



Earnings Presentation First Half Ended August 2018

CAREERLINK CO., LTD

October 19(Fri.),2018



President & Representative Director/ President & Executive Officer

Motoaki Narusawa

(Stock Code : 6070 Tokyo Stock Exchange, First Section)

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 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.



I. Financial Highlights for the First Half of FY2/19

II. Revised Annual Plan for FY2/19

Medium-Term Management Plan (FY2/19-FY2/21) N. Reference

I. FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF FY2/19



Consolidated Financial Highlights(Sales)

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 million yen.

(million)

12,000



¥9,137million Up 4.8% y-o-y (-10.2% vs.Plan)

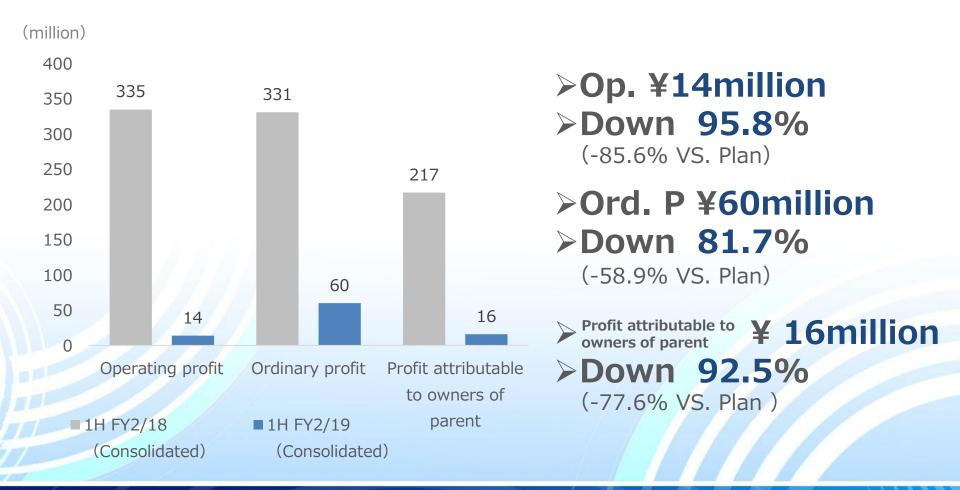
Others

Manufacturing human resource services

Clerical human resources services

Consolidated Financial Highlights (Profits)

Although sales increased, operating profit was down 95.8% to 14 million 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.



Segment Information (1)

[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 million yen.

(million)

9,000 7,560 7,500 6,000 3,000 0 1H FY2/18 1H FY2/19 (Consolidated) (Consolidated)

Sales ¥7,560million Up 0.8% (-10.2% VS. Plan)

 \succ Operating profit \triangle ¥1 million

(1) 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 million 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.



(2) 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 million yen, 52.9% higher than one year earlier.



Breakdown of Clerical human resources services

(3) Office Services

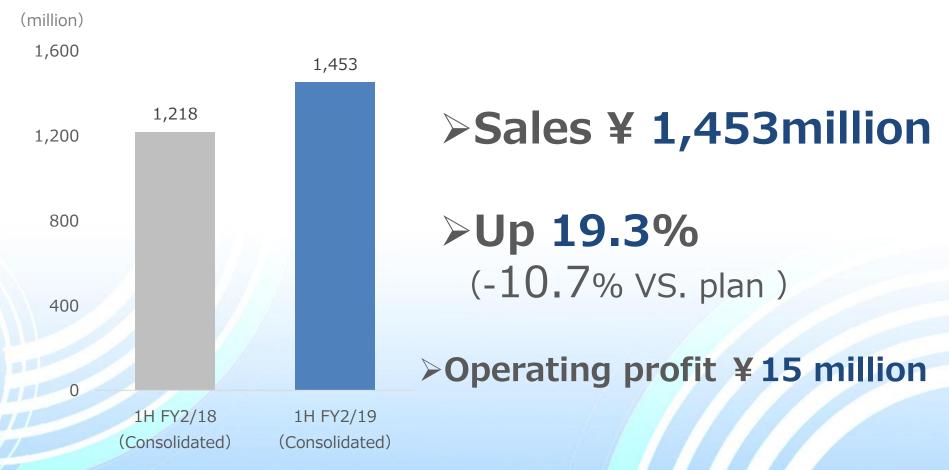
New public and private-sector temporary staffing orders increased and the office services business of newly consolidated subsidiary JBS also contributed to sales growth. As a result, sales increased 272.8% to 1,556 million yen.



