



## Consolidated Business Results for the Aggregate Third Quarter of the Fiscal Year Ending December 2017 (Jan. – Sep. 2017)

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November 10, 2017  
FULLCAST HOLDINGS CO., LTD. (4848)

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- In this document, the “Short-Term Operational Support Business” is referred to as “Short-Term”, and the “Sales Support Business”, which mentioned as below, is referred to as “Sales” in some parts.
- A new reporting segment called “Sales Support Business” has been created accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of fiscal year ending December 2017 and its new inclusion within the scope of consolidation, also with its subsidiaries. Since there are no comparable results for new business segment in previous fiscal year, there is no year-on-year comparison is made and only the aggregate third quarter results have been disclosed.
- Of the Company’s consolidated subsidiaries, the account settlement date of Dimension Pockets Co., Ltd. is January 31. Consolidated financial statement was prepared based on a provisional settlement conducted on the consolidated account settlement date. Additionally, in the third quarter, F-PLAIN Corporation and its subsidiaries changed their settlement date to December 31, therefore settlement date is same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by F-PLAIN Corporation and its subsidiaries as of the consolidated settlement date, therefore, this change does not have any impact on quarterly financial statements. The final day of the business year of other consolidated subsidiaries are all match to the consolidated account settlement date.
- In this document, names of services are written in an abbreviated form; “Part-Time Worker Placement” service is referred to a “Placement” and “Part-Time Worker Payroll Management”, “My Number Management” and “Year-End Tax Adjustment Management” services are referred as “Management” 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.”

# **3Q FY2017**

## **Summary of Business Performance**

- **Mainstay business sees strong sales, and consolidated business performance trending favorably**
  - Consolidated earnings in the aggregate third quarter, the “Short-Term Operational Support Business”, one of the Group’s mainstay businesses performed favorably with increases in both sales and profits year on year, driven by the strong business performance of despite the seasonal earnings bias with a greater amount of earnings recorded in the second half of the fiscal year.
  - Consolidated earnings trended favorably and are in line with our revised full-year earnings forecasts.

**3Q FY2017**

**Consolidated Business Highlights  
(Jan.– Sep. 2017)**

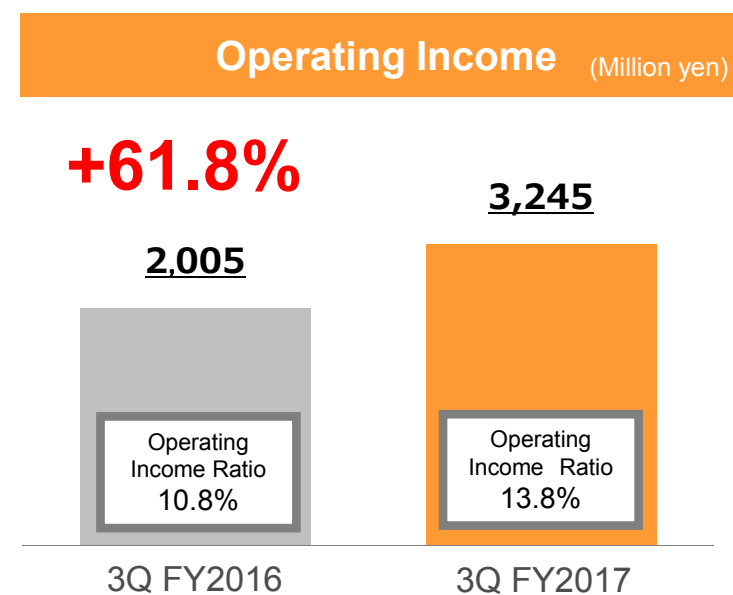
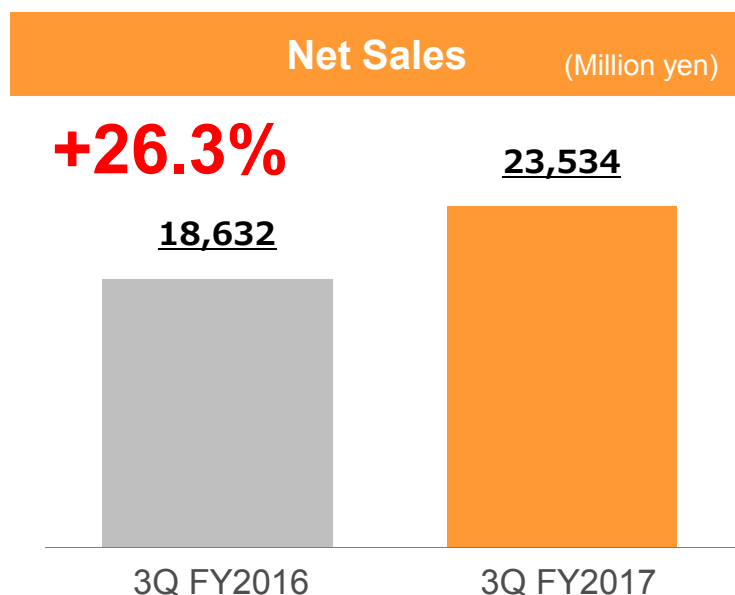
# Consolidated: 3Q FY2017 Year-on-Year Comparison

