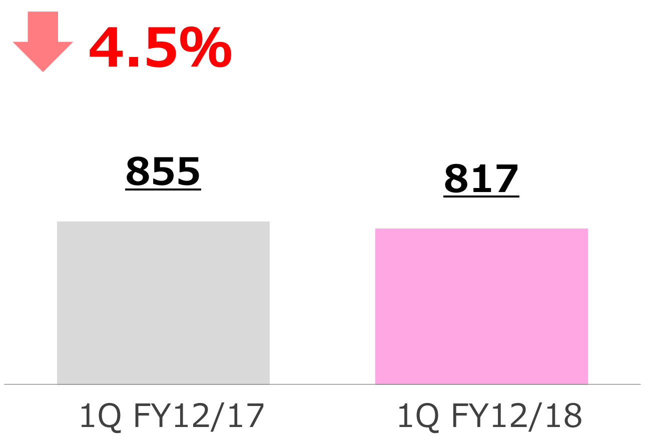
- Net sales declined by 4.5% year-on-year due to weaker than expected sales trends of telecommunications products in the main business of the segment.

【 Factors Behind the Change in Operating Income 】

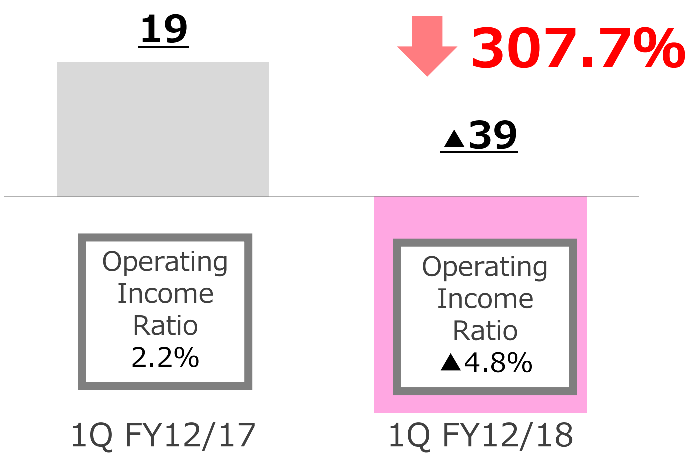
- Operating income declined by 58 million yen year-on-year due to lower sales, even though SG&A expenses were restrained from the previous year.

- The “Sales Support Business” segment is mainly comprised of the “call center”, “online”, “alliance” and “entertainment” businesses.
- The “call center”, “online” and “alliance” businesses each involve the sale of Internet Access.

Net Sales （Million yen）



Operating Income （Million yen）



1Q FY12/18
Segment Highlights
Security, Other Businesses
Earnings (Jan.–Mar. 2018)

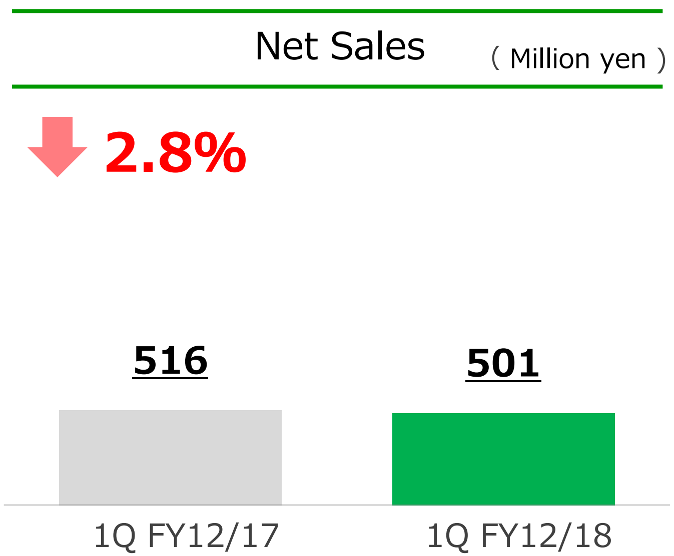
Security, Other: 1Q FY12/18 Year-on-Year Comparison