Segment Information (2)

[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 million yen. Operating profit decreased 42.0% to 15 million 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.



Statements of Income

	1H FY2/18 (Consolidated)	Plan 1H FY2/19 (Consolidated)	Actual 1H FY2/19 (Consolidated		olidated)
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Year on Year Variar (Million ye	nce
Sales	8,718	10,173	9,137	418 4.8	-1,036 -10.2
Clerical Human Resources Services	7,500	8,420	7,560	60	-859
(Sales Composition)	86.0%	82.8%	82.7%	0.8	-10.2
BPO	6,177	5,557	4,620	-1,557	-937
(Sales Composition)	70.9%	54.6%	50.6%	-25.2	-16.9
CRM	905	1,458	1,384	478	-74
(Sales Composition)	10.4%	14.3%	15.2%	52.9	-5.1
Office Services	417	1,403	1,556	1,138	152
(Sales Composition)	4.8%	13.8%	17.0%	272.8	10.9
Manufacturing Human Resource Services	1,218	1,627	1,453	235	-173
(Sales Composition)	14.0%	16.0%	15.9%	19.3	-10.7
Others	-	125	123	-	-2
(Sales Composition)	-	1.2%	1.3%	-	-2.2
Operating profit	335	98	14	-321	-83
(Operating profit to Sales)	3.8%	1.0%	0.2%	-95.8	-85.6
Ordinary profit	331	147	60	-270	-86
(Ordinary profit to Sales)	3.8%	1.5%	0.7%	-81.7	-58.9
Profit attributable to owners of parent	217	73	16	-201	-56
(Profit to Sales)	2.5%	0.7%	0.2%	-92.5	-77.6

Financial Condition

		End of FY2/18 (Consolidated)	End of 1H FY2/19 (Consolidated)		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	5,055	5,048	-6	
	Current assets	87.7%	86.9%	-0	cash and deposits $\triangle 369$
	Non-current	708	762	53	Income taxes receivable $\triangle 13$ Accounts receivables $+ 204$
	assets	12.3%	13.1%		Securities +100 Other current assets +71
	Total assets	5,764	5,810	46	
		100.0%	100.0%	40	
	Current	1,688	2,002	314	
	liabilities	29.3%	34.5%	514	Long-term loans payable $ riangle 158$
	Non-current	690	573	1 1 7	Bond payable $\triangle 37$
	liabilities	12.0%	9.9%	-11/	Accounts payable-other +243 Other items +114
	Total liphilition	2,379	2,576	100	
	Total liabilities	41.3%	44.3%	196	
	Total not proste	3,384	3,234	1 5 0	
	Total net assets	58.7%	55.7%	-150	
	Total liabilities	5,764	5,810	10	
	And net assets	100.0%	100.0%	46	
7-					

Cash Flows

	End of FY2/18 (Consolidated)	End of 1H FY2/19 (Consolidated)	
	Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
Operating activities	180	263	Profit before income taxes+60Decrease in notes and accounts receivable+132Decrease in accrued consumption taxes+44Income taxes refund+15
Investing activities	△ 16	△ 167	Purchase of investment securities \triangle 72Purchase of property, plant and equipment and intangible assets \triangle 30Purchase of shares of subsidiaries resulting in change in scope of consolidation \triangle 63
Free cash flow	164	96	
Financing activities	△ 202	△ 365	Proceeds from the sale of treasury shares+71Repayments of long-term loans payable△158Redemption of bonds△37Purchase of treasury shares△104Cash dividends paid△123
Net increase /decrease in cash and cash equivalents	△ 38	△ 269	
Cash and cash equivalents, beginning of period	2,778	3,084	
Cash and cash equivalents, end of period	2,739	2,814	