## 【Factors behind the change in Net Sales】

- ✓ Consolidated net sales **increased by 26.3%** year on year, primarily attributed to increased sales of the “Placement” and “Management” services, which are mainstay services within the “Short-Term Operational Support Business”, and the inclusion of the business performance of F-PLAIN Corporation and its subsidiaries following its conversion to a consolidated subsidiary.

## 【Factors behind the change in Operating Income】

- ✓ Consolidated operating income **rose by 61.8%** year on year and operating income ratio **increased by 3.0PT** due to higher sales.



# Consolidated: 3Q FY2017 Year-on-Year Comparison

- ✓ Ordinary income **increased 53.0%** year on year because of growth in operating income, despite a year on year drop in equity accounting method profits arising from the conversion of F-PLAIN Corporation into a consolidated subsidiary.
- ✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased 29.1%** year on year, mainly to an increase in operating income and 167 million yen of gain on step acquisitions posted as extraordinary income accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of the current fiscal year, and despite an increase in corporate, resident and business taxes accompanying the exhausting of losses carried forward in the first half and 48 million yen in extraordinary losses following the impairment of goodwill and plant, property and equipment from certain business units of F-PLAIN Corporation during the third quarter of the current fiscal year.

|  | 3Q FY2016 | 3Q FY2017 | Difference | Rate of change |
|--|-----------|-----------|------------|----------------|
| Net sales  | 18,632    | 23,534    | 4,902      | 26.3%          |
| Gross profit   | 6,707     | 9,245     | 2,538      | 37.8%          |
| SG&A expenses  | 4,702     | 6,000     | 1,298      | 27.6%          |
| Operating Income   | 2,005     | 3,245     | 1,240      | 61.8%          |
| Operating Income Ratio   | 10.8%     | 13.8%     | —          | 3.0 PT         |
| Ordinary Income  | 2,107     | 3,225     | 1,117      | 53.0%          |
| Quarterly Net Income attributable to Fullcast Holdings Co., Ltd. | 1,712     | 2,209     | 498        | 29.1%          |

\*“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.

