

# **FULLCAST HLDGS.**

## **Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 2021 (Jan.–Mar. 2021)**

**FULLCAST HOLDINGS CO., LTD. (4848)  
May 14, 2021**

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# Agenda

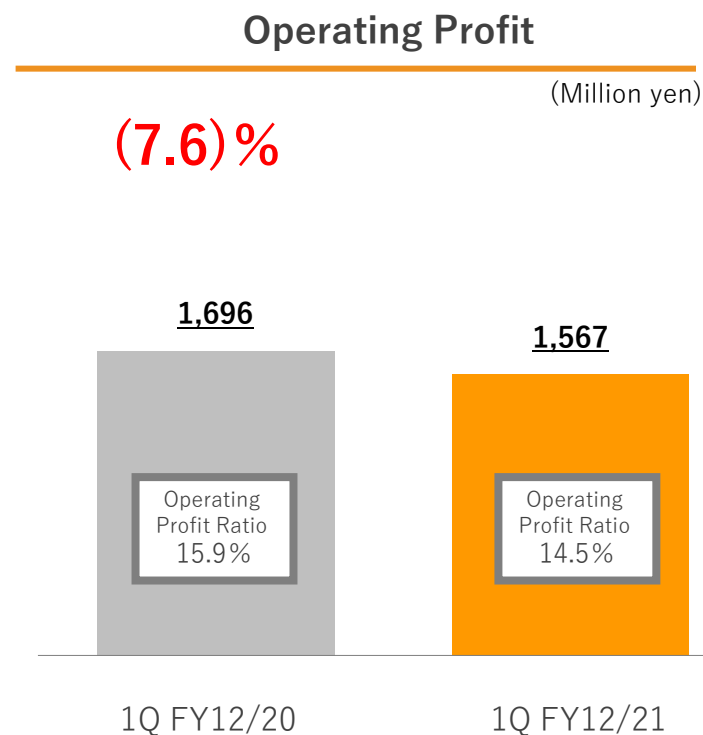
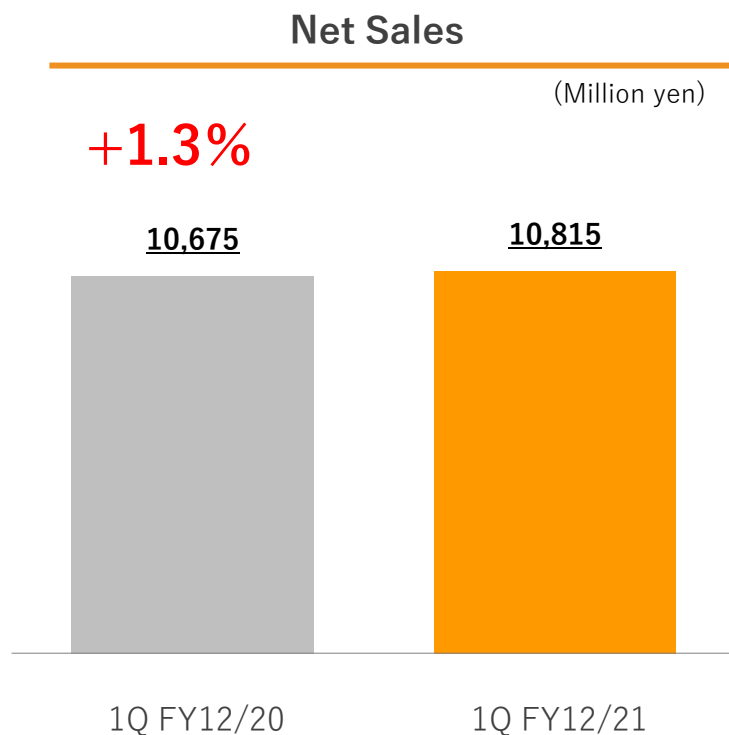
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1. 1Q FY12/21 Consolidated Business Highlights (Jan.–Mar. 2021)
2. 1Q FY12/21 Segment Highlights (Jan.–Mar. 2021)
3. 1Q FY12/21 Progress Relative to Business Forecast

# 1. 1Q FY12/21 Consolidated Business Highlights (Jan.–Mar. 2021)

# Consolidated: 1Q FY12/21 Year-on-Year Comparison

- **Net sales increased by 1.3% year-on-year**, compared to the previous first quarter when sales were mostly unaffected by the COVID-19 pandemic, as client demand is showing signs of recovery and Year-End Tax Adjustment Management (one of our BPO services), Dispatching and Outsourcing services in the “Short-Term Operational Support Business” grew despite the negative impacts of the reissuance and extension of Japan’s state of emergency to combat the ongoing pandemic.
- **Operating profit resulted in a slim drop of 7.6% year-on-year (operating profit ratio inched down by 1.4 PT)**, as supported by client demand showing a trend towards a recovery, despite the impacts of COVID-19.