II. REVISED ANNUAL PLAN FOR FY2/19



Revised Annual Plan for FY2/19 (consolidated) 1

	FY2/18 Actual		FY2/19 Update Plan	
	Amount (Million yen)	Vs. FY2/17	Amount (Million yen)	Vs. FY2/18
Sales	16,774	-9.1%	19,042	+13.5%
Operating profit 【% to Sales】	551 [3.3%]	-44.9%	134 [0.7%]	-75.7%
Ordinary profit 【% to Sales】	608 [3.6%]	-38.8%	237 [1.2%]	-61.0%
Profit attributable to owners of parent [% to Sales]	414 [2.5%]	-35.5%	144 [0.8%]	-65.2%

Prior-year comparisons for FY2/18 data use non-consolidated figures for FY2/17 1H because Careerlink started preparing consolidated financial statements in FY2/18.

Revised Annual Plan for FY2/19 (consolidated) 2

On October 5, 2018, Careerlink revised the consolidated forecast for the fiscal year ending in February 2019

	FY2/19 Previous Plan (Million yen)	FY2/19 Revised Plan (Million yen)	Change (Million yen)	Change rate
Sales	21,968	19,042	∆ 2,925	△13.3%
Operating profit 【% to Sales】	476 [2.2%]	134 [0.7%]	∆ 341	△ 71.7%
Ordinary profit 【% to Sales】	591 [2.7%]	237 [1.2%]	∆ 353	△59.8%
Profit attributable to owners of parent	363	144	∆ 219	△60.3%
[% to Sales]	【1.7%】	【0.8%】		

Reasons for Revision of Sales

The sales forecast is lower mainly because of the outlook for a greater than originally anticipated decline in the volume of work at a large private-sector BPO project.

Reasons for Revision of Operating profit

The main reasons for earnings revisions are a decrease in the gross profit due to lower sales, the higher cost of recruiting temporary placement workers, and expenses for recruiting people to perform tasks at newly received projects involving financial payment processing services.

Business Strategy FY2/19 (1)

Build a sound base for accomplishing the goals of the medium-term plan

 Increase services provided to financial institutions and system integration companies with measures that include using Japan Business Service, now a wholly owned subsidiary, and the capital and business alliance with Daiko Securities Business

 Increase the volume of orders involving financial payment processing services

 Build a sound base for growth by reinforcing operating skills for subcontracting projects

 Target a broader range of utility and other essential public services

•Further differentiate Careerlink by rigorously managing the quality of services, becoming more competitive and increasing profit margins

Business Process Outsourcing Customer Relationship Management

- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas by recruiting value-added people and upgrading capabilities for attracting people registered for temporary placements and matching the skills of these people with the requirements of clients. Increase the volume of business with financial institutions.
- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas.

Office services

Manufactur ing human resources

- Provide follow-up support to assist employees achieve their career goals; increase the number of people seeking a career path, mainly for financial service sector assignments
- Make food companies the primary manufacturing sector target and achieve lowcost operations
- Form relationships with more food companies supplying convenience stores and expand this business by sending these companies high-quality teams of workers
- Open offices in the Tokyo area faster in order to increase sales and earnings

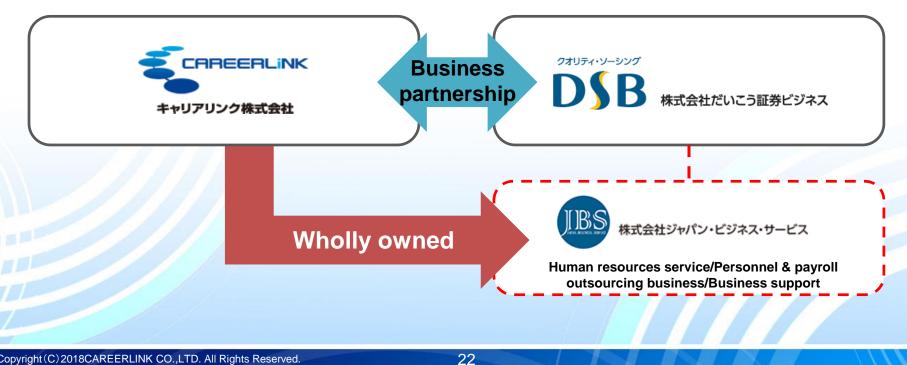
III. MEDIUM-TERM MANAGEMENT PLAN (FY2/19-FY2/21)



A capital and business alliance agreement was signed with DSB.