# **3Q FY2017 Segment Highlights**

## **Short-Term Operational Support Business Earnings**

### **(Jan. – Sep. 2017)**



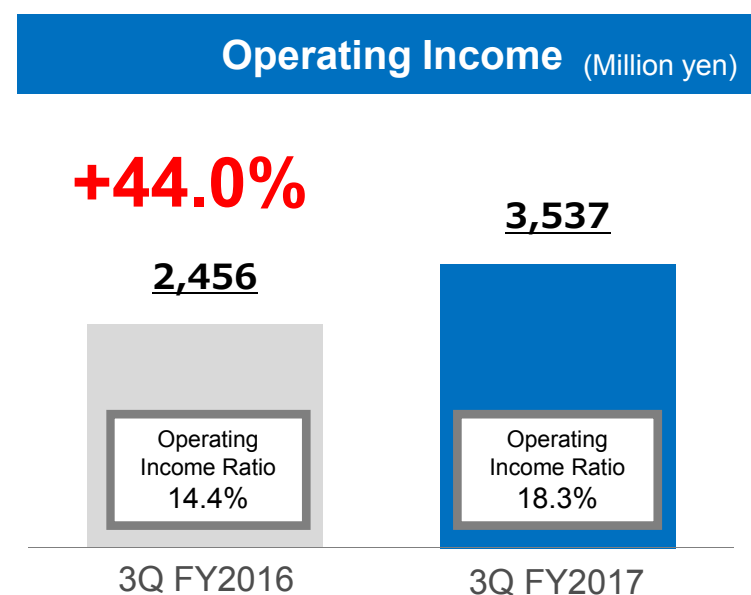
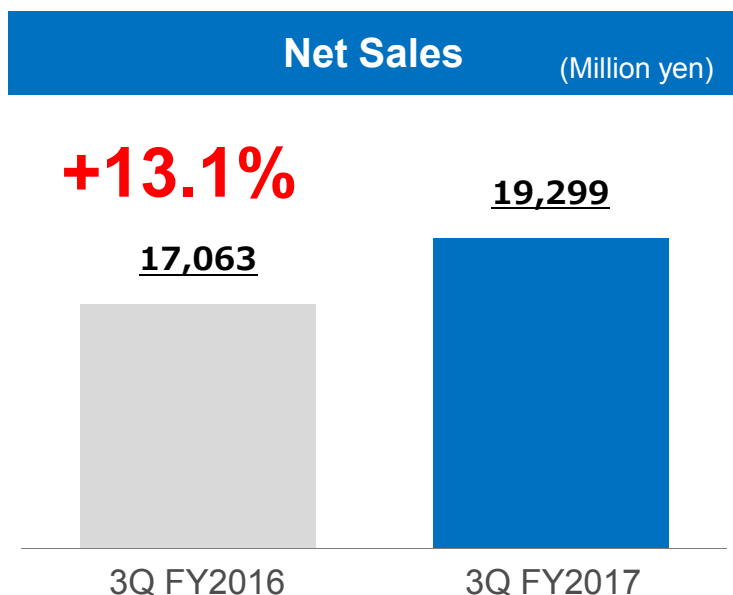
# Short-Term: 3Q FY2017 Year-on-year Comparison

## 【Factors behind the change in Net Sales】

- ✓ Net sales of the “Short-Term Operational Support Business” **increased 13.1%** year on year, driven mainly by growth in the mainstay “Placement” and “Management” services as we continued to fortify our human resources supply capabilities in response to demand from client companies for short-term human resources.

## 【Factors behind the change in Operating Income】

- ✓ Operating income **rose 44.0%** year on year and the operating income ratio **increased 3.9PT** due to mainly by the increase in net sales and restrained SG&A expense ratio.



# Short-Term: 3Q FY2017 Year-on-year Comparison (by Service Category)

(Million yen)

|              | 3Q FY2016 | 3Q FY2017 | Difference | Rate of Change |
|--------------|-----------|-----------|------------|----------------|
| Net sales    | 17,063    | 19,299    | 2,236      | 13.1%          |
| Placement    | 2,669     | 3,382     | 713        | 26.7%          |
| Management   | 1,731     | 2,067     | 336        | 19.4%          |
| Dispatching  | 10,150    | 11,294    | 1,144      | 11.3%          |
| Outsourcing  | 2,513     | 2,556     | 43         | 1.7%           |
| Gross profit | 6,425     | 7,667     | 1,242      | 19.3%          |
| Placement    | 2,554     | 3,271     | 717        | 28.1%          |
| Management   | 1,723     | 2,063     | 340        | 19.7%          |
| Dispatching  | 1,621     | 1,807     | 186        | 11.5%          |
| Outsourcing  | 528       | 527       | (1)        | (0.1%)         |

✓ Able to grow in the mainstay “Placement” and “Management” services as we continued to fortify our human resources supply capabilities in response to demand from client companies for short-term human resources.

