

Earnings Presentation Fiscal Year Ended February 2020

CAREERLINK CO., LTD.



Stock Code : 6070
Tokyo Stock Exchange, First Section

April 17 (Fri.), 2020

President & Representative Director
President & Executive Officer
Motoaki Narusawa

Precautions

Forecasts, plans and other forward-looking statements concerning Careerlink in this presentation are based on judgments using information that was available at the time of this presentation.

The outlook may differ significantly because of the COVID-19 crisis, changes in the economy and the human resources industry, the emergence of new technologies, and other events.

Consequently, there is a risk that Careerlink's actual performance and other aspects of operations may differ from the information in this presentation. An announcement will be made whenever there is a significant change.

Agenda

 **I. Financial Highlights for the FY2/20**

 **II. Annual Plan for FY2/21**

 **III. Medium-Term Management Plan
(FY2/21-FY2/23)**

 **IV. Reference**

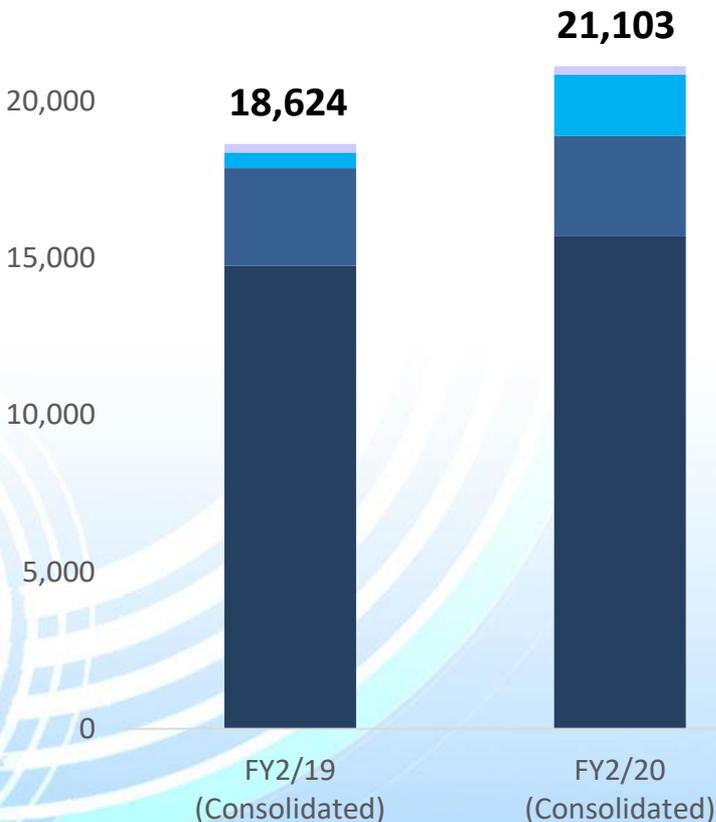
I. FINANCIAL HIGHLIGHTS FOR FY2/20



Consolidated Financial Highlights (Sales)

Orders for one-time projects involving the consumption tax hike were higher than expected. Sales growth was also attributable to a large volume of temporary staffing orders from major telemarketing companies, higher sales of outsourced tasks for cashless payment processing, and the continuing growth of temporary staffing orders from food processing companies.

(Million yen)
25,000



➤ Sales **21,103** million yen
➤ **13.3% Up y-o-y**
(+0.6% VS.Forecast (※))

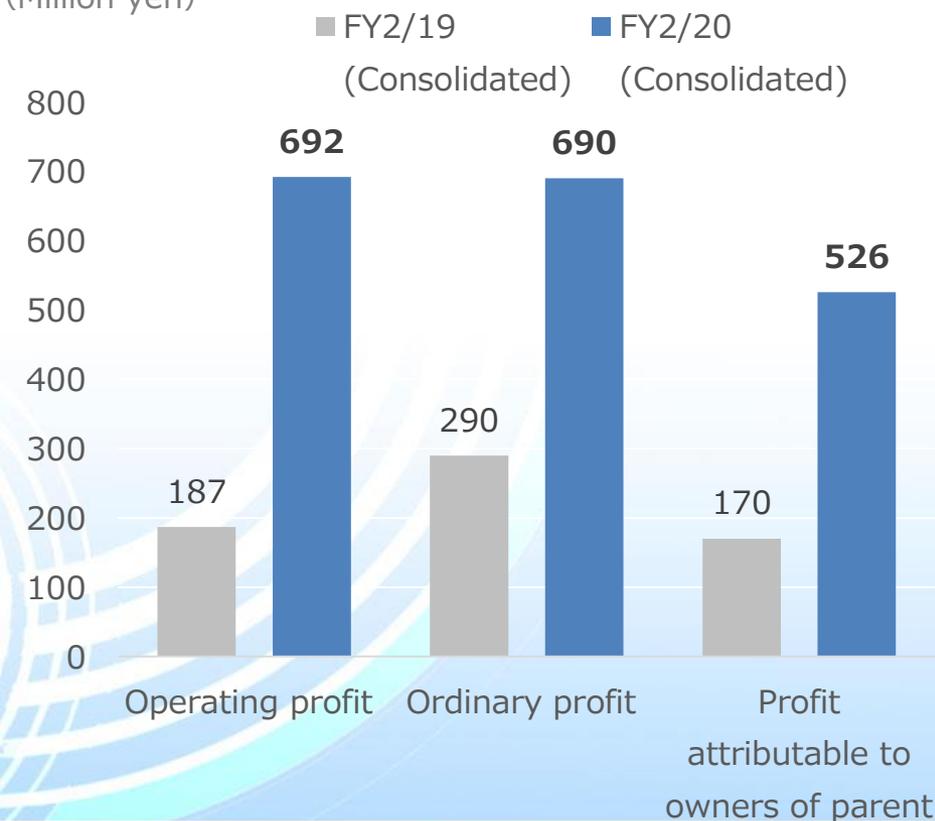
※Forecast Disclosed on 2/19

- Clerical human resource services business
- Manufacturing human resources services business
- Sales human resources service business
- Others

Consolidated Financial Highlights (Profits)

Earnings were much higher than in the previous fiscal year. One reason was an increase in gross profit resulting mainly from the growth of BPO orders, including one-time projects involving the consumption tax hike, orders from the public sector, and orders for outsourced tasks for cashless payment processing. Earnings also benefited from the efficient use of expenses for recruiting people required for new orders, a higher temporary placement workforce retention rate, and elimination of the need for supplementary administrative personnel due to higher operating efficiency. There was also progress with the planned recruiting of people who can fill key Careerlink Group positions in the future and with measures to improve the earnings. These measures included the consolidation of branch offices of Japan Business Service Co., Ltd., which became a subsidiary in February 2018, relocations of Careerlink offices and other activities.

(Million yen)



➤ **Op. P 692 million yen**

➤ **268.9% Up y-o-y**

(+8.2% VS.Forecast (※))

➤ **Ord. P 690 million yen**

➤ **137.9% Up y-o-y**

(+7.8% VS.Forecast (※))

➤ **Profit attributable to owners of parent 526 million yen**

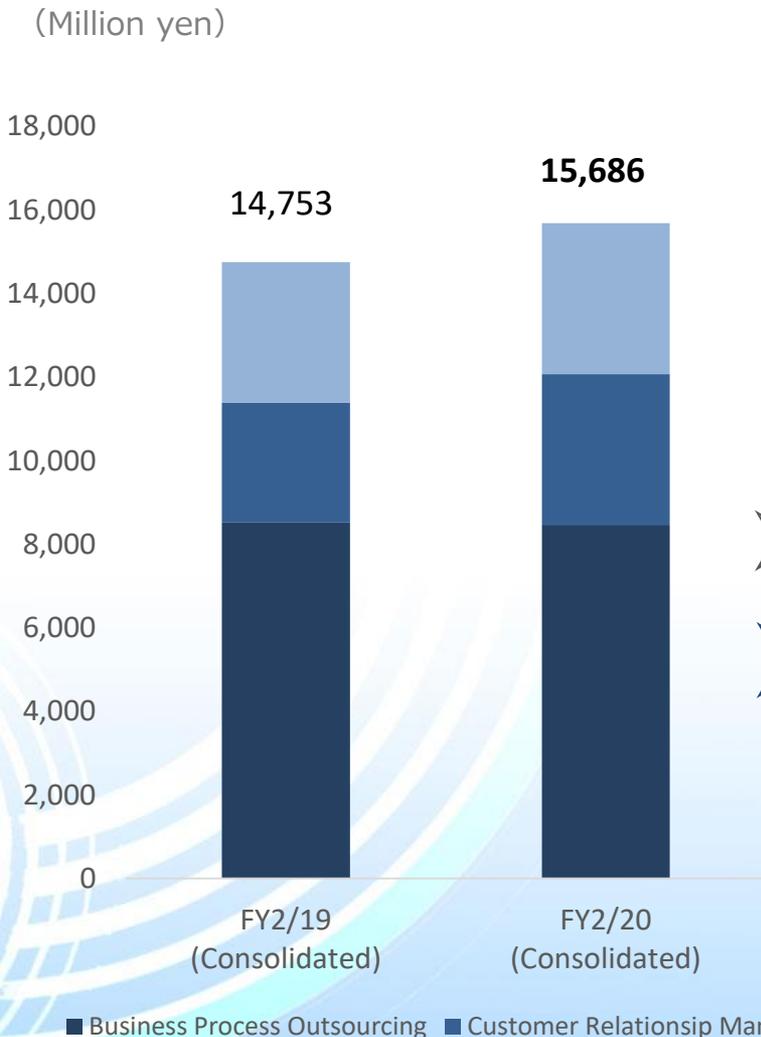
➤ **208.1% Up y-o-y**

(+13.3% VS.Forecast (※))

