

## Summary of Consolidated Financial Results For the Fiscal Year Ended February 28, 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  
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 Contact Person Title: Director / Vice President & Executive Officer,  
 General Manager of Administration Division  
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 Regular general meeting of shareholders (tentative): May 30, 2018  
 Date of securities report (tentative): May 30, 2018  
 Date of commencement of dividend payment (tentative): May 31, 2018  
 Supplementary explanatory documents: Yes  
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

**1. Financial results for the fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)****(1) Result of operations (Consolidated)**

(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	%
Fiscal year ended Feb. 2018	16,774	-	551	-	608	-	414	-
Fiscal year ended Feb. 2017	-	-	-	-	-	-	-	-

Note: Comprehensive income: Fiscal year ended Feb. 2018: 414 million yen (-%), Fiscal year ended Feb. 2017: - million yen (-%)

	Earnings per share	Earnings per share fully diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 2018	33.16	33.10	12.7	10.5	3.3
Fiscal year ended Feb. 2017	-	-	-	-	-

Reference: Equity method income FY2/18: - million yen FY2/17 - million yen

(Note) There are no prior-year figures or comparisons because Careerlink is preparing consolidated financial statements for the first time in the fiscal year ended on February 28, 2018. Return on equity and ordinary profit to total assets ratio are calculated by using non-consolidated equity and assets at the end of February 2017 and consolidated equity and assets at the end of February 2018.

**(2) Financial Position (Consolidated)**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2018	5,764	3,384	58.1	271.99
As of February 28, 2017	-	-	-	-

Reference: Shareholders' equity

As of February 28, 2018: 3,349 million yen As of February 28, 2017: - million yen

(Note) There are no prior-year figures because Careerlink is preparing consolidated financial statements for the first time in the fiscal year ended on February 28, 2018.

**(3) Cash flow position (Consolidated)**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2/18	238	(26)	93	3,084
FY 2/17	-	-	-	-

Note: There are no prior-year figures because Careerlink is preparing consolidated financial statements for the first time in the fiscal year ended on February 28, 2018.

## 2. Dividends

	Dividend per share					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividend-to- equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2/17	-	0.00	-	10.00	10.00	125	-	-
FY 2/18	-	0.00	-	10.00	10.00	123	30.2	3.8
FY 2/19 (Estimate)	-	0.00	-	10.00	10.00		33.6	

(Notes) 1. Total dividends for the fiscal years that ended in February 2017 and 2018 include the following payments for Careerlink stock held by Trust & Custody Services Bank, Ltd. (Trust E Account): 294 thousand yen for 29,400 shares in the fiscal year ended February 2017 and 626 thousand yen for 62,600 shares in the fiscal year ended February 2018.

2. There are no Dividend ratio (Consolidated) and Dividend-to-equity ratio (Consolidated) because Careerlink is preparing consolidated financial statements for the first time in the fiscal year ended on February 28, 2018.

## 3. Forecast for the fiscal year ending February 2019 (Consolidated, March 1, 2018 - 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
First half	10,173	16.7	98	(70.7)	147	(55.5)	73	(66.4)	5.98
Full year	21,968	31.0	476	(13.6)	591	(2.7)	363	(12.2)	29.79

### \* Notes

(1) Changes in significant subsidiaries during the period (Change in specified subsidiary resulting from change in scope of consolidation): Yes

Newly included: CareerLinkFactory Corporation

Excluded: None

(Note) For more information, see “3. Consolidated Financial Statements and Important Notes (5) Notes to Consolidated Financial Statements (Significant changes in subsidiaries during the period)” on page 9.

(2) 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

(3) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares)

End of FY 2/18	12,555,800	End of FY 2/17	12,555,800
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(b) Treasury shares

End of FY 2/18	240,954	End of FY 2/17	29,554
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(c) Average number of shares during the period

FY 2/18	12,494,858	FY 2/17	12,526,257
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(Note) There was a two-for-one common stock split with a record date of June 1, 2016. The number of shares issued is calculated as if this split was at the beginning of the fiscal year ended February 2017. In addition, the number of shares of treasury shares at the end of the fiscal year includes shares held in Trust & Custody Services Bank, Ltd. (Trust E Account) for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 29,400 shares in this trust account at the end of February 2017 and 62,600 shares at the end of February 2018. Stock in this trust account is included in treasury shares that are excluded from the average number of shares in a fiscal year. There were 29,400 shares in this trust account in the fiscal year ended February 2017 and 62,600 shares in the fiscal year ended February 2018.