On February 23, 2018, Japan Business Service (JBS), which was a wholly owned subsidiary of Daiko Securities Business (DSB), became a wholly owned subsidiary of Careerlink. Also, a capital and business alliance agreement was signed with DSB.

- (1) March 31, 2018 Purchased JBS stock
- (2) April 20, 2018 Careerlink purchased 110,000 shares of DSB stock DSB purchased 125,600 shares of Careerlink stock
- (3) Start of activities based on the Careerlink-DSB alliance contract



Goal 1

Expand activities involving BPO by using Careerlink's operational expertise and resources for BPO projects in the financial services industry, the core market sector of Daiko Securities Business

Goal 2

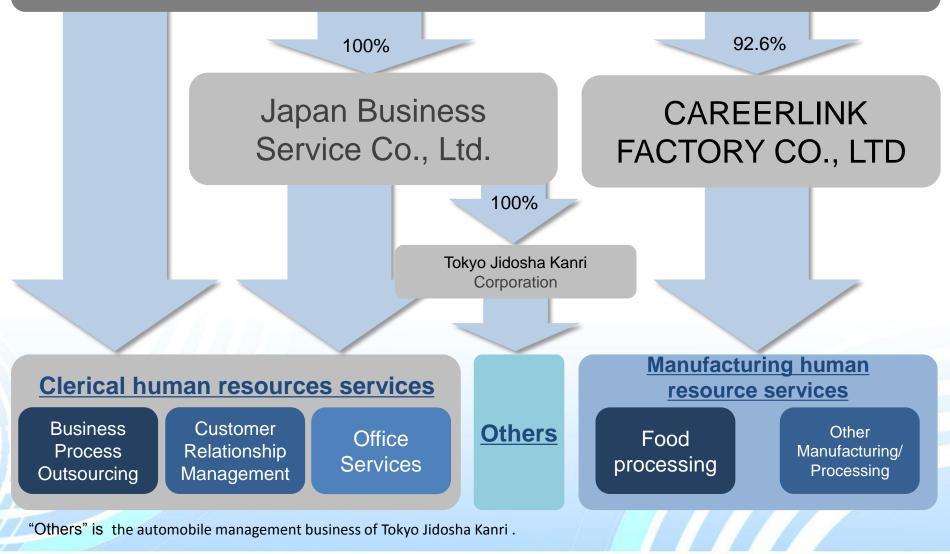
Use the alliance to supply an even broader range of staffing services outside the financial services industry, mainly private-sector companies and the public sector, and to further upgrade capabilities for BPO projects that include creating ideas for solutions for clients

Goal 3

Aim for the growth of business activities and higher efficiency through mutual cooperation and the sharing and mutual use of the resources of Careerlink and Daiko Securities Business

Business Development

CAREERLINK CO., LTD



Medium-Term Management Strategy

Speed up the growth strategy with the BPO Business as the driving force

Sales growth

Growth of financial services sector business

Strengthen manufacturing human resources

Mergers and acquisitions

- Become more competitive in the temporary staffing market
- Expand operations to include field work, chiefly involving financial payment processing services, in order to receive allinclusive orders that encompass core tasks as well as all associated activities.
- Target high-volume BPO projects in the private and public sectors
- Capture a larger share of the human resources market for telemarketing vendors outside Japan's major metropolitan areas
- Increase the scale of business activities in the financial services sector by using the Daiko Securities Business alliance
- Enlarge the core food processing human resource services business to cover all areas of Japan
- Use mergers and acquisitions to establish a presence in more business domains

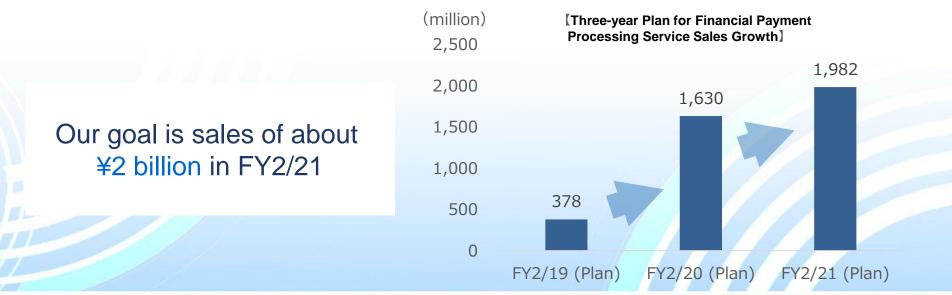
Target payment processing services as a source of sales growth