- “Management” services includes the total of “Part-Time worker Payroll Management,” “My Number Management” and “Year-End Tax Adjustment Management” services.
- Starting from “the Consolidated Business Results for the Fiscal Year Ended December 2016” disclosed on Feb. 10, 2017, the way which net sales and gross profit by service are aggregated for the “Short-Term Operational Support Business” has been adjusted. The previous year’s performance has therefore also been retroactively adjusted using the new aggregation method.
- The results of Fullcast Senior Works Co., Ltd., which began operations on March 1, 2017, have been included in overall results from the first quarter.
- The results of Fullcast Porter Co., Ltd., which began operations on July 1, 2017, have been included in overall results from the third quarter.
- Numerical data represent reference figures. This data has not been audited by the accounting auditor.

# 3Q FY2017 Segment Highlights

## Sales Support Business Earnings (Jan. – Sep. 2017)

- A new reporting segment called “Sales Support Business” has been created accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of fiscal year ending December 2017 and its new inclusion with in the scope of consolidation, also with its subsidiaries. Since there are no comparable results for new business segment in previous fiscal year, no year-on-year comparison is made and only the aggregate third quarter results have been disclosed.
- In the third quarter, F-PLAIN Corporation and its subsidiaries changed their settlement date to December 31, therefore settlement date is same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by F-PLAIN Corporation and its subsidiaries as of the consolidated settlement date, therefore, this change does not have any impact on quarterly financial statements.



# Sales: 3Q FY2017 Results

## 【Net Sales】

- ✓ Net sales totaled **2,811 million yen** as a result of continue to success of measures to expand the dealer network for the Internet service subscription business that is a main business.

## 【Operating Income】

- ✓ Operating income totaled **217 million yen** because of goodwill amortization resulting from the acquisition of shares of F-PLAIN Corporation in this segment booked as SG&A expenses and the performance of this business is weighted toward the first half of the fiscal year of the Group.

\*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.

\*Only results for the Aggregate third quarter of the fiscal year ending December 2017 are presented here because results from previous fiscal years are not disclosed.

**Net Sales** (Million yen)

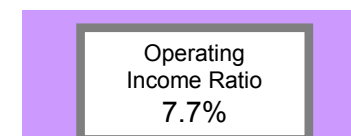
**2,811**



3Q FY2017

**Operating Income** (Million yen)

**217**



3Q FY2017

Operating  
Income Ratio  
7.7%

# 3Q FY2017 Segment Highlights

## Security, Other Businesses Earnings (Jan. – Sep. 2017)

- The account settlement date of Dimension Pockets Co., Ltd., which belongs to the “Security, Other Businesses”, is January 31. Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date.