(Reference) Outline of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2018	14,759	(20.0)	551	(44.9)	544	(45.2)	371	(42.2)
Fiscal year ended Feb. 2017	18,459	11.2	1,000	4.3	993	5.2	642	8.6

  

	Earnings per share	Earnings per share fully diluted
	Fiscal year ended Feb. 2018	29.71
Fiscal year ended Feb. 2017	51.28	51.21

(Notes) 1. There was a two-for-one common stock split with a record date of June 1, 2016. Earnings per share and diluted earnings per share are calculated as if this split was at the beginning of the fiscal year ended February 2017.

2. Careerlink established wholly owned subsidiary CareerLinkFactory Corporation on March 1, 2017. On March 15, 2017, Careerlink and CareerLinkFactory signed a contract for a simple absorption-type divestiture for the transfer of Careerlink's manufacturing and technology business to CareerLinkFactory. Direct comparisons of non-consolidated financial information for the fiscal year ended February 2018 with non-consolidated financial information for the fiscal year ended February 2017 is therefore not possible because this business was transferred to CareerLinkFactory on June 1, 2017.

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2018	5,298	3,229	60.6	260.92
As of February 28, 2017	5,837	3,203	54.6	254.44

Reference: Shareholders' equity

As of February 28, 2018: 3,213 million yen As of February 28, 2017: 3,187 million yen

(Note) There was a two-for-one common stock split with a record date of June 1, 2016. Net assets per share is shown as if this stock split was at the beginning of the fiscal year ended February 28, 2017.

\* This report is exempt from the audit review by certified public accountant or audit firm.

\* 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 (4) Outlook for the fiscal year ending in February 2019" on page 3.

(To receive supplementary information)

Supplementary explanatory documents about results of operation will be posted promptly on the company's website after the earnings presentation.

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## 1. Results of Operations

### (1) Overview on business performance

The Japanese economy recovered at a moderate pace during the fiscal year that ended in February 2018. Backed by economic stimulus measures and large-scale monetary easing, corporate earnings continued to increase and the labor market and personal income improved.

Overseas, the U.S. economy continued to grow as the labor market remained strong. In Europe, the economy recovered slowly and economies rebounded in China and other emerging countries. As a result, the global economy was generally stable.

In the Japanese human resources industry, the jobs-to-applicants ratio was consistently high as Japan's labor shortage became more serious for IT and construction engineers as well as in the transportation and post office, nursing care, foodservice, and many other business sectors. This situation indicates that demand for human resource services is likely to increase.

During the fiscal year, there were sales activities for capturing new orders from companies in the business process outsourcing (BPO), financial services, food processing and other industries as well as from the public sector. Increasing orders from current clients was another goal. However, sales and earnings were affected by a greater than expected decline in the volume of a large BPO project for a private-sector company. Sales were 16,774,776 thousand yen, operating profit was 551,490 thousand yen, ordinary profit was 608,240 thousand yen and profit attributable to owners of parent was 414,281 thousand yen.

Careerlink started preparing consolidated financial statements in the fiscal year ended February 2018 because of the establishment of CareerLinkFactory Corporation, a wholly owned and consolidated subsidiary, on March 1, 2017. As a result, there are no comparisons with the previous fiscal year. In addition, beginning with the fiscal year ended February 2018, Careerlink has changed its financial reports from a single business segment, the comprehensive human resources business, to two segments: the clerical human resource services business and the manufacturing human resource services business.

Business segment performance was as follows.

#### (Clerical human resource services)

During the first fiscal year, there were sales activities primarily in the BPO category for capturing new orders from BPO companies, financial institutions, the private sector and other sources. There were also measures for increasing the volume of orders at ongoing projects. However, performance was impacted by a larger than expected decline in the volume of a major BPO project for a private-sector company. As a result, segment sales were 14,186,778 thousand yen and operating profit was 525,096 thousand yen.

##### (a) Business Process Outsourcing

Performance benefited from new orders from BPO companies, financial institutions, the public sector, energy-related companies and other sources. There were also activities to increase the volume of orders at current projects. However, due to a larger than expected decline in the volume of a major BPO project for a private-sector company, sales totaled 11,400,121 thousand yen.