※Forecast disclosed on 2/19

Segment Information (1)

【 Clerical Human Resources Services(Sales) 】



Contributions to sales from higher than expected one-time orders involving the consumption tax hike and from a large volume of temporary staffing projects for telemarketing companies and financial institutions and orders for outsourced salary calculation work more than offset the negative effect of the end of a large private-sector BPO project in the previous fiscal year.

➤ Sales **15,686** million yen

➤ **6.3%** up y-o-y

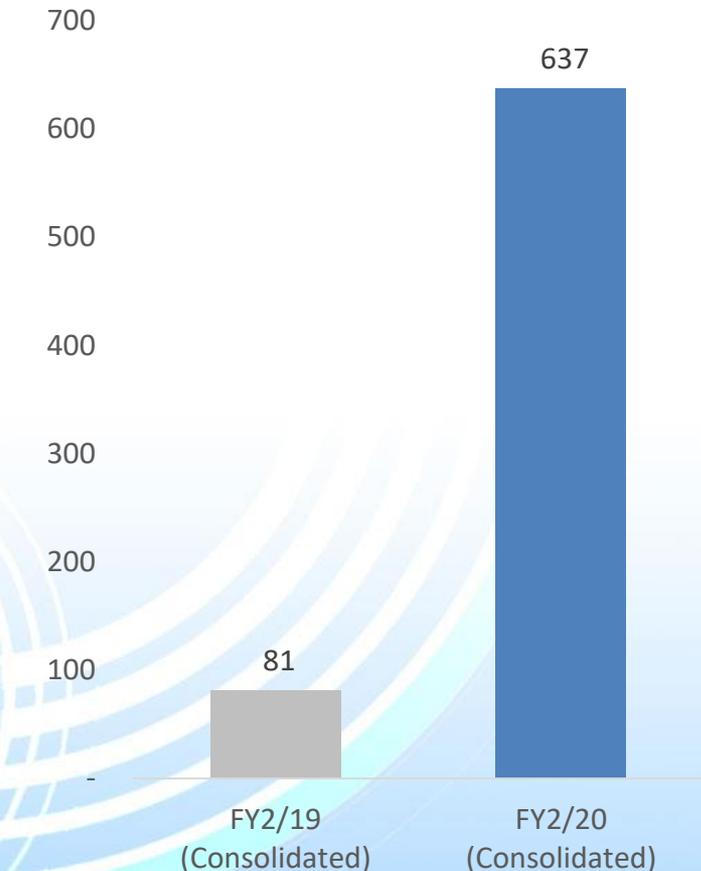
(+0.6% VS.Forecast (※))

※ Forecast disclosed on 2/19

Segment Information (1)

【 Clerical Human Resources Services(Profits) 】

(Million yen)



Earnings also benefited from the efficient use of expenses for recruiting people required for new orders, a higher temporary placement workforce retention rate, and elimination of the need for supplementary administrative personnel due to higher operating efficiency, and the relocation of offices and other steps to increase profitability.

➤ **Op.P 637 million yen**

➤ **683.4% Up y-o-y**

(+5.3% VS.Forecast (※))

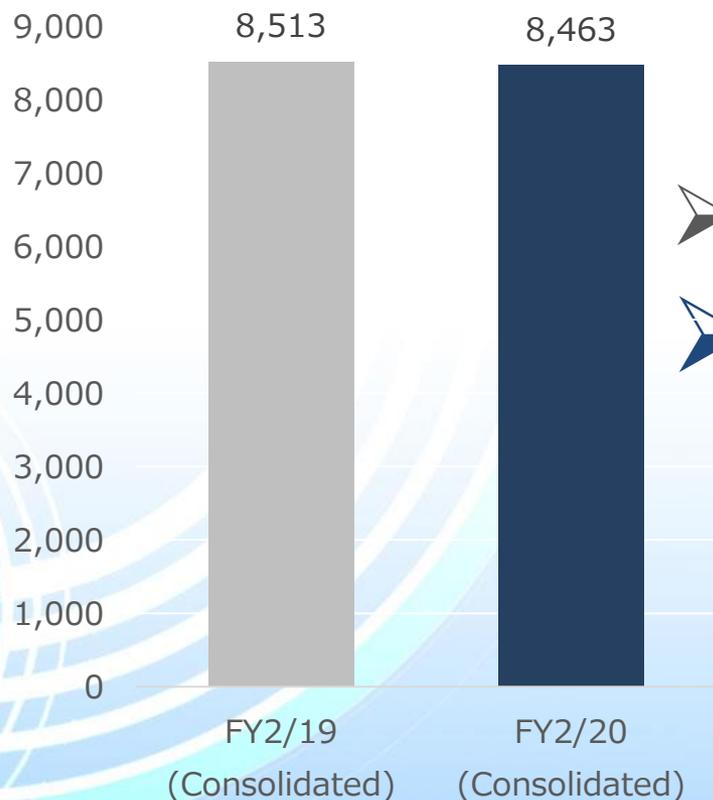
※ Forecast Disclosed on 2/19

Breakdown of Clerical Human Resources Services

① Business Process Outsourcing

Capturing new orders for BPO services, including one-time contracts involving the consumption tax hike from the public sector, was one priority in this business sector. There was also an increase in the volume of orders at some current private-sector BPO projects and orders for outsourced salary calculation work.

(Million yen)



➤ Sales **8,463** million yen

➤ **0.6%** Down y-o-y

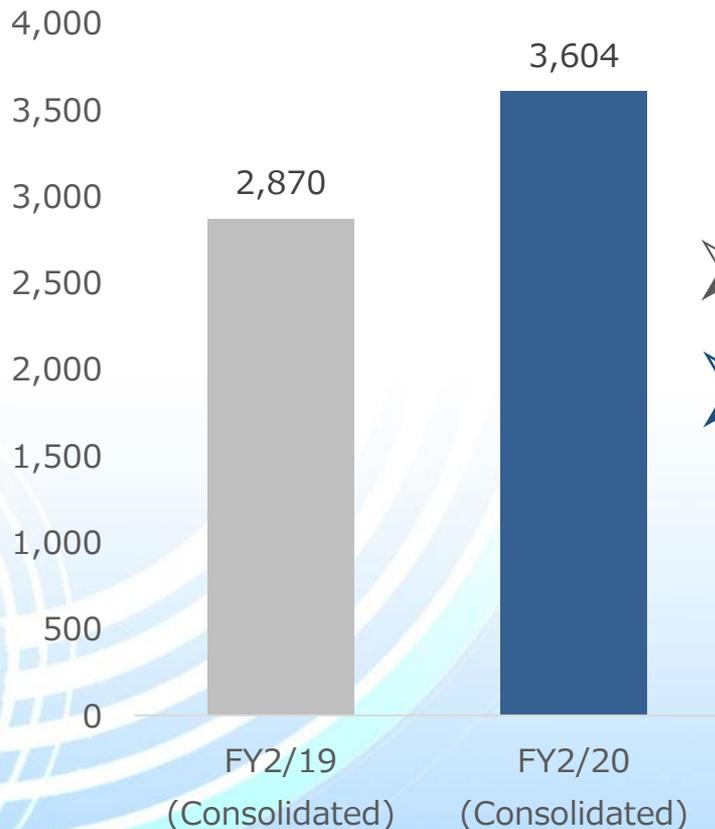
(+1.4% VS.Forecast (※))

※ Forecast Disclosed on 2/19

② Customer Relationship Management

There was a large volume of orders from telemarketing companies and from securities companies and other financial services companies.

