

## Summary of Consolidated Financial Results For the First Half Ended August 31, 2018 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.  
 Stock Code: 6070  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 URL: <http://www.careerlink.co.jp/>  
 Representative Title: President & Representative Director / President & Executive Officer  
 Name: Motoaki Narusawa  
 Contact Person Title: Director, Executive Officer, General Manager of Administration Division  
 Name: Masaharu Kishimoto  
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 Date of quarterly securities report (tentative): October 12, 2018  
 Date of commencement of dividend payment (tentative): -  
 Quarterly earnings supplementary explanatory documents: Yes  
 Quarterly earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

### 1. Financial results for the first half of the fiscal year ending February 2019 (March 1, 2018 – August 31, 2018)

(1) Result of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

|                              | Net sales   |     | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|------------------------------|-------------|-----|------------------|--------|-----------------|--------|---|--------|
|                              | Million yen | %   | Million yen      | %      | Million yen     | %      | Million yen                             | %      |
| First half ended August 2018 | 9,137       | 4.8 | 14               | (95.8) | 60              | (81.7) | 16                                      | (92.5) |
| First half ended August 2017 | 8,718       | -   | 335              | -      | 331             | -      | 217                                     | -      |

Note: Comprehensive income: 2Q FY2/2019: 13 million yen (-93.7)%, 2Q FY2/2018: 217 million yen (-%)

|                              | Earnings per share |  | Earnings per share fully diluted |  |
|------------------------------|--------------------|--|----------------------------------|--|
|                              | Yen                |  | Yen                              |  |
| First half ended August 2018 | 1.34               |  | 1.31                             |  |
| First half ended August 2017 | 17.36              |  | 17.33                            |  |

Note: Careerlink has prepared quarterly consolidated financial statements since the first quarter of the fiscal year ended in February 2018. As a result, there are no comparisons with the previous fiscal year for the first half ended August 2017.

(2) Financial Position (Consolidated)

|                         | Total assets |  | Net assets  |  | Equity ratio |  |
|-------------------------|--------------|--|-------------|--|--------------|--|
|                         | Million yen  |  | Million yen |  | %            |  |
| As of August 31, 2018   | 5,810        |  | 3,234       |  | 55.0         |  |
| As of February 28, 2018 | 5,764        |  | 3,384       |  | 58.1         |  |

Reference: Shareholders' equity

As of August 31, 2018: 3,196 million yen

As of February 28, 2018

3,349 million yen

### 2. Dividends

|   | Dividend per share |           |           |           |           |
|---|--------------------|-----------|-----------|-----------|-----------|
|   | End of 1Q          | End of 2Q | End of 3Q | End of FY | Full year |
|   | Yen                | Yen       | Yen       | Yen       | Yen       |
| Fiscal year ended February 2018         | -                  | 0.00      | -         | 10.00     | 10.00     |
| Fiscal year ending February 2019        | -                  | 0.00      | -         | -         | -         |
| Fiscal year ending February 2019 (est.) | -                  | -         | -         | 10.00     | 10.00     |

Note: Change in the estimation of dividend from the latest announcement: None

### 3. Forecast for the fiscal year ending February 2019 (Consolidated, March 1, 2018 to February 28, 2019)

(Percentage figures represent year on year changes)

|           | Net sales   |      | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        | Earnings per share |
|-----------|-------------|------|------------------|--------|-----------------|--------|---|--------|--------------------|
|           | Million yen | %    | Million yen      | %      | Million yen     | %      | Million yen                             | %      | Yen                |
| Full year | 19,042      | 13.5 | 134              | (75.6) | 237             | (60.9) | 144                                     | (65.2) | 11.79              |

- Notes: 1. Change in the forecast from the latest announcement: Yes  
 2. Please refer “Notice regarding difference between actual figures and forecasts of the first half of the fiscal year ending February 2019 and revision to the consolidated forecasts for the fiscal year ending February 2019” announced on October 5, 2018.