Increase sales by concentrating on new orders in the payment service provider sector

Now Started payment processing operations in October 2018, mainly in part of the Tokyo area

Plan for growth

- •Start covering more of the Tokyo area in November 2018 with the eventual goal of achieving nationwide operations
- •Aim for growth in the contact center, back office and other market categories where Careerlink is highly competitive
- Strengthen recruiting capabilities and focus on hiring and training people in their 20s in order to build a base for more growth

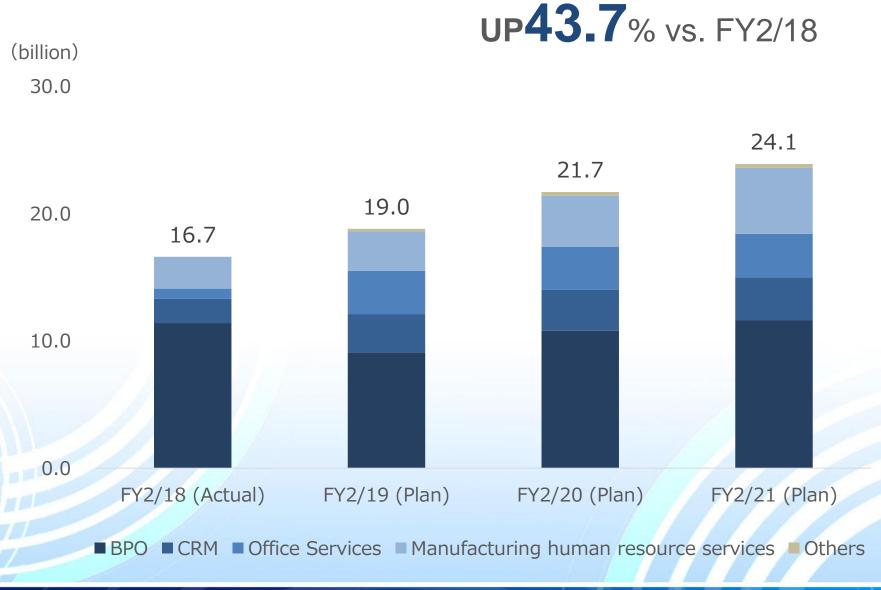


Goals (1)

(Billion yen)

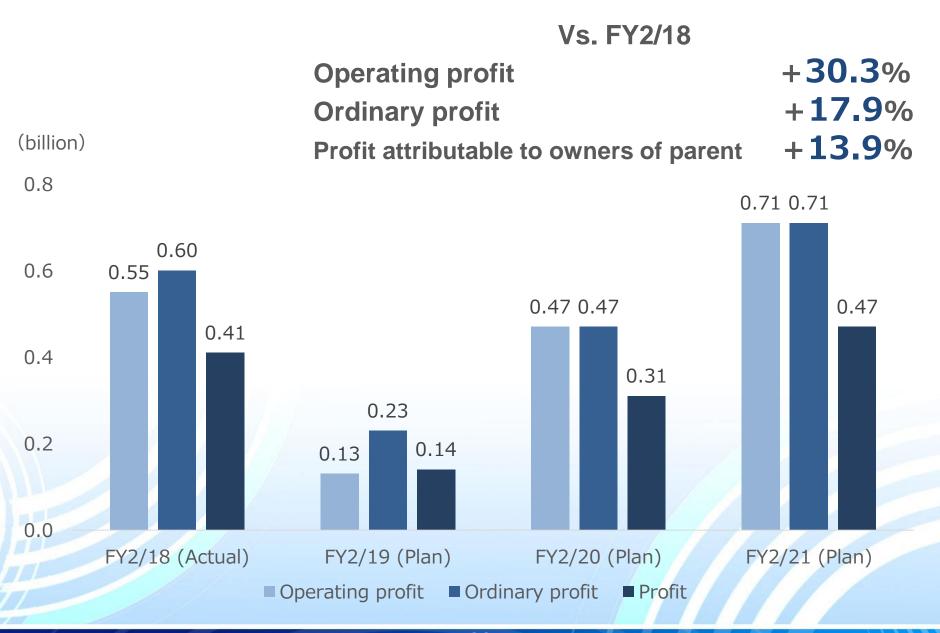
	FY2/18 Actual (Consolidated)		FY2/21 Plan (Consolidated)
Sales	167		241
Operating Income [% to Sales]	5.5 [3.3%]		7.1 [3.0%]
Ordinary Income [% to Sales]	6.0 [3.6%]	7	7.1 [3.0%]
Profit attributable to owners of parent [% to Sales]	4.1 【2.5%】		4.7 [2.0%]