(Million yen)



➤ Sales **3,604** million yen
➤ **25.6%** Up y-o-y
(+0.1% VS.Forecast (※))

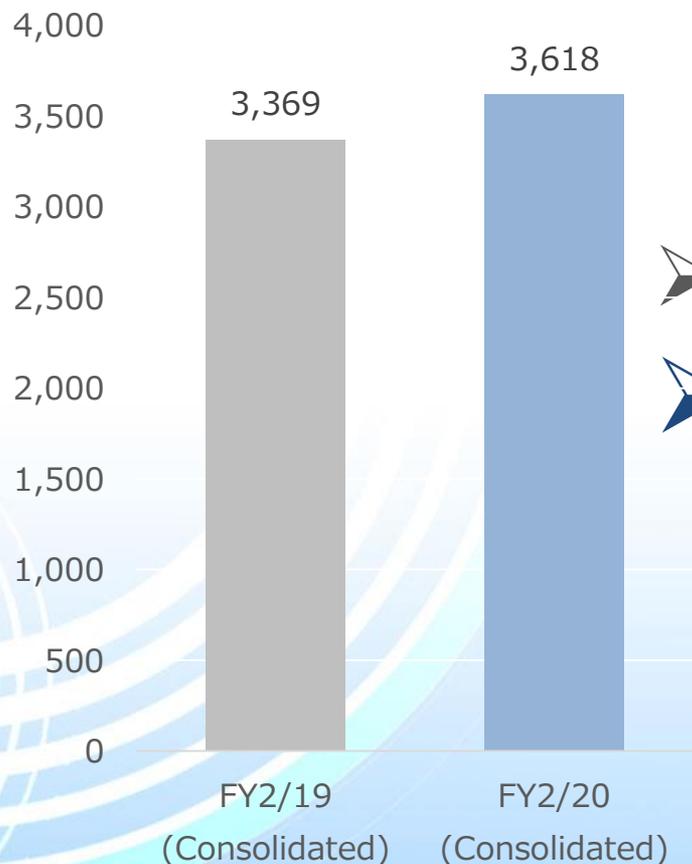
※ Forecast Disclosed on 2/19

Breakdown of Clerical Human Resources Services

③ Office Services

Orders from securities companies and other financial services companies remained strong and the volume of business with private-sector companies and the public sector was also firm.

(Million yen)



➤ Sales **3,618** million yen

➤ **7.4%** Up y-o-y

(-0.6% VS.Forecast (※))

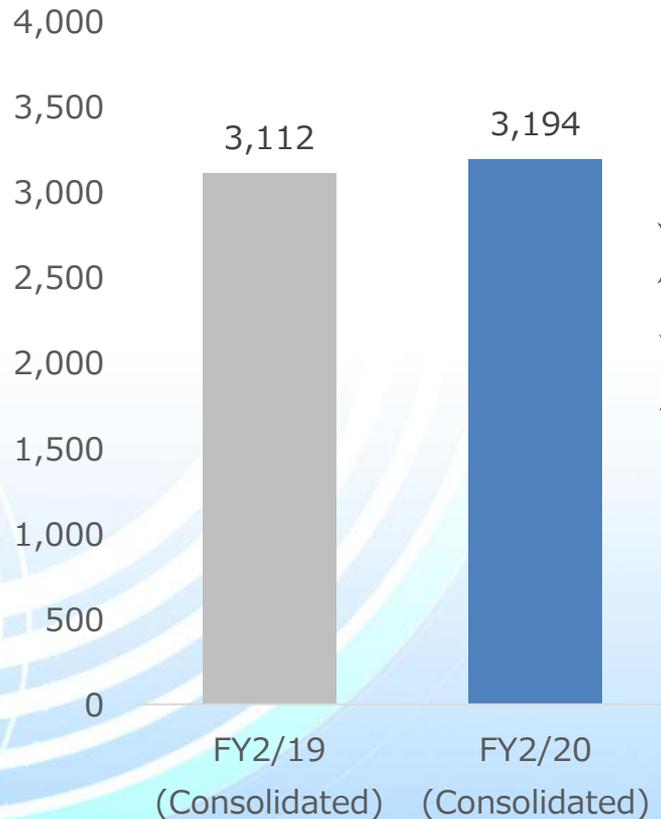
※ Forecast Disclosed on 2/19

Segment Information (2)

Manufacturing Human Resources Services (Sales)

Orders from manufacturing and processing companies decreased more than expected because of slowing economic growth in China but orders in the food processing category remained strong.

(Million yen)



➤ **Sales 3,194 million yen**
➤ **2.7% Up y-o-y**
(+0.7% VS.Forecast (※))

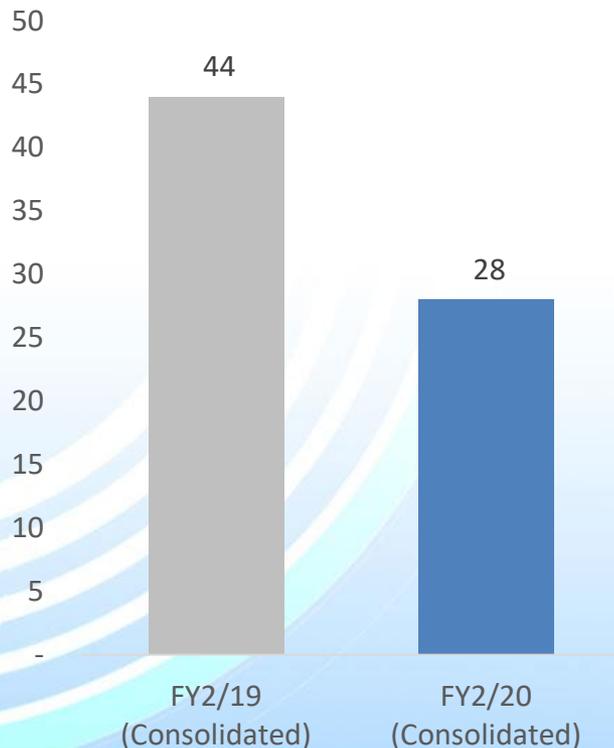
※ Forecast Disclosed on 2/19

Segment Information (2)

【Manufacturing Human Resources Services (Profits)】

The gross profit benefited from higher food processing category sales but was offset by declines in sales and the gross profit margin in the manufacturing and processing category. Although there were measures to lower the cost of recruiting and training temporary placement personnel, personnel expenses increased with measures to reinforce internal management systems, including for safety, and governance.

(Million yen)



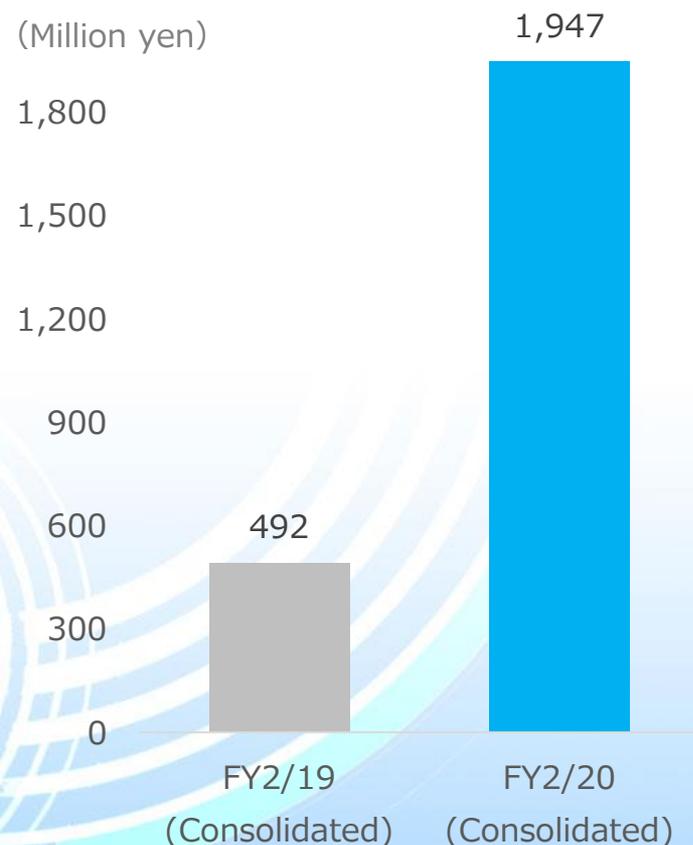
➤ **Op.P 28 million yen**
➤ **36.6% Down y-o-y**
(+22.0% VS.Forecast (※))

※ Forecast Disclosed on 2/19

Segment Information (3)

【Sales Human Resources Services (Sales)】

Sales increased 1,454,966 thousand yen (+295.2%) to 1,947,790 thousand yen because of the ongoing geographic expansion of the receipt of orders for outsourced cashless payment processing activities that Careerlink started in October 2018.