#### \* Notes

- (1) Changes in significant subsidiaries during the quarter: Yes  
 (Change in specified subsidiary resulting in change in scope of consolidation)  
 Newly included: Japan Business Service Co., Ltd.  
 Excluded: None  
 Note: For more information, see “2. Quarterly Consolidated Financial Statements and Important Notes (4) Notes to Quarterly Consolidated Financial Statements (Significant changes in subsidiaries during the first half)” on page 8.

- (2) Use of accounting methods specifically for the preparation of the quarterly financial statements: None

- (3) Changes in accounting principles and estimates, and retrospective restatement

- (a) Changes due to revision of accounting standards: None  
 (b) Changes other than in (a): None  
 (c) Changes in accounting estimates: None  
 (d) Retrospective restatement: None

- (4) Number of shares outstanding (common stock)

- (a) Shares outstanding (including treasury shares)

As of August 31, 2018: 12,555,800 As of February 28, 2018: 12,555,800

- (b) Treasury shares

As of August 31, 2018: 313,754 As of February 28, 2018: 240,954

- (c) Average number of shares (first half)

Period ended August 31, 2018: 12,238,581 Period ended August 31, 2017: 12,519,766

Note: The number of treasury shares at the end of the fiscal year includes stock held in a trust account of Trust & Custody Services Bank, Ltd. (trust account E) for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 62,200 shares in this trust account in the first half of the current fiscal year and 62,600 shares in the first half of the previous fiscal year. Shares in this trust account is included in treasury stock that is excluded from the average number of shares in a fiscal year. There were 62,526 shares in this trust account in the first half of the current fiscal year and 35,880 shares in the first half of the previous fiscal year.

\* This report is exempt from the quarterly audit review by certified public accountants or accounting firms.

\* Cautionary statement regarding forecasts of operating results and special notes

(Notes to the forward-looking statements, and others)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see “1. Results of Operations (3) Forecast for the current fiscal year” on page 3.

(To receive supplementary explanatory documents about first half results of operations)

Supplementary explanatory documents about results of operations will be posted promptly on the company’s website after the quarterly earnings presentation.

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## 1. Results of Operations

### (1) Overview on business performance

The Japanese economy continued to recover slowly during the first half of the current fiscal year. With the support of government economic stimulus measures and monetary policies of the Bank of Japan, corporate earnings, employment and personal income continued to improve, consumer spending rebounded and capital expenditures increased.

Overseas, the U.S. economy continued to grow and there were economic upturns in Europe and China. Although economies outside Japan were generally healthy, the direction of the economy remains unclear because of uncertainty about how U.S. trade policies will affect the global economy and about the effects of movements in financial markets.

In the Japanese human resources industry, the labor shortage is becoming even worse in the IT, construction, transportation, retail, services and many other sectors. The jobs-to-applicants ratio is consistently high, resulting in increasing demand for human resource services. Human resource companies in Japan are now faced with the need to respond to amendments to two laws. First, based on the amended Labor Contract Act, workers employed under fixed-term contracts for at least five years can request permanent employment starting in April 2018. Also the amended Worker Dispatching Act places a 3-year limit on the temporary placement of workers starting in October 2018. Issues resulting from these two amended acts are the so-called "2018 employment problem" in Japan.

As in the previous fiscal year, the Careerlink Group took actions aimed at growth of clerical human resource services, primarily business process outsourcing (BPO) involving the creation of proposals for the outsourcing of business processes, and of manufacturing human resource services, mainly in the food processing and manufacturing process categories. Careerlink has been sharing resources with Daiko Securities Business Co., Ltd. (DSB) for BPO and call center services for securities companies, banks and other financial services companies and BPO services involving recruiting for private-sector companies and government agencies. The goals of this cooperation are the growth of these business activities at both companies and higher efficiency. To strengthen this relationship, Careerlink and DSB signed a business and capital alliance contract on February 23, 2018. The two companies also signed a contract for the sale to Careerlink of Japan Business Service Co., Ltd. (JBS), a wholly owned subsidiary of DSB engaged primarily in temporary staffing services. Careerlink acquired all JBS stock on March 31, 2018, making this company a wholly owned subsidiary.