Numerical Goals (Sales)



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Numerical Goals (Profits)



BPO Business

Use high-quality BPO services to rank first in BPO customer satisfaction

•Raise the volume of BPO services for financial service and system integration companies by using the Daiko Securities Business capital and business alliance. Increase the breadth activities involving financial payment processing services •Capture orders from utilities and other providers of essential public services in conjunction with the upcoming consumption tax increase; establish a sound position in the BPO market for these companies and a base for growth ·Make Careerlink synonymous with outstanding quality; further improve quality to make the Careerlink brand even more powerful and continue growing.



Goals

CRM Business

Increase capabilities for attracting people registered for temporary placements and matching the skills of these people with the requirements of clients in areas outside Japan's major metropolitan areas

- Goals
- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas by recruiting value-added people and upgrading capabilities for attracting people registered for temporary placements and matching the skills of these people with the requirements of clients.
- ·Increase the volume of services provided to financial institutions



Office services Business

Increase earnings by improving the profitability of Careerlink and Japan Business Service

- Respond as needed to the so-called "2018 employment problem," which is associated primarily with amendments to Japan's Labor Contract Act and Worker Dispatching Act
 - Provide follow-up support to assist employees achieve their career goals; increase the number of people seeking a career path, mainly for financial service sector assignments



Goals

Manufacturing human resource services

Aim for growth, with the food sector as the core business, to establish an infrastructure for nationwide operations

- Continue to expand this business, chiefly by serving food processing companies
- Grow in categories that can use housewives, foreigners and seniors and provide staffing services to companies associated with these categories
- Raise foreign workers to at least half of all individuals assigned to projects
- Open offices faster for sales growth and the establishment of nationwide coverage
- The number of foreign workers used for food processing assignments is climbing steadily and the plan is to increase the use of these workers in other manufacturing categories too



Goals

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



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- Record date: End of August
- **Gift: Original QUO card**
 - •100 to less than 200 shares \Rightarrow ¥500
 - •200 to less than 500 shares \Rightarrow ¥1,000
 - •500 shares and above \Rightarrow ¥2,000