- Sales **1,947** million yen
- **295.2% Up y-o-y**
(+0.1% VS.Forecast (※))

※ Forecast Disclosed on 2/19

Segment Information (3)

【Sales Human Resources Services (Profits)】

Operating profit was down 33,256 thousand yen (-56.6%) to 25,482 thousand yen. The primary cause was higher personnel and operating expenses resulting from recruiting full-time employees and key sales people to cover the number of productive people in this business due to geographic expansion.

(Million yen)

70

60

50

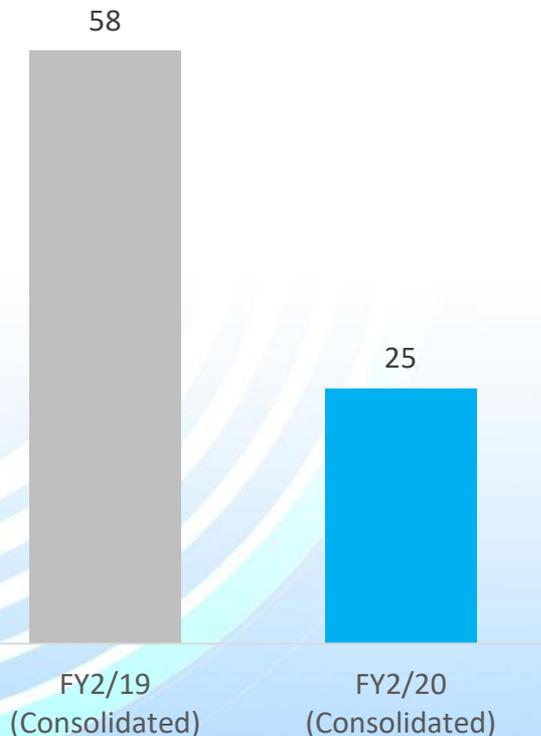
40

30

20

10

0



➤ **Op.P 25 million yen**

➤ **56.6% Down y-o-y**

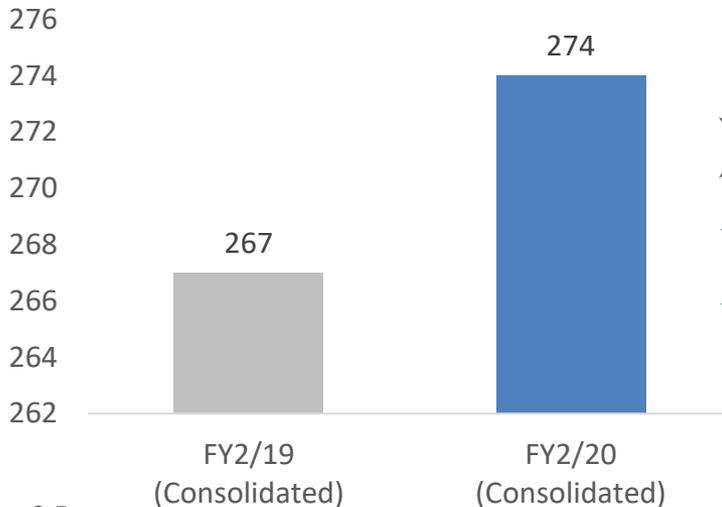
(+0.1% VS.Forecast (※))

※ Forecast Disclosed on 2/19

Segment Information (4)

【Others (Sales·Profits)】

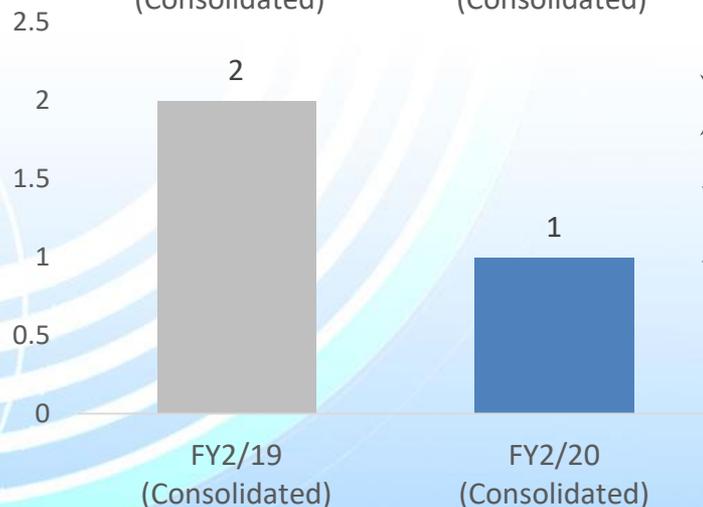
(Million yen)



This segment is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service.

➤ **Sales 274 million yen**

➤ **2.6% Up y-o-y**
(-0.6% VS.Forecast (※))



➤ **Op.P 1 million yen**

➤ **55.0% Down y-o-y**
(+90.8% VS.Forecast (※))

※ Forecast Disclosed on 2/19

Statements of Income

	FY2/2019 Actual (Consolidated)	FY2/2020 Forecast (※) (Consolidated)	FY2/2020 Actual (Consolidated)		
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Year On Year Variance (Million yen/%)	Vs.Forecast
Net sales	18,624	20,980	21,103	2,478 13.3	123 0.6
Clerical Human Resources Services (Sales Composition)	14,753 79.2%	15,587 74.3%	15,686 74.3%	933 6.3	99 0.6
BPO (Sales Composition)	8,513 45.7%	8,346 39.8%	8,463 40.1%	△ 50 △ 0.6	117 1.4
CRM (Sales Composition)	2,870 15.4%	3,599 17.2%	3,604 17.1%	733 25.6	5 0.1
Offices Services (Sales Composition)	3,369 18.1%	3,642 17.4%	3,618 17.1%	249 7.4	△ 23 △ 0.6
Manufacturing Human Resources Service (Sales Composition)	3,112 16.7%	3,171 15.1%	3,194 15.1%	82 2.7	22 0.7
Sales Human Resources Services (Sales Composition)	492 2.6%	1,945 9.3%	1,947 9.2%	1,454 295.2	2 0.1
Others (Sales Composition)	267 1.4%	276 1.3%	274 1.3%	6 2.6	△ 1 △ 0.6
Operating Profit (Operating profit to Sales)	187 1.0%	640 3.1%	692 3.3%	504 268.9	52 8.2
Ordinary Profit (Ordinary profit to Sales)	290 1.6%	640 3.1%	690 3.3%	400 137.9	50 7.8
Profit attributable to owners of parent (Profit to Sales)	170 0.9%	465 2.2%	526 2.5%	355 208.1	61 13.3

※ Forecast Disclosed on 2/19

Financial Condition

		End of FY2/19 (Consolidated)	FY2/20 (Consolidated)		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	5,117 86.5%	6,668 89.1%	1,551	Cash and deposits +1,232
	Non-current assets	800 13.5%	812 10.9%	11	Inventories +245
	Total assets	5,917 100.0%	7,480 100.0%	1,563	Notes and accounts receivable - trade +159 Other current assets △84
	Current liabilities	1,967 33.3%	3,215 43.0%	1,248	Accrued consumption taxes +555
	Non-current liabilities	545 9.2%	424 5.7%	-120	Accounts payable-other +363
	Total liabilities	2,512 42.5%	3,640 48.7%	1,127	Other current liabilities +252
	Total net assets	3,404 57.5%	3,840 51.3%	435	Income taxes payable +136
Total liabilities and net assets		5,917 100.0%	7,480 100.0%	1,563	Long term loans payable (Current portion of long-term loans payable included) △257
					Retained earnings +403
					Share acquisition rights +16
					Valuation difference on available-for-sale securities +8
					Treasury shares +5

Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of this fiscal year. Figures for the previous fiscal year have been retrospectively revised for conformity with these amendments in order to facilitate comparisons and analysis.

Cash Flows

		FY2/19	FY2/20	
		Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
	Operating activities	50	1,579	Profit before income taxes +690 Increase in accrued consumption taxes +555 Increase in accounts payable-other +361
	Investing activities	△ 135	△ 39	Purchase of investment securities & property, plant and equipment △19 Payments for leasehold and guarantee deposits △18
Free cash flow		△ 85	1,540	
Financing activities		△ 315	△ 307	Proceeds from issuance of bonds +147 Redemption of bonds △45 Proceeds from long-term borrowings △257 Dividends paid △122
Net increase (decrease) in cash and cash equivalents		△ 400	1,232	
Cash and cash equivalents at beginning of period		3,084	2,683	
Cash and cash equivalents at end of period		2,683	3,916	

II. ANNUAL PLAN FOR FY2/21



Annual Plan for FY2/21 (consolidated) (Sales)

The outlook is unclear because of the COVID-19 crisis and other reasons. At this time, outlook for sales is as follows. We expect an increase in sales in the clerical human resource services business. We also anticipate higher sales in the manufacturing human resource services business because we expect the strong performance of the food processing category to more than offset the expected decrease in manufacturing and processing category sales caused by slowing economic growth in China. In the sales human resource services business, we forecast a small decrease in sales because of Japan's labor shortage.