First half sales were negatively affected by a larger than expected decrease in the volume of work at a large private-sector BPO project and by lower sales at projects involving government benefit payments and Japan's social security and tax number system (My Number System). However, higher manufacturing human resource services sales and the first contribution to sales from newly consolidated subsidiary JBS resulted in sales increase of 4.8% compared with one year earlier to 9,137,371 thousand yen. Although sales increased, operating profit was down 95.8% to 14,145 thousand yen. One reason was higher expenses for paid vacation time associated with people who were assigned to the large private-sector BPO project that was downsized. Furthermore, the operating margins of new BPO projects were lower than the margin at this large BPO project where sales declined and lower than the margin for government benefit payment staffing services and other activities. Also, higher recruiting expenses for the temporary staffing workforce, an increase in salaries and other employee compensation, and the operating expenses of newly consolidated subsidiary JBS caused selling, general and administrative expenses to increase. Ordinary profit was down 81.7% to 60,681 thousand yen and profitable attributable to owners of parent was down 92.5% to 16,375 thousand yen.

Careerlink acquired JBS on March 31, 2018 and this company and its subsidiary Tokyo Jidosha Kanri Co., Ltd. are included in the consolidated financial statements. As a result, starting with the first quarter of the current fiscal year, the automobile management business of Tokyo Jidosha Kanri has been added to the Careerlink Group's business segments and is included in the "other" category, which is not a reportable segment.

Business segment performance was as follows.

(Clerical human resources services)

Sales in this segment were reduced by a larger than expected decrease in the volume of work at a large private-sector BPO project and by lower sales for projects involving government benefit payments and Japan's My Number System. These declines were offset by the growth of services in the BPO category, new orders from large BPO companies and revisions to fees charged for services. Newly consolidated subsidiary JBS also contributed to sales in this segment. As a result, sales increased 0.8% to 7,560,916 thousand yen. Segment earnings were negatively impacted by several factors. One was higher expenses for paid vacation time associated with people who were assigned to the large private-sector BPO project that was downsized. Another reason is the lower operating margins of new BPO projects compared with the margin at the large BPO project where sales declined and the margin for government benefit payment staffing services and other activities. Also, higher recruiting expenses for the temporary staffing workforce, an increase in salaries and other employee compensation, and the operating expenses of newly consolidated subsidiary JBS caused selling, general and administrative expenses to increase. As a result, there was an operating loss of 1,373 thousand yen compared with operating profit of 308,700 thousand yen in the first half of the previous fiscal year.

#### (a) Business Process Outsourcing

There were new orders from large BPO companies, the public sector and financial institutions and rates for BPO services were revised. However, sales in this sector decreased 25.2% to 4,620,097 thousand yen mainly because of the larger than expected decline in the volume of outsourced work at a large private-sector BPO project and lower sales at projects involving government benefit payments and Japan's My Number System.

#### (b) Customer Relationship Management

New orders from telemarketing companies in the Tokyo area, Sapporo, Osaka, Fukuoka and other areas recovered and sales benefited from the inclusion of the sales of newly consolidated subsidiary JBS. As a result, sales were 1,384,396 thousand yen, 52.9% higher than one year earlier.

(c) Office Services

New public and private-sector temporary staffing orders increased and the office services business of newly consolidated subsidiary JBS also contributed to sales growth. As a result, sales increased 272.9% to 1,556,421 thousand yen.