##### (b) Customer Relationship Management

Orders from large telemarketing companies were sluggish despite the receipt of new orders from telemarketing companies in regions other than Japan's major metropolitan areas. Sales in this category were affected by call center orders that were included in the BPO sector because they included associated tasks. As a result, sales totaled 1,904,726 thousand yen.

##### (c) Office Services

Although there were new temporary staffing orders from the public sector, financial institutions and other sources, many of these orders were included in the BPO sector because they included associated office tasks. As a result, sales totaled 881,929 thousand yen.

#### (Manufacturing human resource services)

Due to a large volume of orders from food processors, distribution companies and other companies, segment sales were 2,587,998 thousand yen and operating profit was 26,394 thousand yen.

(2) Overview of financial condition

(Assets)

Total assets were 5,764,059 thousand yen at the end of the fiscal year. Cash and deposits were 3,084,127 thousand yen, notes and accounts receivable-trade were 1,789,535 thousand yen, investments and other assets were 489,135 thousand yen, intangible assets were 109,676 thousand yen, and other current assets were 117,064 thousand yen.

(Liabilities)

Liabilities were 2,379,163 thousand yen at the end of the fiscal year. Accounts payable-other was 857,474 thousand yen, long-term loans payable (including the current portion) were 747,532 thousand yen, other current liabilities were 302,390 thousand yen, bonds payable (including the current portion) were 157,500 thousand yen, the provision for bonuses was 88,449 thousand yen, and short-term loans payable were 66,000 thousand yen.

(Net assets)

Net assets were 3,384,896 thousand yen at the end of the fiscal year. This included retained earnings of 2,880,500 thousand yen, capital stock of 388,005 thousand yen and a capital surplus of 231,718 thousand yen.

(3) Cash flows

Cash and cash equivalents totaled 3,084,127 thousand yen at the end of the fiscal year. Principal cash flows are outlined below.

(Operating activities)

Net cash provided by operating activities was 238,438 thousand yen. Major sources of cash were profit before income taxes of 608,240 thousand yen and a 292,361 thousand yen decrease in notes and accounts receivable-trade and major uses of cash were a 277,759 thousand yen decrease due to decrease/increase in consumption taxes receivable/payable and income taxes paid of 381,151 thousand yen.

(Investing activities)

Net cash used in investing activities was 26,776 thousand yen. There were proceeds of 100,000 thousand yen from the redemption of securities and payments of 100,000 thousand yen for time deposits and 22,997 thousand yen for the purchase of property, plant and equipment and intangible assets.

(Financing activities)

Net cash provided by financing activities was 93,981 thousand yen. Proceeds from long-term loans payable were 700,000 thousand yen, repayments of long-term loans payable were 292,708 thousand yen, the purchase of treasury shares was 130,018 thousand yen, and cash dividends paid were 125,669 thousand yen.

(4) Outlook for the fiscal year ending in February 2019

At one current large BPO project for a private-sector company, the volume of work is expected to continue to decline. We also foresee a decrease in orders involving government benefit payments. To offset these declines, we are conducting sales activities to receive private-sector BPO orders. Furthermore, we anticipate growth in BPO sales for BPO and other projects for private-sector companies, chiefly financial institutions, and the public sector for two reasons. First is the acquisition of Japan Business Service Co., Ltd., which is now a wholly owned subsidiary. Second is our capital and business alliance with Daiko Securities Business Co., Ltd.

Based on this outlook, we forecast sales of 21,968,358 thousand yen, up 31.0%, operating profit of 476,328 thousand yen, down 13.6%, ordinary profit of 591,810 thousand yen, down 2.7%, and profit attributable to owners of parent of 363,945 thousand yen, down 12.2%.