	FY2/2020 Actual		FY2/2021 Plan	
	Amount (million yen)	VS.FY2/19	Amount (million yen)	VS.FY2/20
Net Sales	21,103	13.3%	23,132	9.6%
Clerical Human Resources Services	15,686	6.3%	17,498	11.6%
Manufacturing Human Resources Services	3,194	2.7%	3,532	10.6%
Sales Human Resources Services	1,947	295.2%	1,789	△ 8.1%
Others	274	2.6%	311	13.6%

Annual Plan for FY2/21 (consolidated) (Profits)

Although we believe earnings will benefit from a higher gross profit due to sales growth, we anticipate expenses for a number of planned activities. One is increasing the number of key sales personnel and people who develop IT systems for orders received. The goal is establishing superiority over competitors in order to capture more orders, especially for large outsourcing projects. Another is more activities to recruit people with outstanding capabilities and more IT system investments in order to operate projects for customers in the best possible manner.

	FY2/2020 Actual		FY2/2021 Plan	
	Amount (million yen)	VS.FY2/19	Amount (million yen)	VS.FY2/20
Operating profit [% to Sales]	692 【3.3%】	268.9%	585 【2.5%】	△ 15.5%
Ordinary profit [% to Sales]	690 【3.3%】	137.9%	583 【2.5%】	△ 15.4%
Profit attributable to owners of parent [% to Sales]	526 【2.5%】	208.1%	402 【1.7%】	△ 23.6%

Business Strategy FY2/21

Build up a strong base to accomplish the medium-term plan goals

Clerical Human Resource Services

- Target on expanding large-scale contracting projects, establish the advantage over competitors by focusing on know-how for taking orders and improvement of quality control.
- Enhance staff follow-up operation to achieve continuous employment and improve both staff and customer satisfaction.
- In order to scale the organization, creating an organization that improves employee satisfaction and allows for autonomous and continuous growth by encouraging employees to develop their careers and improve their skills.
- Promote the development of career counseling skills.
- Leverage our strengths in the financial sector to establish a foundation for growth (JBS) .

Manufacturing Human Resource Services

- Expanding the scale of food processing sales and accelerating nationwide expansion by expanding the foreign workers business and improve the quality of Manufacturing Human Resource Services.
- Strengthen human resource development capabilities by accumulating and analyzing staff information.

Sales Human Resource Services

- Continue to expand orders for cashless payment services.
- Establish a sustainable revenue base by enhancing the development of new fields in order to discover the demand for fieldwork.

III. MEDIUM-TERM MANAGEMENT PLAN (FY2/21-FY2/23)



Goal (Company 's Slogan)

“Aiming to become Japan’s most caring human resources company”

Medium-Term Management Plan’s Position

**Medium-Term Management Plan
(FY2/21~FY2/23)**

**Accelerating strategies for
growth**

**Focus on building the foundation of business in order to
achieve the Medium-Term Management Plan for FY2/21.**

Medium-term Strategic Goals

Strengthen the management base by expanding large-scale contracting projects, reinforcing the Sales Human Resource Services business and entering new business.

Strategy

1

Clerical Human Resource Services sales growth

- Strengthen human resources and strengthen competitiveness to increase orders for large-scale contracting projects.
- Achieve a high level of operational quality and establish the advantage over the competitors.
- Expand business of JBS base on the achievements in the financial sector.

Strategy

2

Strengthen the Sales Human Resource Services business

- Establish a sustainable revenue base by enhancing the development of new business fields.

Strategy

3

Expand the Manufacturing Human Resource Services business

- Strengthen new development, expand business into fields where foreign workers can play an active role and related companies, and accelerate the opening of new stores in priority areas.

Medium-term Strategy Numerical Goals

FY2/23

Aim for **28,953 million yen** Sales

870 million yen Profit attributable to owners of parent

	FY2/20 Actual (Million yen)
Net sales	21,103
Operating profit	692
% to sales	3.3%
Ordinary profit	690
% to sales	3.3%
Profit attributable to owners of parent	526
% to sales	2.5%

	FY2/23 Plan (Million yen)
28,953	
1,274	
4.4%	
1,272	
4.4%	
870	
3.0%	

Medium-Term Management Plan Segment Policy

1	Business Process Outsourcing segment	FY2/23 Sales (Plan) 11.2 billion yen	[VS.FY2/20 Actual 32.5% Up]
2	Customer Relationship Management segment	FY2/23 Sales (Plan) 4.4 billion yen	[VS.FY2/20 Actual 22.8% Up]
3	Office Services segment	FY2/23 Sales (Plan) 5.5 billion yen	[VS.FY2/20 Actual 53.2% Up]
4	Manufacturing Human Resource Services segment	FY2/23 Sales (Plan) 5.2 billion yen	[VS.FY2/20 Actual 65.3% Up]
5	Sales Human Resource Services segment	FY2/23 Sales (Plan) 2.1 billion yen	[VS.FY2/20 Actual 11.2% Up]

Medium-term Strategy SDGs Action

Contribute to society through our business

Since the establishment of Careerlink in October 1996, the Group's mission has been to contribute to society through the expansion of employment. By setting our goal as 「Aiming to become Japan's most caring human resources company」, We have grown by providing a wide variety of job opportunities for many job seekers. With our corporate philosophy of “We believe the joy of work” as our starting point, continuing the mission in the mid-term plan, we will continue to take actions on SDGs.

SUSTAINABLE DEVELOPMENT GOALS

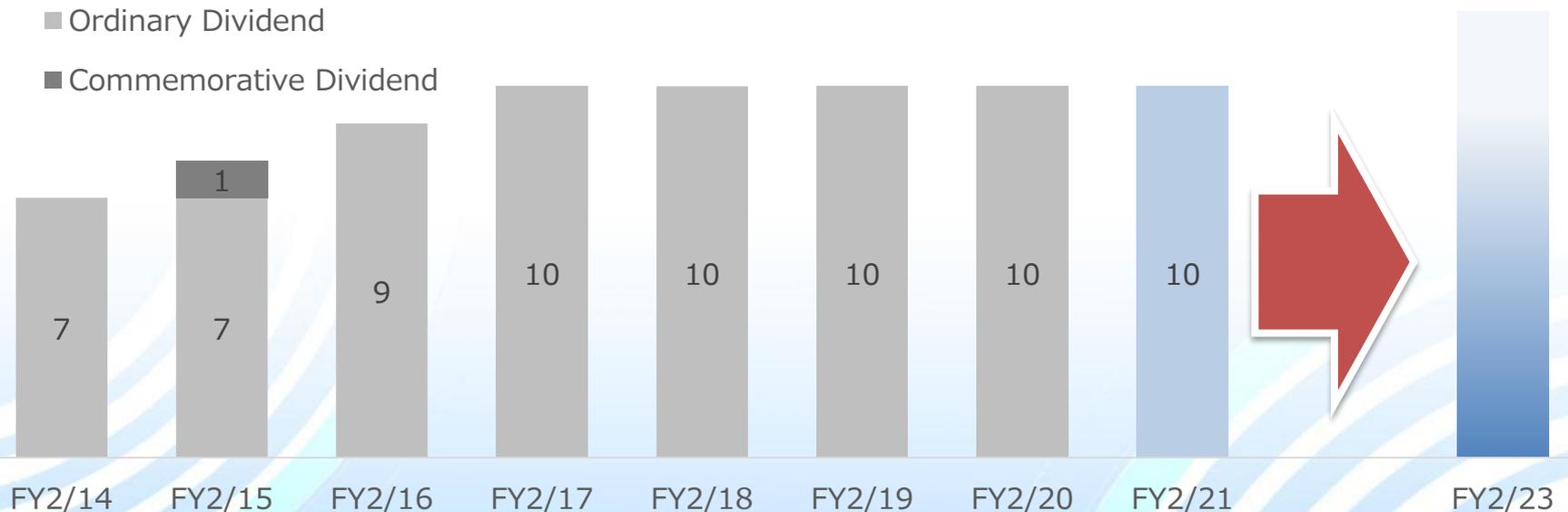


The SDGs (Sustainable Development Goals) are the international goals for the period 2016-2030 as stated in the 2030 Agenda for Sustainable Development, adopted at the United Nations Summit in September 2015.

Shareholder Distributions ①

In accordance with the basic policy for shareholder distributions, shareholders will receive an annual dividend of ¥10 per share and QUO cards (¥500 for 100 to 199 shares, ¥1,000 for 200 to 499 shares and ¥2,000 for 500 shares or more). Careerlink may consider additional distributions based on results of operations and other factors.