(Manufacturing human resource services)

Due to a large volume of orders from food processors, major home electronics manufacturers and other companies, segment sales increased 19.3% to 1,453,673 thousand yen. Operating profit decreased 42.0% to 15,368 thousand yen because of an increase in selling, general and administrative expenses resulting from higher recruiting expenses, the addition of new sales and service locations, and higher salaries and other compensation for employees.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

(Assets)

Total assets were 5,810,757 thousand yen at the end of the first half, an increase of 46,697 thousand yen compared with the end of the previous fiscal year. Cash and deposits decreased 369,301 thousand yen and income taxes receivable decreased 13,468 thousand yen. There were increases of 204,092 thousand yen in notes and accounts receivable-trade, 100,000 thousand yen in securities, 71,589 thousand yen in other current assets, which includes deferred tax assets, prepaid expenses and other items, and 60,222 thousand yen in investments and other assets.

(Liabilities)

Liabilities increased 196,854 thousand yen to 2,576,018 thousand yen at the end of the first half. There were decreases of 158,618 thousand yen in long-term loans payable (including the current portion) and 37,500 thousand yen in bonds payable (including the current portion). Accounts payable-other increased 243,939 thousand yen and other current liabilities, which include accrued expenses, accrued consumption taxes and other items, increased 114,273 thousand yen.

(Net assets)

Net assets decreased 150,157 thousand yen to 3,234,738 thousand yen at the end of the first half. Retained earnings decreased 107,901 thousand yen, treasury shares decreased 39,501 thousand yen, and the valuation difference on available-for-sale securities decreased 5,868 thousand yen.

(b) Cash flows

Cash and cash equivalents totaled 2,814,826 thousand yen at the end of the first half, 269,301 thousand yen less than at the end of the previous fiscal year. Principal cash flows are outlined below.

(Operating activities)

Net cash provided by operating activities increased from 180,922 thousand yen one year earlier to 263,669 thousand yen. Major components were profit before income taxes of 60,681 thousand yen, a 132,204 thousand yen increase in notes and accounts receivable-trade, a 44,357 thousand yen increase in consumption taxes receivable/payable and a 15,049 thousand yen increase in income taxes refund.

(Investing activities)

Net cash used in investing activities increased from 16,730 thousand yen one year earlier to 167,374 thousand yen. There were payments of 72,171 thousand yen for the purchase of securities, 30,718 thousand yen for the purchase of property, plant and equipment and intangible assets, and 63,512 thousand yen for the purchase of stock of a subsidiary resulting in a change in the scope of consolidation.

(Financing activities)

Net cash used in financing activities increased from 202,695 thousand yen one year earlier to 365,596 thousand yen. Proceeds from the sale of treasury shares were 71,089 thousand yen, repayments of long-term loans payable were 158,618 thousand yen, payments for the redemption of bonds were 37,500 thousand yen, the purchase of treasury shares was 104,819 thousand yen, and cash dividends paid were 123,510 thousand yen.

(3) Forecast for the current fiscal year

On October 5, 2018, Careerlink revised the consolidated forecast for the fiscal year ending in February 2019 that was announced on July 12, 2018. For more information, please see the news release concerning this revision that was announced on October 5.

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly consolidated balance sheet

(Thousand yen)