## 2. Basic Position concerning Selection of Accounting Standards

The Careerlink Group uses Japanese accounting standards for its consolidated financial statements because most shareholders, customers and other stakeholders are in Japan and there is no need to procure funds outside Japan.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated balance sheet

(Thousand yen)

	Fiscal year ended February 2018 (As of February 28, 2018)
<b>ASSETS</b>	
Current assets	
Cash and deposits	3,084,127
Notes and accounts receivable - trade	1,789,535
Inventories	2,569
Deferred tax assets	47,635
Income taxes receivable	15,049
Other	117,064
Allowance for doubtful accounts	(463)
Total current assets	<u>5,055,519</u>
Noncurrent assets	
Property, plant and equipment	
Buildings	117,072
Accumulated depreciation	(72,738)
Buildings, net	<u>44,334</u>
Tools, furniture and fixtures	209,465
Accumulated depreciation	(157,647)
Tools, furniture and fixtures, net	<u>51,818</u>
Total property, plant and equipment	<u>96,152</u>
Intangible assets	<u>109,676</u>
Investments and other assets	
Deferred tax assets	13,576
Other	489,135
Total investments and other assets	<u>502,711</u>
Total noncurrent asset	<u>708,540</u>
Total assets	<u>5,764,059</u>
<b>Liabilities</b>	
Current liabilities	
Short-term loans payable	66,000
Current portion of bonds	57,500
Current portion of long-term loans payable	271,356
Accounts payable-other	857,474
Income taxes payable	31,722
Asset retirement obligations	13,788
Provision for bonuses	88,449
Other	302,390
Total current liabilities	<u>1,688,681</u>
Noncurrent liabilities	
Bonds payable	100,000
Long-term loans payable	476,176
Provision for employee stock ownership plan	23,782
Asset retirement obligations	44,027
Other	46,496
Total noncurrent liabilities	<u>690,482</u>
Total liabilities	<u>2,379,163</u>

(Thousand yen)

Fiscal year ended February 2018  
(As of February 28, 2018)

Net assets	
Shareholders' equity	
Capital stock	388,005
Capital surplus	231,718
Retained earnings	2,880,500
Treasury shares	(150,736)
Total shareholders' equity	3,349,488
Subscription rights to shares	16,285
Non-controlling interests	19,122
Total net assets	3,384,896
Total liabilities and net assets	5,764,059



(2) Consolidated statements of income and consolidated statements of comprehensive income  
 Consolidated statements of income

(Thousand yen)

	Fiscal year ended February 2018 (March 1, 2017 - February 28, 2018)
Net sales	16,774,776
Cost of sales	13,634,378
Gross profit	3,140,398
Selling, general and administrative expenses	2,588,908
Operating profit	551,490
Non-operating income	
Interest income	511
Gain on consumption taxes etc.	63,940
Other	204
Total non-operating income	64,657
Non-operating expenses	
Interest expenses	5,895
Guarantee commission	851
Other	1,159
Total non-operating expenses	7,906
Ordinary profit	608,240
Profit before income taxes	608,240
Income taxes-current	172,142
Income taxes-deferred	21,341
Total income taxes	193,483
Profit	414,756
Profit attributable to non-controlling interests	475
Profit attributable to owners of parent	414,281

Consolidated statements of comprehensive income

(Thousand yen)

	Fiscal year ended February 2018 (March 1, 2017 - February 28, 2018)
Profit	414,756
Other comprehensive income	
Valuation difference on available-for-sale securities	(37)
Total other comprehensive income	(37)
Comprehensive income	414,719
Comprehensive income attributable to owners of parent	414,244
Comprehensive income attributable to non-controlling interests	475

(3) Consolidated statement of changes in equity  
 Current fiscal year (March 1, 2017 - February 28, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	388,005	234,364	2,591,775	(26,991)	3,187,154
Changes of items during the period					
Dividends of surplus			(125,556)		(125,556)
Profit attributable to owners of parent			414,281		414,281
Purchase of treasury shares				(124,877)	(124,877)
Disposal of treasury shares				1,132	1,132
Capital increase of consolidated subsidiaries		(2,646)			(2,646)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(2,646)	288,724	(123,744)	162,333
Balance at end of current period	388,005	231,718	2,880,500	(150,736)	3,349,488

	Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	37	37	16,285	-	3,203,477
Changes of items during the period					
Dividends of surplus					(125,556)
Profit attributable to owners of parent					414,281
Purchase of treasury shares					(124,877)
Disposal of treasury shares					1,132
Capital increase of consolidated subsidiaries					(2,646)
Net changes of items other than shareholders' equity	(37)	(37)		19,122	19,084
Total changes of items during the period	(37)	(37)	-	19,122	181,418
Balance at end of current period	-	-	16,285	19,122	3,384,896