# Consolidated: 1Q FY12/21 Year-on-Year Comparison

- **Profit attributable to owners of parent declined by 7.0% year-on-year**, as profit attributable to non-controlling interests declined by 67 million yen due mainly to the partial sale of shares of NIHON DENKI SERVICE Co., Ltd. at the end of the previous fiscal year and exclusion of this company from the scope of consolidation, **while ordinary profit declined only by 10.9% year-on-year, similar to operating profit.**
- In BPO services of the “Short-Term Operational Support Business” segment, personnel expenses equivalent to the cost of sales (previously included into SG&A expenses) are now booked in cost of sales from start of the fiscal year ending December 2021 to ensure more appropriate cost price management.
- The gross profit prior to changes in the method of booking cost of sales decreased by 6.2% and the SG&A expenses decreased by 5.6%.

(Million yen)

	1Q FY12/20	1Q FY12/21	Difference	Rate of change
Net sales	10,675	<b>10,815</b>	139	1.3%
Gross profit	4,660	<b>3,995</b>	(665)	(14.3)%
SG&A expenses	2,964	<b>2,428</b>	(536)	(18.1)%
Operating profit	1,696	<b>1,567</b>	(129)	(7.6)%
Operating profit ratio	15.9%	<b>14.5%</b>	-	(1.4) PT
Ordinary profit	1,746	<b>1,556</b>	(190)	(10.9)%
Profit attributable to owners of parent	1,132	<b>1,052</b>	(79)	(7.0)%

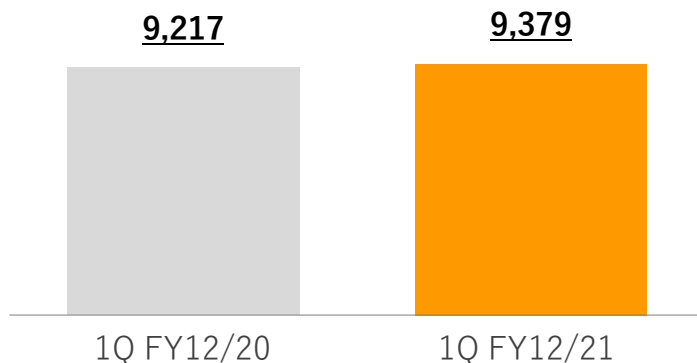
## 2. 1Q FY12/21 Segment Highlights (Jan.–Mar. 2021)

# Short-Term: 1Q FY12/21 Year-on-Year Comparison

## Net Sales

(Million yen)

**+ 1.8%**



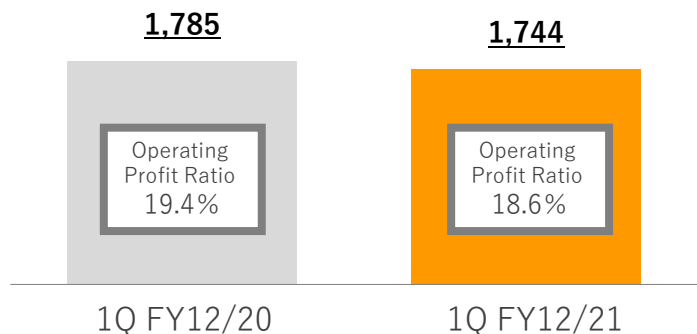
## Net Sales

- Net sales increased by 1.8% year-on-year**, compared to the previous first quarter when sales were mostly unaffected by the COVID-19 pandemic, as client demand is showing signs of recovery and Year-End Tax Adjustment Management (one of our BPO services), Dispatching and Outsourcing services grew despite the negative impacts of the reissuance and extension of Japan's state of emergency amid the ongoing pandemic.

## Operating Profit

(Million yen)

**(2.3)%**



## Operating Profit

- Operating profit resulted in a slim drop of 2.3% year-on-year (operating profit ratio inched down by 0.8 PT)** as supported by client demand showing a trend towards a recovery, despite the impacts of COVID-19.