|   | Fiscal year ended February 2018<br>(As of February 28, 2018) | First half ended August 2018<br>(As of August 31, 2018) |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| Current assets  |  |   |
| Cash and deposits                                     | 3,084,127  | 2,714,826   |
| Notes and accounts receivable - trade                 | 1,789,535  | 1,993,628   |
| Securities  | -  | 100,000   |
| Inventories   | 2,569  | 2,677   |
| Income taxes receivable                               | 15,049   | 1,581   |
| Other   | 164,699  | 236,288   |
| Allowance for doubtful accounts                       | (463)  | (411)   |
| Total current assets                                  | 5,055,519  | 5,048,591   |
| Non-current assets                                    |  |   |
| Property, plant and equipment                         | 96,152   | 88,204  |
| Intangible assets                                     | 109,676  | 111,027   |
| Investments and other assets                          | 502,711  | 562,934   |
| Total non-current asset                               | 708,540  | 762,165   |
| Total assets  | 5,764,059  | 5,810,757   |
| <b>LIABILITIES</b>                                    |  |   |
| Current liabilities                                   |  |   |
| Short-term loans payable                              | 66,000   | 54,000  |
| Current portion of bonds                              | 57,500   | 40,000  |
| Current portion of long-term loans payable            | 271,356  | 225,476   |
| Accounts payable - other                              | 857,474  | 1,101,414   |
| Income taxes payable                                  | 31,722   | 56,712  |
| Asset retirement obligations                          | 13,788   | -   |
| Provision for bonuses                                 | 88,449   | 108,712   |
| Other   | 302,390  | 416,663   |
| Total current liabilities                             | 1,688,681  | 2,002,979   |
| Non-current liabilities                               |  |   |
| Bonds payable   | 100,000  | 80,000  |
| Long-term loans payable                               | 476,176  | 363,438   |
| Provision for employee stock ownership plan           | 23,782   | 21,351  |
| Net defined benefit liability                         | -  | 13,403  |
| Asset retirement obligations                          | 44,027   | 43,472  |
| Other   | 46,496   | 51,373  |
| Total non-current liabilities                         | 690,482  | 573,039   |
| Total liabilities                                     | 2,379,163  | 2,576,018   |
| <b>Net ASSETS</b>                                     |  |   |
| Shareholders' equity                                  |  |   |
| Capital stock   | 388,005  | 388,005   |
| Capital surplus                                       | 231,718  | 231,718   |
| Retained earnings                                     | 2,880,500  | 2,772,599   |
| Treasury shares                                       | (150,736)  | (190,237)   |
| Total shareholders' equity                            | 3,349,488  | 3,202,085   |
| Accumulated other comprehensive income                |  |   |
| Valuation difference on available-for-sale securities | -  | (5,868)   |
| Total accumulated other comprehensive income          | -  | (5,868)   |
| Subscription rights to shares                         | 16,285   | 16,285  |
| Non-controlling interests                             | 19,122   | 22,235  |
| Total net assets                                      | 3,384,896  | 3,234,738   |
| Total liabilities and net assets                      | 5,764,059  | 5,810,757   |

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
Quarterly consolidated statements of income  
For the first half

(Thousand yen)

|  | First half ended August 2017<br>(March 1, 2017 – August 31, 2017) | First half ended August 2018<br>(March 1, 2018 – August 31, 2018) |
|--|---|---|
| Net sales  | 8,718,671   | 9,137,371   |
| Cost of sales                                    | 7,079,478   | 7,491,412   |
| Gross profit                                     | 1,639,192   | 1,645,958   |
| Selling, general and administrative expenses     | 1,303,980   | 1,631,813   |
| Operating profit                                 | 335,211   | 14,145  |
| Non-operating income                             |   |   |
| Interest income                                  | 251   | 481   |
| Dividend income                                  | -   | 439   |
| Gain on consumption taxes, etc.                  | -   | 47,273  |
| Other  | 93  | 1,861   |
| Total non-operating income                       | 344   | 50,056  |
| Non-operating expenses                           |   |   |
| Interest expenses                                | 2,952   | 2,913   |
| Amortization of bond issuance cost               | 604   | -   |
| Other  | 729   | 606   |
| Total non-operating expenses                     | 4,286   | 3,519   |
| Ordinary profit                                  | 331,269   | 60,681  |
| Profit before income taxes                       | 331,269   | 60,681  |
| Income taxes-current                             | 97,378  | 35,383  |
| Income taxes-deferred                            | 16,500  | 5,808   |
| Total income taxes                               | 113,878   | 41,192  |
| Profit   | 217,390   | 19,489  |
| Profit attributable to non-controlling interests | -   | 3,113   |
| Profit attributable to owners of parent          | 217,390   | 16,375  |