Dividend per Share



Note: Dividends per share have been adjusted for the two-for-one stock split on June 1, 2016.

Shareholder Distributions②

Shareholder Gift

◆ Record date: End of August

◆ Gift: Original QUO card

- 100 to less than 200 shares ⇒ ¥500
- 200 to less than 500 shares ⇒ ¥1,000
- 500 shares and above ⇒ ¥2,000



IV. REFERENCE

Company Overview

CAREERLINK Co., Ltd.

Head Office	Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo	
Representative	Chairman & Representative Director: Yasuhiko Kondo	
	President & Representative Director: Motoaki Narusawa	
Established	October 1st, 1996	
Main Corporate Activities	(Careerlink Group)	
	Clerical Human Resources Services Business	
	■ Business Process Outsourcing	
	■ Customer Relationship Management	
	■ Office Services	
	Manufacturing Human Resources Services Business	
	Sales Human Resources Services Business	
	Others	
Stated Capital	388,005,500 yen (As of Feb 29, 2020)	
Employees	370 (Consolidated 525) (As of Feb 29,2020)	
Accounting Period	February	
Stock Exchange Listing	Tokyo Stock Exchange, First Section (Stock Code:6070)	
Group Companies		

CAREERLINKFACTORY Co., Ltd.

- Manufacturing Human Resources services business

Japan Business Service Co., Ltd.

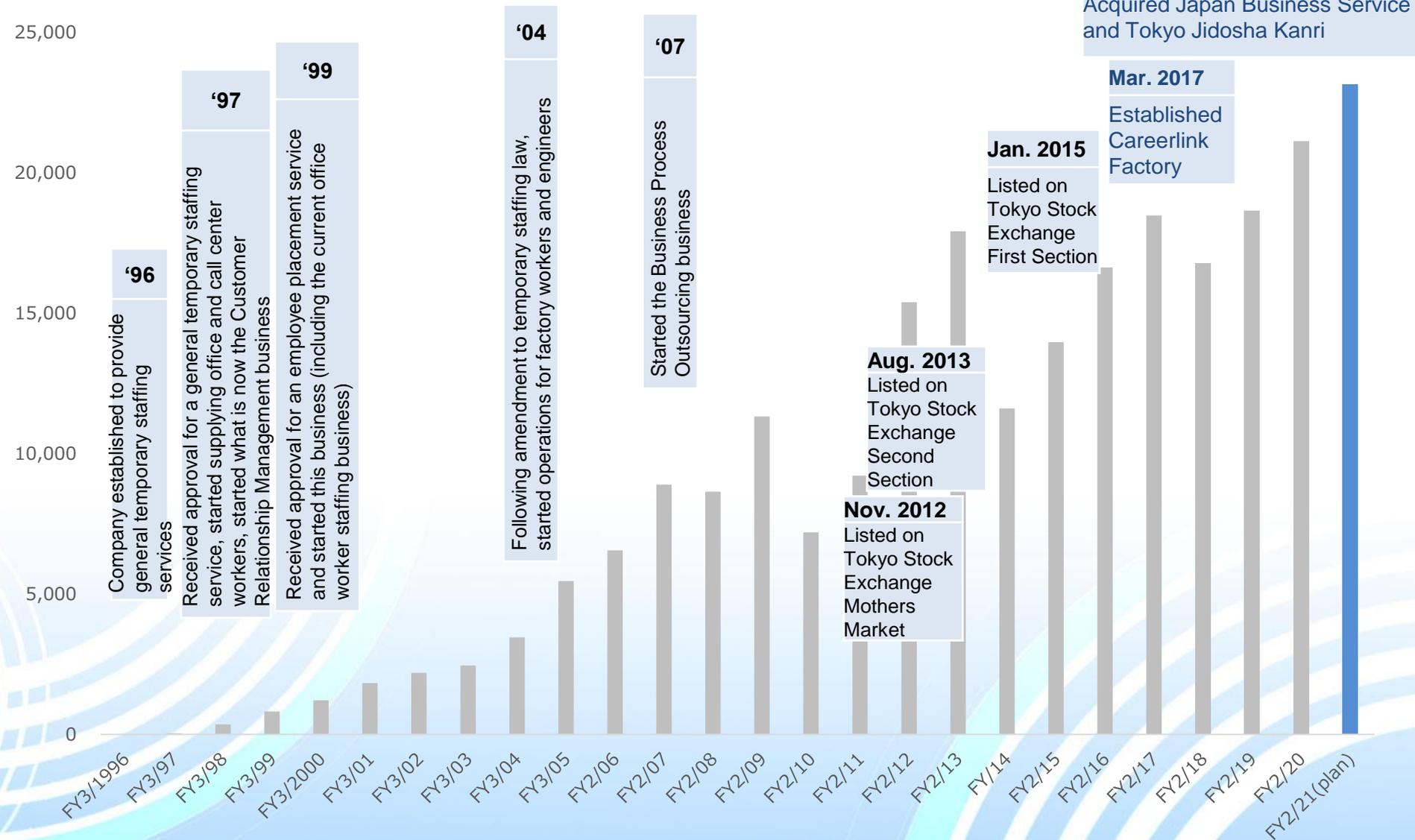
- Clerical Human Resource services

Tokyo Jidosha Kanri Co., Ltd.

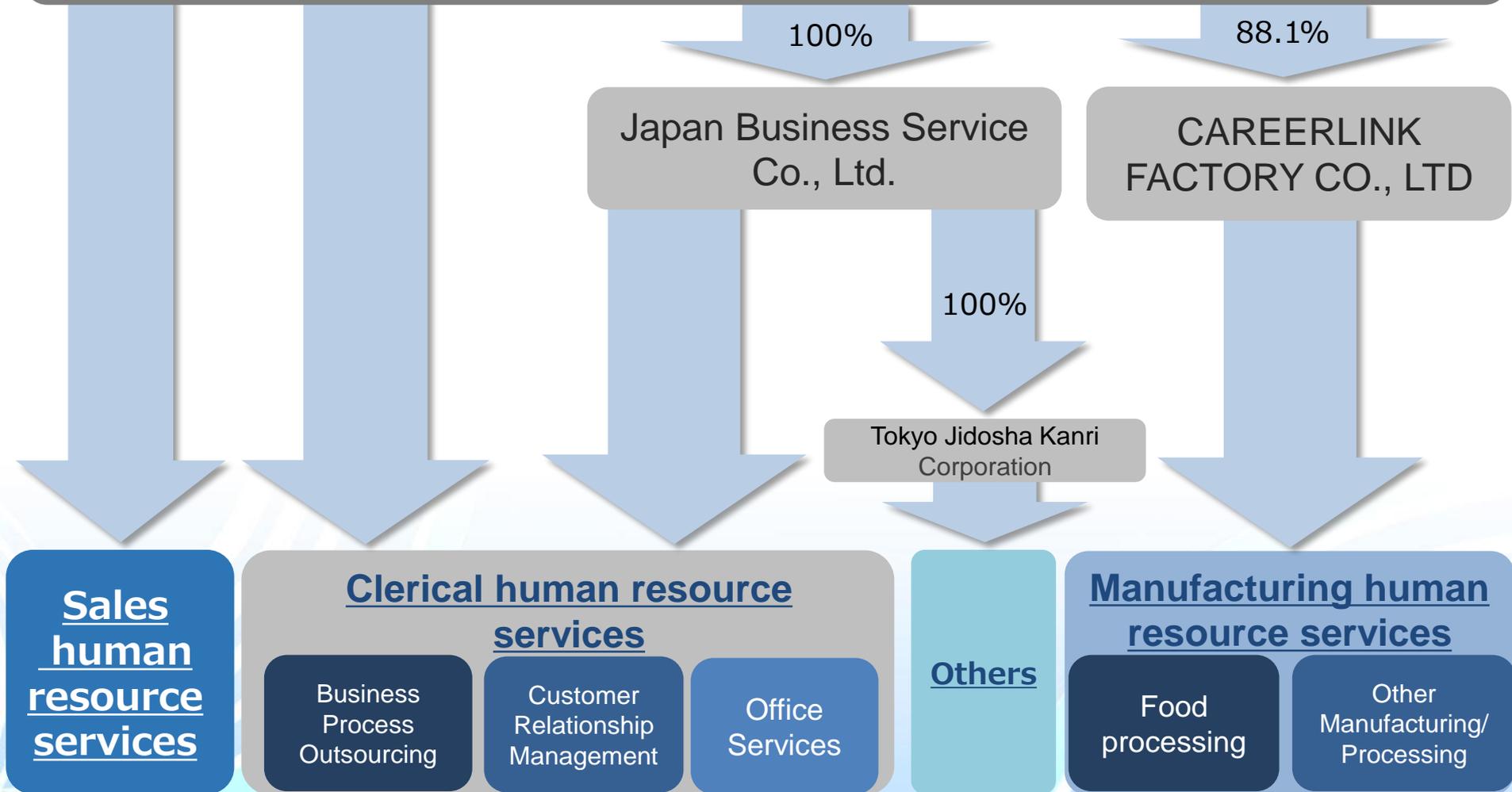
- Others (Automobile management business)

Significant Events and Sales Growth

(Million yen)



CAREERLINK CO., LTD



“Others” is the automobile management business of Tokyo Jidosha Kanri .