# Short-Term: 1Q FY12/21 Year-on-Year Comparison (By Service Category)

(Million yen)

	1Q FY12/20	1Q FY12/21	Difference	Rate of change
Net Sales	9,217	<b>9,379</b>	161	1.8%
Placement	1,307	<b>1,055</b>	(252)	(19.3)%
BPO	1,865	<b>1,707</b>	(158)	(8.5)%
Dispatching	5,463	<b>5,930</b>	467	8.6%
Outsourcing	582	<b>687</b>	105	18.0%
Gross Profit	4,118	<b>3,517</b>	(601)	(14.6)%
Placement	1,279	<b>1,029</b>	(249)	(19.5)%
BPO	1,768	<b>1,261</b>	(507)	(28.7)%
Dispatching	891	<b>946</b>	55	6.1%
Outsourcing	180	<b>280</b>	101	56.1%

- We were able to increase sales and gross profit of “Dispatching” services because we continued to respond to the long-term staffing needs of client companies even under the COVID-19 pandemic.
- Gross profit of “Placement” services declined due to a lag in the recovery of demand for spot hiring, despite the positive trend even in the midst of Japan’s state of emergency.
- “Outsourcing” services posted an increase in sales and gross profit on growth in the earnings of from Housekeeping Services by Minimaid Service Co., Ltd., capturing projects from the public sector and the restart of professional baseball games.
- Gross profit of “BPO” services declined by 28.7%, due mainly to changes in the method of booking personnel expenses equivalent to the cost of sales (compared to a decline of 8.8% in the prior method of booking costs), and a sluggish performance in the “Part-Time Worker Payroll Management” service in conjunction with the “Placement” services, and despite a positive growth in “Year-End Tax Adjustment Management” service in our BPO service lineup.

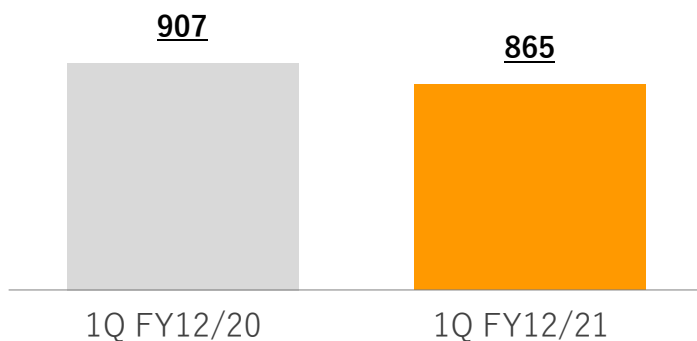


# Sales Support: 1Q FY12/21 Year-on-Year Comparison

## Net Sales

(Million yen)

**(4.6)%**



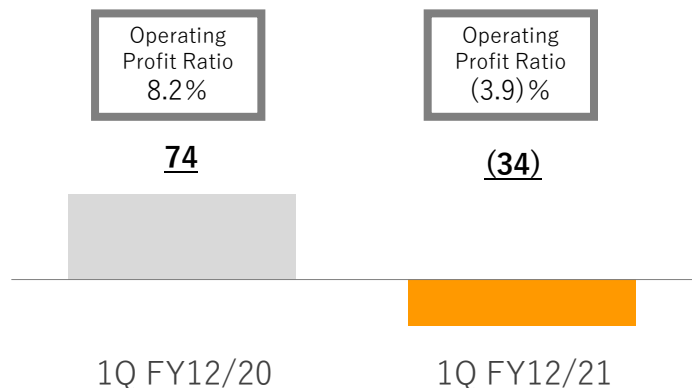
## Net Sales

- **Net sales decreased by 4.6% year-on-year** due mainly to the impact of COVID-19 on the entertainment business and the exclusion of NIHON DENKI SERVICE Co., Ltd. from the scope of consolidation.

## Operating Profit

(Million yen)

**(145.7)%**



## Operating Profit

- **Operating profit decreased by 145.7% year-on-year** due mainly to the drop in net sales.

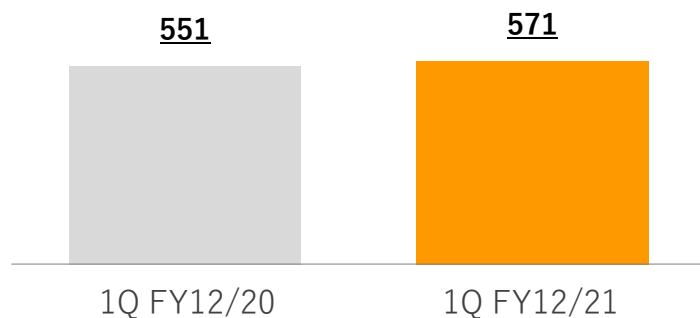
- ✓ NIHON DENKI SERVICE Co., Ltd. is excluded from the scope of consolidation from the start of the fiscal year ending December 2021 following the partial sale of the share we owned.
- ✓ The “Sales Support Business” segment is mainly comprised of the “call center”, “online”, “alliance”, and “entertainment” businesses.