Quarterly consolidated statements of comprehensive income  
For the first half

(Thousand yen)

|  | First half ended August 2017<br>(March 1, 2017 – August 31, 2017) | First half ended August 2018<br>(March 1, 2018 – August 31, 2018) |
|--|---|---|
| Profit   | 217,390   | 19,489  |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | (36)  | (5,868)   |
| Total other comprehensive income                               | (36)  | (5,868)   |
| Comprehensive income   | 217,354   | 13,620  |
| Comprehensive income attributable to owners of parent          | 217,354   | 10,506  |
| Comprehensive income attributable to non-controlling interests | -   | 3,113   |



## (3) Quarterly consolidated statements of cash flows

(Thousand yen)

|  | First half ended August 2017<br>(March 1, 2017 – August 31, 2017) | First half ended August 2018<br>(March 1, 2018 – August 31, 2018) |
|--|---|---|
| Cash flows from operating activities   |   |   |
| Profit before income taxes   | 331,269   | 60,681  |
| Depreciation   | 36,054  | 68,742  |
| Amortization of goodwill   | -   | 5,999   |
| Increase (decrease) in allowance for doubtful accounts                           | (133)   | (52)  |
| Increase (decrease) in provision for bonuses                                     | (7,107)   | (10,012)  |
| Increase (decrease) in provision for stock benefits                              | 3,348   | (2,431)   |
| Interest and dividend income   | (251)   | (921)   |
| Interest expenses  | 2,952   | 2,913   |
| Amortization of bond issuance cost   | 604   | -   |
| Decrease (increase) in notes and accounts receivable - trade                     | 185,478   | 132,204   |
| Decrease (increase) in inventories   | 16,302  | (107)   |
| Increase (decrease) in accounts payable - other                                  | (87,463)  | (77,066)  |
| Decrease/increase in consumption taxes receivable/payable                        | (139,973)   | 44,357  |
| Other, net   | 40,385  | 55,834  |
| Subtotal   | 381,466   | 280,141   |
| Interest and dividend income received  | 251   | 921   |
| Interest expenses paid   | (2,917)   | (2,809)   |
| Income taxes paid  | (197,877)   | (29,633)  |
| Income taxes refund  | -   | 15,049  |
| Net cash provided by (used in) operating activities                              | 180,922   | 263,669   |
| Cash flows from investing activities   |   |   |
| Purchase of investment securities  | -   | (72,171)  |
| Purchase of property, plant and equipment  | (5,224)   | (13,595)  |
| Purchase of intangible assets  | (9,565)   | (17,123)  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -   | (63,512)  |
| Payments for lease and guarantee deposits  | (1,345)   | (7,628)   |
| Proceeds from collection of lease and guarantee deposits                         | 1,297   | 6,322   |
| Other, net   | (1,892)   | 333   |
| Net cash provided by (used in) investing activities                              | (16,730)  | (167,374)   |
| Cash flows from financing activities   |   |   |
| Net increase (decrease) in short-term loans payable                              | -   | (12,000)  |
| Proceeds from long-term loans payable  | 100,000   | -   |
| Repayments of long-term loans payable  | (136,832)   | (158,618)   |
| Proceeds from issuance of bonds  | 49,395  | -   |
| Redemption of bonds  | (68,000)  | (37,500)  |
| Purchase of treasury shares  | (21,486)  | (104,819)   |
| Proceeds from disposal of treasury shares  | -   | 71,089  |
| Cash dividends paid  | (125,077)   | (123,510)   |
| Other, net   | (694)   | (238)   |
| Net cash provided by (used in) financing activities                              | (202,695)   | (365,596)   |
| Net increase (decrease) in cash and cash equivalents                             | (38,503)  | (269,301)   |
| Cash and cash equivalents at beginning of period                                 | 2,778,484   | 3,084,127   |
| Cash and cash equivalents at end of period                                       | 2,739,981   | 2,814,826   |

## (4) Notes to quarterly consolidated financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Significant change in subsidiary during the first half)

Careerlink acquired Japan Business Service Co., Ltd. on March 31, 2018 and this company and its subsidiary Tokyo Jidosha Kanri Co., Ltd. are included in the consolidated financial statements starting with the first quarter of the current fiscal year. Japan Business Service is a specified subsidiary of Careerlink.