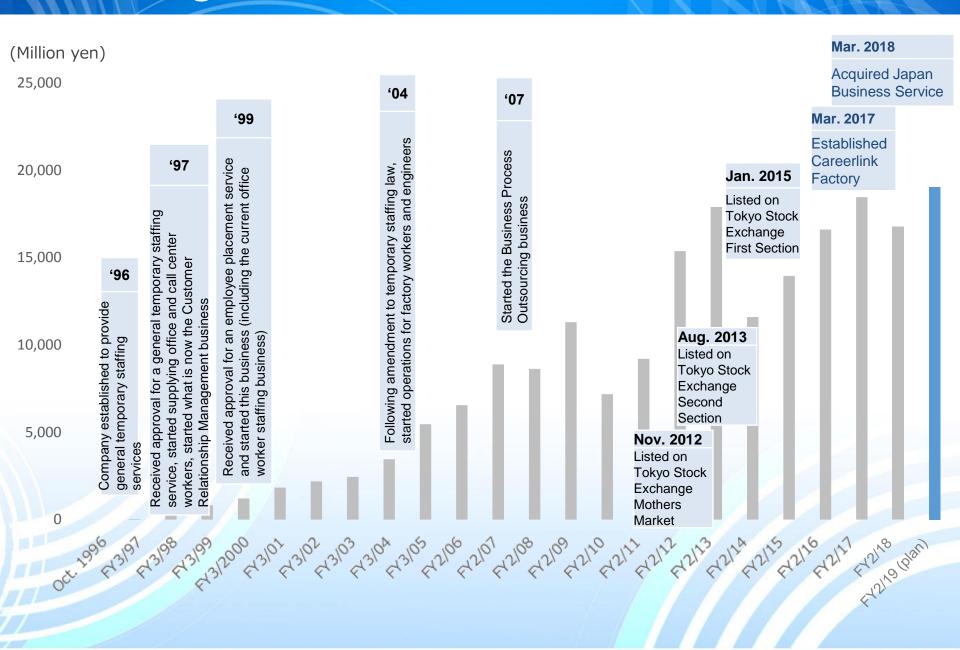
IV. REFERENCE



Company Overview

Head Office	Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo		
Representative	Chairman & Representative Director: Yasuhiko Kondo President & Representative Director: Motoaki Narusawa		
Established	October 1 st , 1996		
Main Corporate Activities	 Clerical Human Resource Service Business Business Process Outsourcing Customer Relationship Management Office Services 		
Stated Capital	388,005,500 yen (As of August 31, 2018)		
Employees	418 (Consolidated 580) (As of August 31, 2018)		
Accounting Period	February		
Stock Exchange Listing	Tokyo Stock Exchange, First Section (Stock Code: 6070)		
Group Companies	 CAREERLINKFACTORY CO., LTD. Manufacturing human resources business Japan Business Service Co., Ltd. Clerical human resource service/other business 		

Significant Events and Sales Growth



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Business Activities (1)

(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

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

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 <u>A framework for increasing workers' skills and</u> 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.

Major examples of large projects

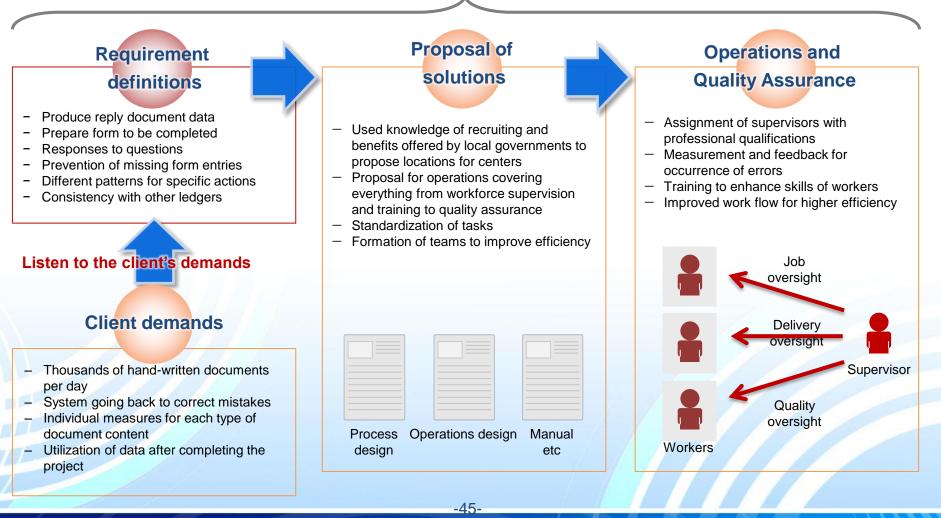
Business Process Outsourcing (More than 500 workers)				
FY2007	Tokyo area	2,000		
FY2008	Tokyo area	1,500		
FY2009	Hokkaido, other	1,400		
FY2010	Tokyo area, other	6,000		
FY2012	Tokyo area	1,700		
FY2013	Tokyo area	700		
FY2014	Tokyo area, other	1,200		
FY2015	Tokyo area, other	500		
FY2015	Tokyo area	600		
Customer Relationship Management (More than 300 workers)				
FY2008	Tokyo area	500		
FY2008	Tokyo area	500		
FY2011	Kyushu area, other	700		
FY2012	Tokyo area	2,000		
FY2012	Tokyo area	500		
FY2013	Tokyo area	600		
Fy2014	Kansai area	300		
FY2015	Tokyo area, other	300		