Business Activities (1)

<Clerical Human Resource Services>

① Business Process Outsourcing

Business process outsourcing involves the planning, design and implementation of selected activities for government agencies, companies and other organizations.

Activities

- ◆ Business processes by Careerlink alone or by using a BPO vendor
- ◆ Provision of workers and performing contracted business processes in association with proposals for restructuring business processes
- ◆ Contracted business processes for government agencies, companies and other organizations

Benefits of Using Careerlink

- Higher efficiency and quality by using a Careerlink proposal for restructuring business processes
- Ability to quickly start a business process facility even for handling a large volume of work

Business Activities (2)

② Customer Relationship Management

The use of data systems at contact centers and other locations to establish long-term relationships with customers

Activities

- ◆ Temporary staffing and permanent placement services for telemarketing companies
- ◆ Temporary staffing and permanent placement services for contact centers of companies and other organizations
- ◆ Contracted CRM services using Careerlink contact centers

Benefits of Using Careerlink

- ◆ Access to Careerlink's extensive knowledge concerning recruiting, training and the operation of contact centers
- ◆ Ability to utilize Careerlink's advanced data equipment and a team of highly skilled professionals

③ Office Services

Activities

- ◆ Speedy temporary staffing and permanent placement services for all types of office workers, from specialists to other employees

<Sales Human Resource Services>

Activities

- ◆ Temporary staffing in sales business and contracted business

<Manufacturing Human Resource Services>

Activities

- ◆ Temporary staffing, temporary-to-permanent employment and permanent placement services for food companies; temporary staffing, temporary-to-permanent employment, permanent placement services and subcontracting for manufacturing, packaging, shipping and other tasks involving manufacturing and other industries

Three Key Strengths

1 Plans for both higher efficiency and quality

- Proposals that encompass everything from business process designs to production, delivery, quality assurance and operational know-how
- Significant cost savings due to higher efficiency

2 Able to start operations quickly and handle large volumes of work

- A unique matching system for immediately selecting the most suitable workers
- Able to start operations in about one month even for large projects requiring more than 1,000 workers

3 A framework for increasing workers' skills and job satisfaction

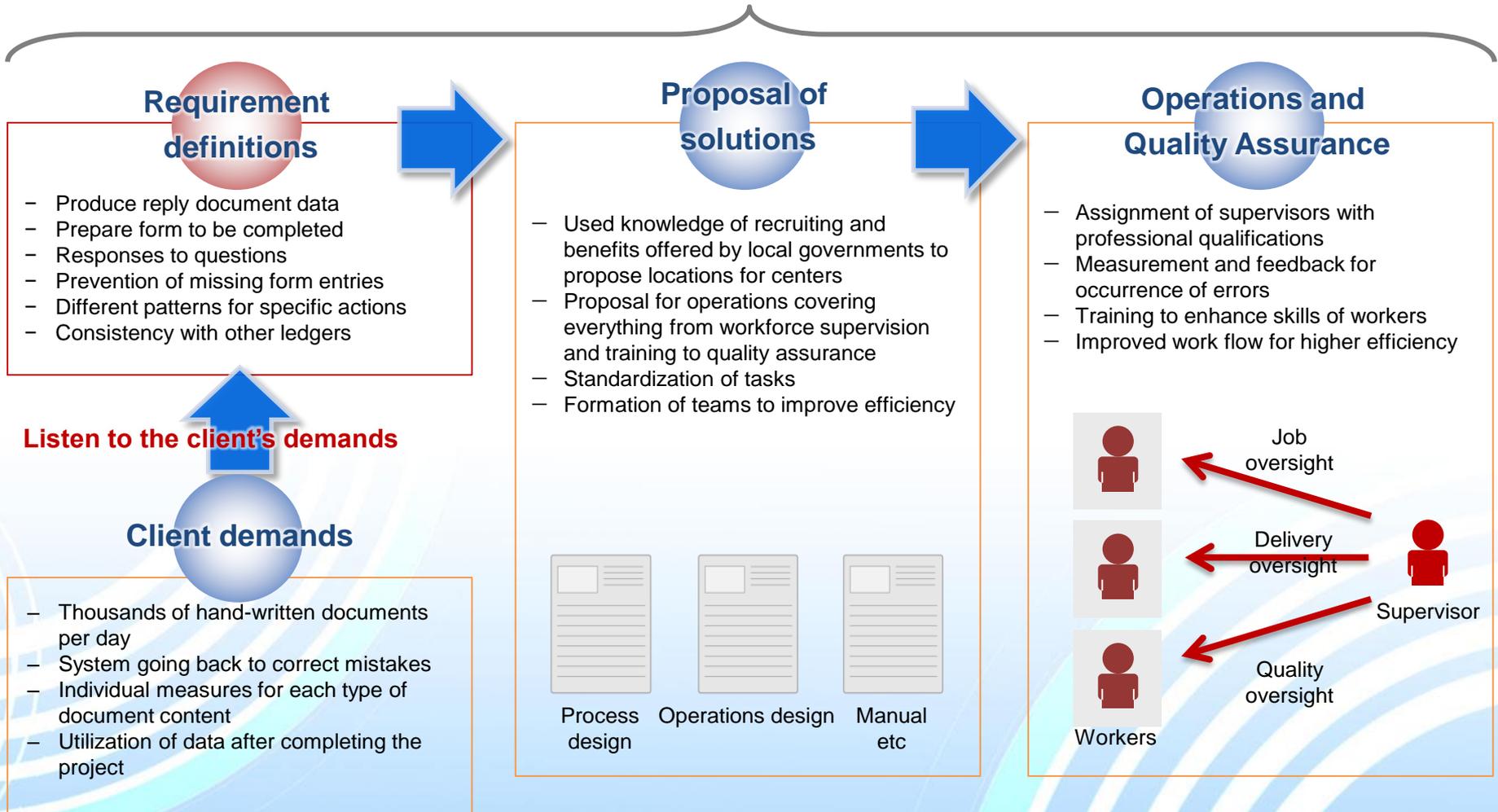
- Career path system gives people at the same workplace a roadmap for promotions. This system makes workers more motivated as they aim to improve their skills and become regular full-time employees.
- A workforce management system incorporating CRM expertise allows precisely reflecting the individual traits of each worker. This results in better job satisfaction along with higher rates of job placements and fewer missed days of work on assignments.
- For temporary workers, a supervisor solely for each workplace ensures that shifts are allocated evenly and training is provided.

Three Key Strengths (1)

1

Plans for both higher efficiency and quality

Example of higher efficiency by handling every step of an order beginning with defining the requirements



Three Key Strengths (2)

2 Able to start operations quickly and handle large volumes of work

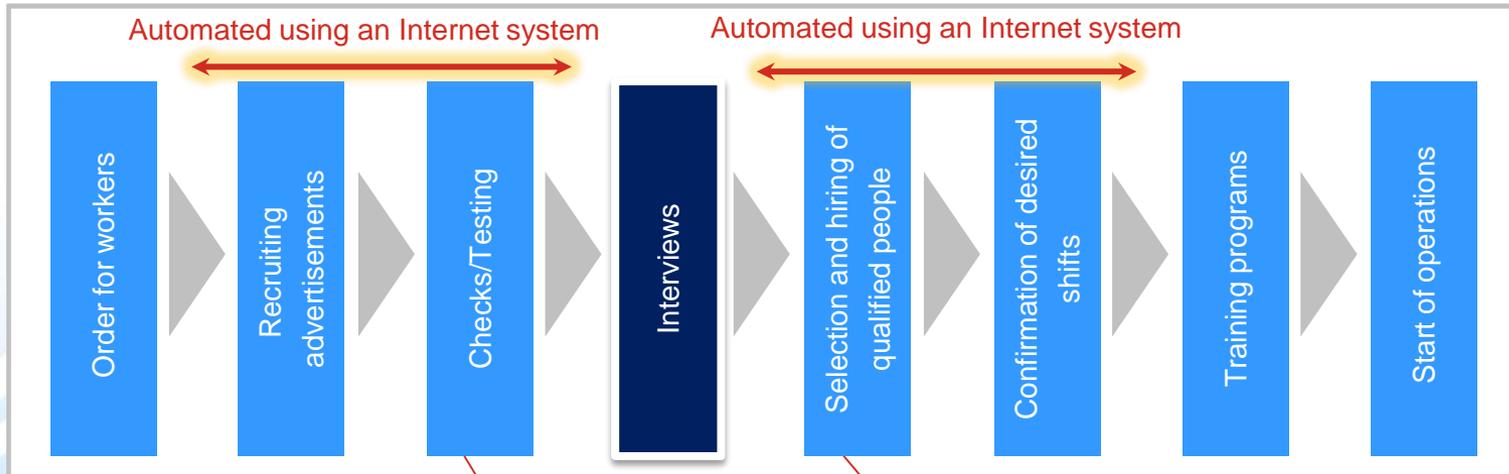
- Capable of **quickly setting up** a business process center operating framework and starting operations
- Workforce proposals using **an exclusive matching system** to select people who meet the requirements of each customer

The Careerlink Matching System

Able to establish a framework and start operations in about one month even for large projects requiring more than 1,000 workers.