(Segment information, etc.)

[Segment information]

For the first half ended August 2017 (March 1, 2017 – August 31, 2017)

## 1. Information about sales and income (loss) by reporting segments

(Thousand yen)

|  | Reporting segments                |                                       |           | Other | Total     | Adjustment | Amount on the quarterly consolidated statements of income (Note) |
|--|-----------------------------------|---------------------------------------|-----------|-------|-----------|------------|--|
|  | Clerical human resources services | Manufacturing human resource services | Total     |       |           |            |  |
| Net sales (of which to outside customers) (of which inter-segment) | 7,500,523                         | 1,218,148                             | 8,718,671 | -     | 8,718,671 | -          | 8,718,671  |
|  | -                                 | -                                     | -         | -     | -         | -          | -  |
| Total  | 7,500,523                         | 1,218,148                             | 8,718,671 | -     | 8,718,671 | -          | 8,718,671  |
| Segment income   | 308,700                           | 26,510                                | 335,211   | -     | 335,211   | -          | 335,211  |

Note: The segment income matches operating profit in the consolidated income statement.

## 2. Change in reportable segments

On March 1, 2017, Careerlink established CareerLinkFactory Corporation as a wholly owned consolidated subsidiary. In association with this new subsidiary, Careerlink has changed its reportable segments beginning with the first quarter of the fiscal year ended in February 2018. Instead of using the single reportable segment of comprehensive human resource services business, Careerlink is now using two segments: the clerical human resource services business and the manufacturing human resource services business.

## 3. Information about impairment loss or goodwill etc.in non-current assets by reporting segments

Not applicable

For the first half ended August 2018 (March 1, 2018 – August 31, 2018)

## 1. Information about sales and income (loss) by reporting segments

(Thousand yen)

|  | Reporting segments                |                                       |           | Other (Note 1) | Total     | Adjustment | Amount on the quarterly consolidated statements of income (Note 2) |
|--|-----------------------------------|---------------------------------------|-----------|----------------|-----------|------------|--|
|  | Clerical human resources services | Manufacturing human resource services | Total     |                |           |            |  |
| Net sales (of which to outside customers) (of which inter-segment) | 7,560,572                         | 1,453,673                             | 9,014,245 | 123,125        | 9,137,371 | -          | 9,137,371  |
|  | 343                               | -                                     | 343       | -              | 343       | (343)      | -  |
| Total  | 7,560,916                         | 1,453,673                             | 9,014,589 | 123,125        | 9,137,714 | (343)      | 9,137,371  |
| Segment income (loss)  | (1,373)                           | 15,368                                | 13,995    | 150            | 14,145    | -          | 14,145   |

Note 1: "Other" is the automobile management business of Tokyo Jidosha Kanri which is not a reportable segment.

2: The segment income (loss) matches operating profit in the consolidated income statement.

2. Change in reportable segments

Careerlink acquired Japan Business Service Co., Ltd. on March 31, 2018 and this company and its subsidiary Tokyo Jidosha Kanri Co., Ltd. are included in the consolidated financial statements. As a result, starting with the first quarter of the current fiscal year, the automobile management business of Tokyo Jidosha Kanri has been added to the Careerlink Group's business segments and is included in the "others" category, which is not a reportable segment. Segment information for the first half of the previous fiscal year is based on the new method used for business segments.

3. Information about impairment loss or goodwill etc.in non-current assets by reporting segments

Omitted because of lack of materiality