Three Key Strengths (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)



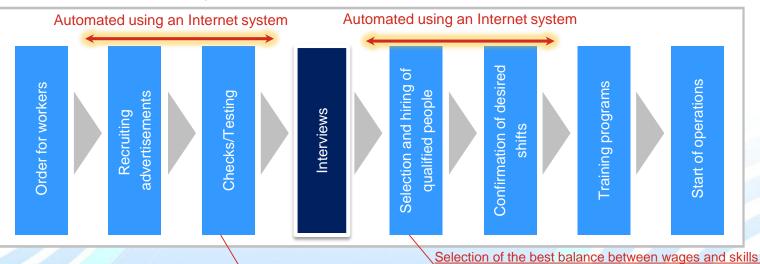
Able to start operations quickly and handle large volumes of work

- 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



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

Three Key Strengths (3)-1

A framework for increasing workers' skills and job satisfaction

Workforce motivation management

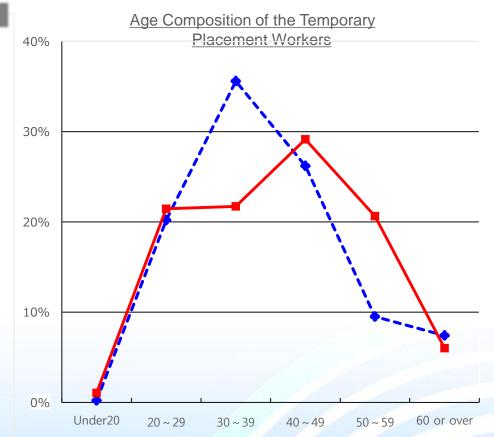
A system where Careerlink and employees aim for growth and the same goals

• 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

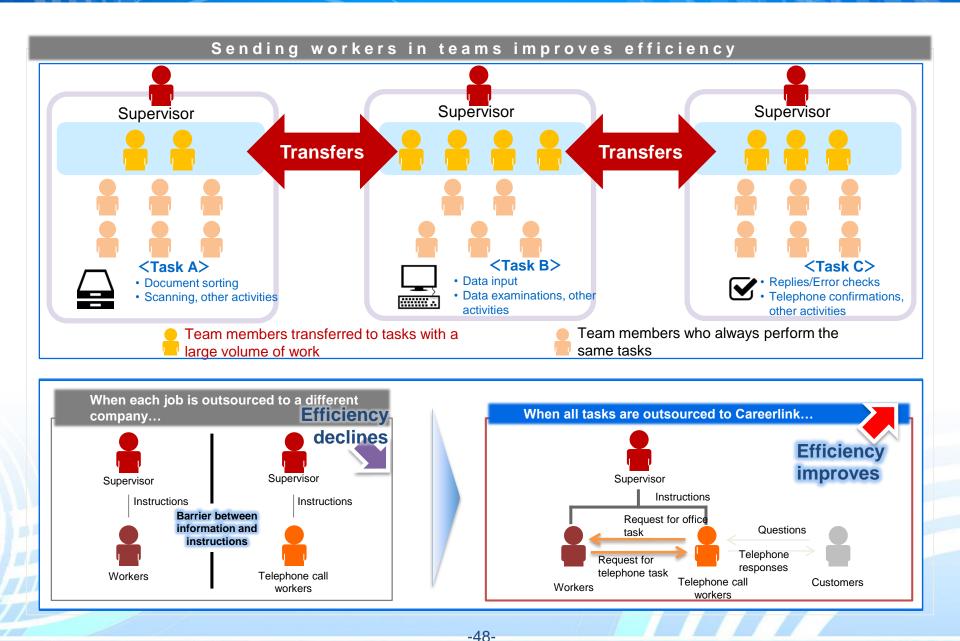
• Development of skills by carefully monitoring each worker's progress

- 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)



- Fiscal 2012 Temporary Worker Survey by the Ministry of Health, Labour and Welfare
- The Careerlink temporary placement workforce (average for the past five years)

Three Key Strengths (3)-2





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