# Security, Other: 1Q FY12/21 Year-on-Year Comparison

## Net Sales

(Million yen)

**+ 3.6%**



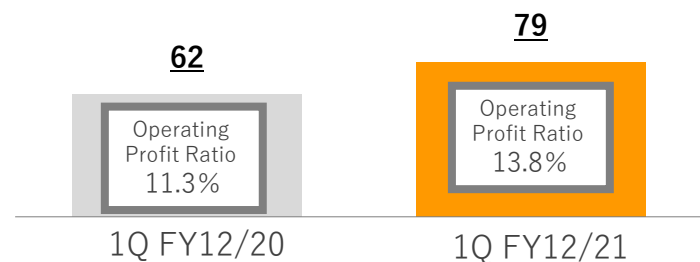
## Net Sales

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

## Operating Profit

(Million yen)

**+ 26.3%**



## Operating Profit

- Operating profit increased by 26.3% year on year** and **operating profit ratio rose by 2.5PT** due to the increase in net sales.

# 3. 1Q FY12/21 Progress Relative to Business Forecast

# 1Q FY12/21 Progress Relative to Business Forecast

- The rate of progress relative to our first half business forecasts for net sales and profit indicators exceeded 50% in each case, amid steady results primarily from the mainstay Short-Term Operational Support Business.

(Million yen)

	1Q FY12/21	Business forecasts for 1H FY12/21	Rate of progress	Business forecasts for FY12/21	Rate of progress
Net Sales	10,815	21,280	50.8%	45,400	23.8%
Gross Profit	3,995	7,886	50.7%	16,810	23.8%
Operating Profit	1,567	2,750	57.0%	6,200	25.3%
Ordinary Profit	1,556	2,760	56.4%	6,230	25.0%
Profit attributable to owners of parent	1,052	1,826	57.6%	4,117	25.6%

Short-Term Operational Support Business	Net Sales	9,379	—	—	39,291	23.9%
	Placement	1,055	—	—	4,927	21.4%
	BPO	1,707	—	—	6,464	26.4%
	Dispatching	5,930	—	—	25,099	23.6%
	Outsourcing	687	—	—	2,802	24.5%
Sales Support Business	Net Sales	865	—	—	3,896	22.2%
Security, Other Businesses	Net Sales	571	—	—	2,213	25.8%

### ■ Basic Stance on Capital Policy

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

- Maintaining a total return ratio of 50% relative to shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.
- Our goal of enhancing corporate value is to maintain an ROE of 20% or greater.
- We will maintain a maximum D/E ratio of 1.0x in order to enhance corporate value and to maintain financial soundness.

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## Notes

### About this Document

- In this document, the “Short-Term Operational Support Business” is referred to as “Short-Term”, and the “Sales Support Business” is referred to as “Sales” in some parts.
- In this document, names of services are written in an abbreviated form; “Part-Time Worker Placement” service is referred to as “Placement”; and “Part-Time Worker Payroll Management”, “My Number Management”, “Year-End Tax Adjustment Management”, and BPO services by BOD Co., Ltd. are referred to as “BPO” in the “Short-Term Operational Support Business”, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012. In addition, “Long-Term Dispatching” services with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as “Dispatching.”

### Short-Term Operational Support Business

- “BPO” services represent the aggregated total of “Part-Time Worker Payroll Management”, “My Number Management”, “Year-End Tax Adjustment Management”, and BPO services conducted by BOD Co., Ltd.
- The figures for each service category of the “Short-Term Operational Support Business” segment represent reference figures and have not been audited by our accounting auditor.

### Sales Support Business

- NIHON DENKI SERVICE Co., Ltd. is excluded from the scope of consolidation from the start of the fiscal year ending December 2021 following the partial sale of the share we owned.
- The “Sales Support Business” segment is mainly comprised of the “call center”, “online”, “alliance”, and “entertainment” businesses.
- The “call center”, “online” and “alliance” businesses each involve the sale of Internet access.

### Business Forecasts for FY12/21

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

Providing the **best place** for  
people to bring out **their best.**

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