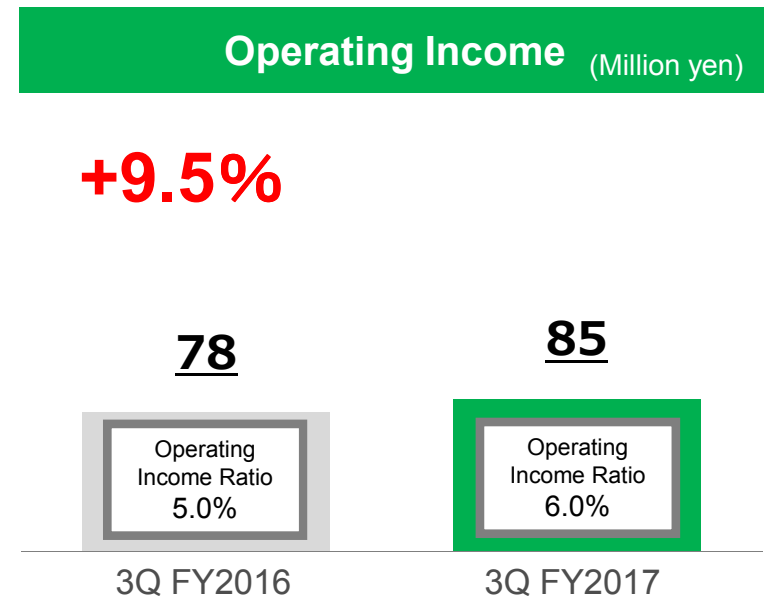
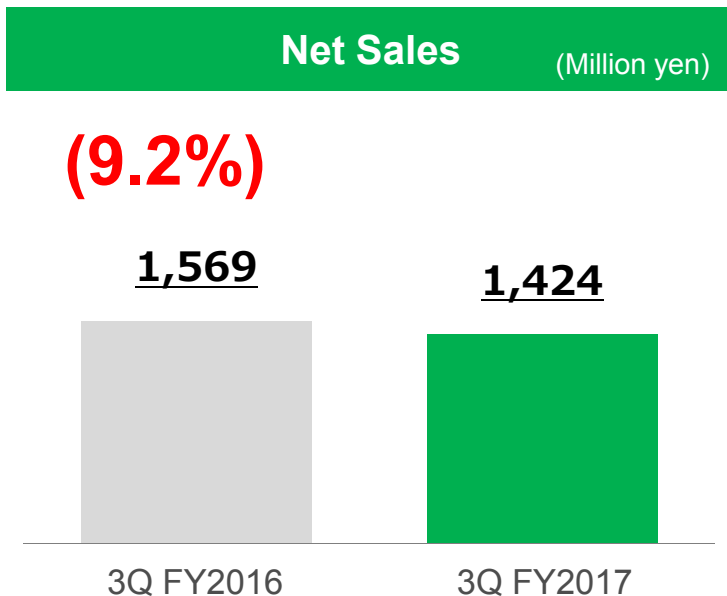
# Security, Other: 3Q FY2017 Year-on-year Comparison

## 【Factors behind the change in Net Sales】

- ✓ Net sales fell 9.2% year on year due mainly to a decline in the number of temporary security bidding projects compared to the previous year.

## 【Factors behind the change in Operating Income】

- ✓ Operating income rose by 9.5% year on year and the operating income ratio increased 1.0PT due to mainly by an improvement in the gross margin driven by securing temporary security projects with a high profit margin during the third quarter in the security business, which is the main business of this segment.



# **FY2017**

# **Progress in Business Forecast**

# FY2017 Progress in Business Forecast

✓ The aggregate third quarter of the fiscal year reached a level where revisions to the full-year earnings forecast for the fiscal year ending December 2017 released on August 4, 2017 will not be needed mainly led by strength from the main “Short-Term Operational Support Business”.

(Million yen)

|   |             | 3Q FY2017 | FY2017<br>Business Forecasts<br>(Revised business forecasts) | Rate of progress |
|---|-------------|-----------|--|------------------|
| Net sales   |             | 23,534    | 31,300   | 75.2%            |
| Gross profit  |             | 9,245     | 12,331   | 75.0%            |
| Operating income  |             | 3,245     | 4,000  | 81.1%            |
| Ordinary income   |             | 3,225     | 4,020  | 80.2%            |
| Quarterly Net Income attributable to<br>Fullcast Holdings Co., Ltd. |             | 2,209     | 2,727  | 81.0%            |
| Short-Term Operational<br>Support Business                          | Net sales   | 19,299    | 25,961   | 74.3%            |
|   | Placement   | 3,382     | 4,587  | 73.7%            |
|   | Management  | 2,067     | 2,786  | 74.2%            |
|   | Dispatching | 11,294    | 15,293   | 73.9%            |
|   | Outsourcing | 2,556     | 3,296  | 77.6%            |
| Sales Support Business  | Net sales   | 2,811     | 3,447  | 81.6%            |
| Security, Other Business  | Net sales   | 1,424     | 1,892  | 75.3%            |



# (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 for 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" represents net income attributable to Fullcast Holdings Co., Ltd. excluding the effects of income taxes-deferred associated with the booking of deferred tax assets within the loss carried forward. "Adjusted net income" is used as the based for calculating the total return ratio and ROE.

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