No other company can match this ability to handle high-volume projects.

◆ Standardized Worker Matching Process



Selection of the best balance between wages and skills

Exclusive know-how used for checking and testing; identifies characteristics of applicants other than in application form data

Three Key Strengths (3)-1

3 A framework for increasing workers' skills and job satisfaction

Workforce motivation management

A system where Careerlink and employees aim for growth and the same goals

- **Opportunities to advance** based on skills and motivation

- Core Careerlink employees provide assistance for growth based on each assignment
- Ranks for workers increase motivation for promotions and becoming full-time employees

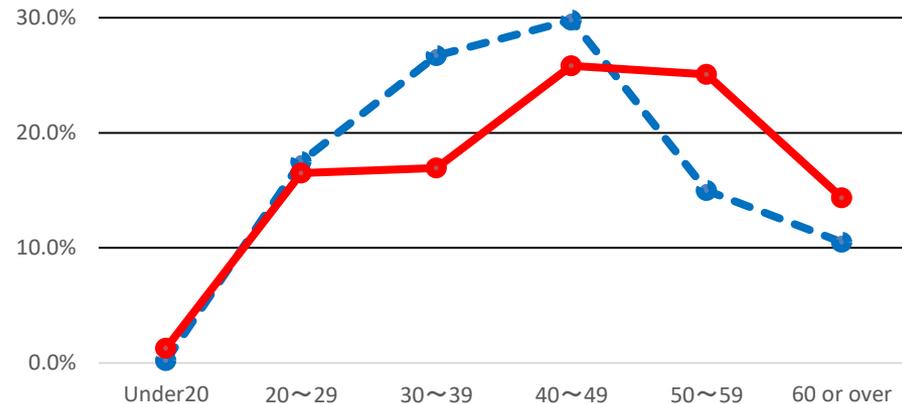
- **Development of skills** by carefully monitoring each worker's progress

- A full-time Careerlink supervisor monitors working time and the quality of work to help individuals realize their full potential
- Use of BPO and CRM training for support for advancement to become a value-added worker

- **A variety of job opportunities for a diverse workforce** in terms of age and other characteristics (see graph on the right)

- Optimal personnel expenses by sending teams consisting of higher and lower paid workers
- Provision of job opportunities to many people (the role of a job creation company)

Age Composition of the Temporary Placement Workers



◆ Temporary Worker Survey by the Ministry of Health, Labour and Welfare

◆ The Careerlink temporary placement workforce (FY19)

Foreign workers percentage of the Temporary Placement Workers

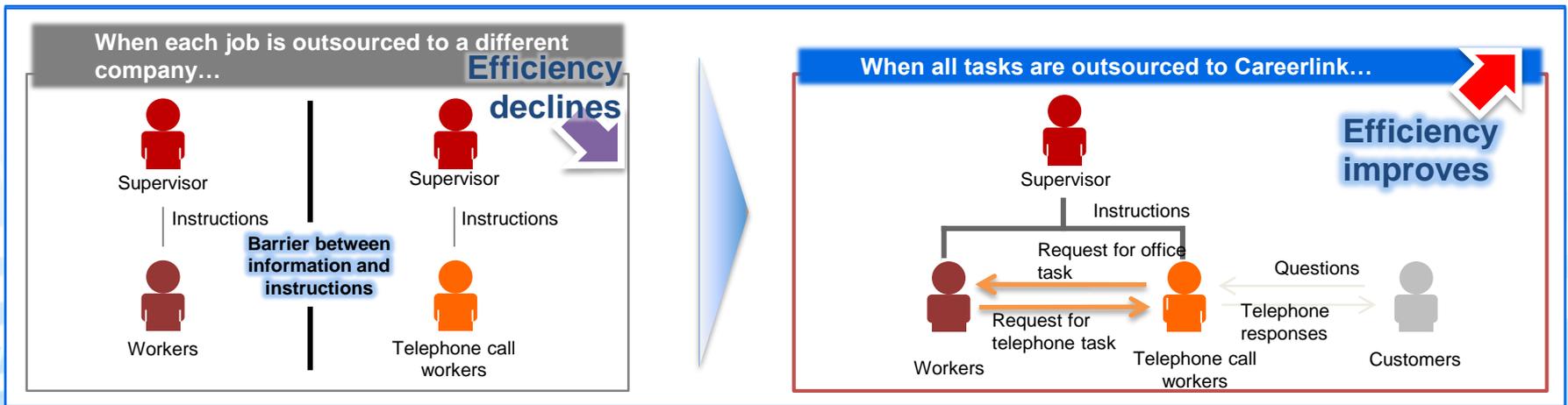
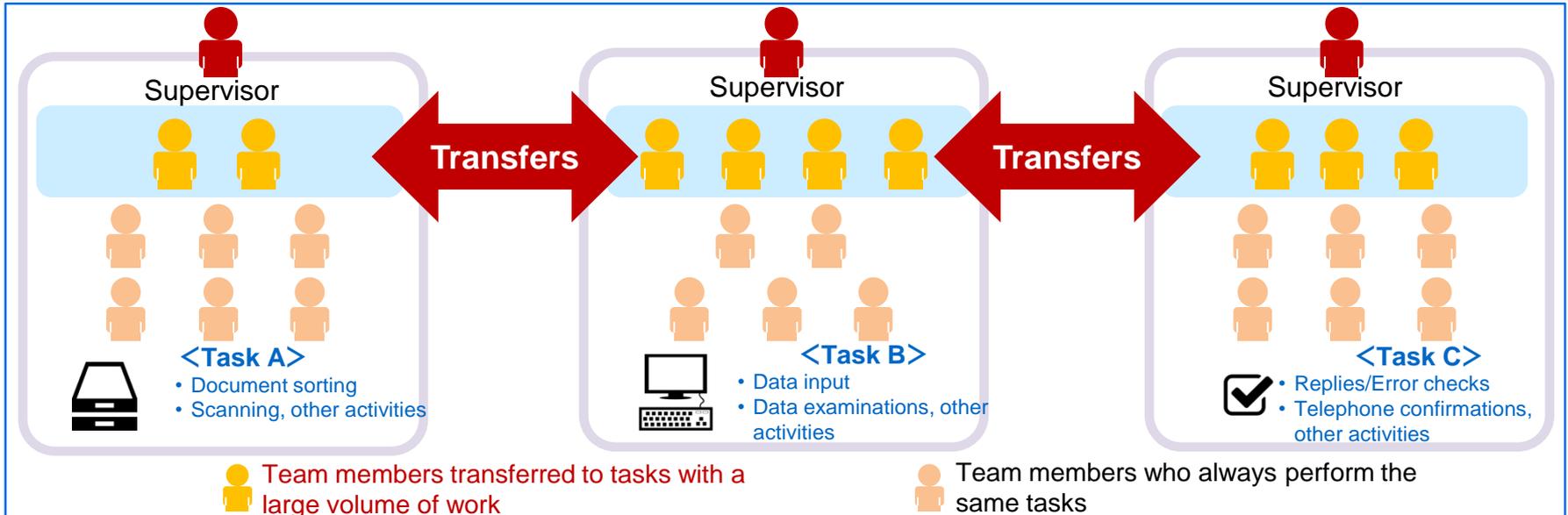


■ Total number of temporary workers

— Percentage of foreign temporary workers

Three Key Strengths (3)-2

Sending workers in teams improves efficiency



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We believe the joy of work.

**Contact: Corporate Planning Department 33F
Shinjuku-Mitsui Bulg., Nishi-Shinjuku 2-1-1,
Shinjuku Ward, Tokyo**

【 T E L 】81-3-6311-7321

【 F A X 】81-3-6311-7324