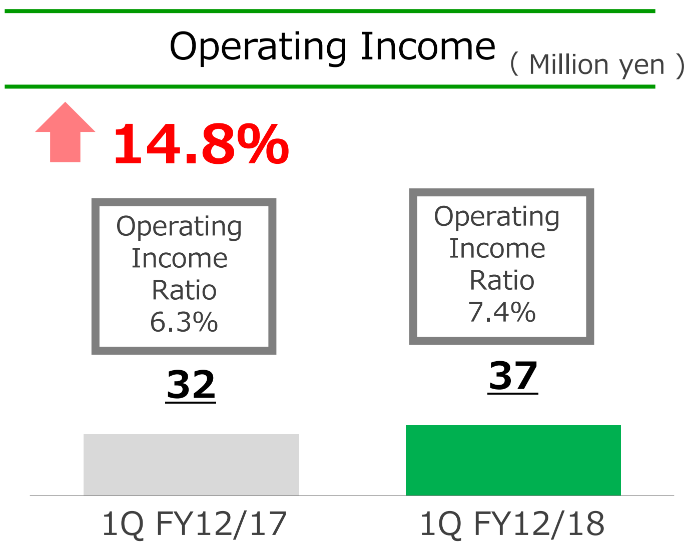
【 Factors Behind the Change in Net Sales 】

- Net sales declined by 2.8% year-on-year, as we continued to receive orders for ad temporary security projects in the previous first quarter, which were a factor behind the lower sales.

【 Factors Behind the Change in Operating Income 】

- Operating income increased by 14.8% year-on-year, as gross margin rose on the back of the acquisition of high profit margin temporary security projects in the "Security Business", the core service of this segment.





1Q FY12/18 Progress Relative to Business Forecast

1Q FY12/18 Progress Relative to Business Forecast

- During the first quarter, thanks to our management efforts focused upon raising productivity, we were able to restrain SG&A expenses, and as a result, operating income, ordinary income and quarterly net income attributable to Fullcast Holdings Co., Ltd. were strong relative to business forecast for the first half.
- Business results in the first quarter progressed so that revisions to the business forecast are not necessary. As such, the business forecast for the first half and full-year remain unchanged.

(Million yen)

		1Q FY12/18	FY12/18 Business Forecast for 1st Half	Rate of Progress of 1st Half	FY12/18 Business Forecast for Full Year	Rate of Progress of Full Year
Net Sales		8,660	17,700	48.9%	37,000	23.4%
Gross Profit		3,790	7,760	48.8%	16,014	23.7%
Operating Income		1,242	2,310	53.8%	5,000	24.8%
Ordinary Income		1,277	2,340	54.6%	5,080	25.1%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.		827	1,425	58.1%	3,185	26.0%
Short-Term Operational Support Business	**Net sales**	**7,342**	**–**	**–**	**31,313**	**23.4%**
	Placement	1,308	–	–	5,452	24.0%
	BPO	1,429	–	–	5,377	26.6%
	Dispatching	4,106	–	–	17,270	23.8%
	Outsourcing	499	–	–	3,214	15.5%
Sales Support Business	Net sales	817	–	–	3,662	22.3%
Security, Other Businesses	Net sales	501	–	–	2,026	24.7%

➢ The business forecast of the first half for segment net sales has not been disclosed.

(Reference) Basic Stance on Capital Policy

Basic Stance on Capital Policy

The Fullcast Group maintains a basic policy of maximizing capital efficiency and securing financial soundness to achieve sustained improvement in corporate value.

- **Maintaining a total return ratio of 50% relative to adjusted net income (*) targeted at providing returns to shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.**

- **Our goal of enhancing corporate value is to maintain an ROE of 20% or greater relative to adjusted net income.**

- **We will maintain a maximum D/E ratio of 0.5x in order to enhance corporate value and to maintain financial soundness.**

* “Adjusted net income” refers to net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for deduction of loss carried forward. “Adjusted net income” is used as the based for calculating the total return ratio and ROE.

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DEPOSITARY RECEIPTS

ADR (American Depositary Receipts) Program:

Program Type: Sponsored Level 1

Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock
CUSIP Code: 35968P100

Symbol: FULCY
Depositary: The Bank of New York Mellon

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