## (4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended February 2018 (March 1, 2017 - February 28, 2018)
<b>Cash flows from operating activities</b>	
Profit before income taxes	608,240
Depreciation	77,739
Increase (decrease) in allowance for doubtful accounts	(169)
Increase (decrease) in provision for bonuses	(18,808)
Increase (decrease) in provision for employee stock ownership plan	(2,951)
Interest income	(511)
Interest expenses	5,895
Decrease (increase) in notes and accounts receivable-trade	292,361
Decrease (increase) in inventories	60,326
Increase (decrease) in accounts payable-other	(108,776)
Decrease/increase in consumption taxes receivable/payable	(277,759)
Other, net	(10,276)
Subtotal	<u>625,309</u>
Interest income received	511
Interest expenses paid	(6,231)
Income taxes paid	(381,151)
Net cash provided by (used in) operating activities	<u>(238,438)</u>
<b>Cash flows from investing activities</b>	
Proceeds from redemption of securities	100,000
Purchase of property, plant and equipment	(9,561)
Purchase of intangible assets	(13,436)
Payments into time deposits	(100,000)
Payments for lease and guarantee deposits	(4,500)
Proceeds from collection of lease and guarantee deposits	2,614
Other, net	(1,892)
Net cash provided by (used in) investing activities	<u>(26,776)</u>
<b>Cash flows from financing activities</b>	
Proceeds from long-term loans payable	700,000
Repayment of long-term loans payable	(292,708)
Proceeds from issuance of bonds	49,395
Redemption of bonds	(122,000)
Purchase of treasury shares	(130,018)
Cash dividends paid	(125,669)
Proceeds from share issuance to non-controlling shareholders	(16,000)
Other, net	(1,017)
Net cash provided by (used in) financing activities	<u>93,981</u>
Net increase (decrease) in cash and cash equivalents	<u>305,643</u>
Cash and cash equivalents at beginning of period	<u>2,778,484</u>
Cash and cash equivalents at end of period	<u>3,084,127</u>

(5) Notes to consolidated financial statement

(Notes to going concern assumptions)

None

(Significant change in subsidiary during the period)

Careerlink established CareerLinkFactory Corporation on March 1, 2017 and this subsidiary is included in the consolidated financial statements beginning with the fiscal year ended in February 2018. This subsidiary meets the requirements of a specified subsidiary.

(Changes in accounting principles)

None

(Supplementary information)

(Basis for preparation of the consolidated financial statements)

Careerlink is preparing consolidated financial statements beginning with the current fiscal year. The following information is the basis for the preparation of these financial statements.

1. Scope of consolidation

Consolidated subsidiaries: 1

Name of subsidiary: CareerLinkFactory Corporation

2. Equity-method affiliates

None

3. Fiscal period of consolidated subsidiary

The fiscal period of CareerLinkFactory Corporation is same as Careerlink.

4. Accounting standards

(1) Valuation standard and method for inventories

a) Work in process

Cost using specific identification method (book value reduced when profitability declines)

b) Supplies

Cost using the last purchase price (book value reduced when profitability declines)

(2) Depreciation method for non-current assets

a) Property, plant and equipment

Declining-balance method

The straight-line method is used for structures and facilities attached to buildings acquired on or after April 1, 2016.

The useful lives of major asset categories are as follows.

Buildings: 10 to 15 years

Tools, equipment and supplies: 5 to 15 years

b) Intangible assets

Straight-line method

For software, the useful life is the number of years that each item can be used internally (maximum of 5 years).

(3) Treatment of deferred assets

Bond issuing expenses

Recorded as an expense when payments are made

(4) Standards for allowances and provisions

a) Allowance for doubtful accounts

This allowance is based on the actual write-off ratio for ordinary receivables and on the estimated losses for receivables in doubt, using the outlook for the amount that is expected to be recovered for each receivable.

b) Provision for bonuses

The amount of expected bonus payments applicable to the current fiscal year is added to this provision.

c) Provision for stock benefits

For the distribution of stock to employees in accordance with the stock distribution rules, this provision is equal to expected stock distribution liabilities at the end of the current fiscal year.

(5) Scope of cash and cash equivalents in the statement of cash flows

Cash and cash equivalents include cash, deposits that can be withdrawn at any time and other instruments that can be easily converted to cash, and short-term investments that mature within three months of the acquisition date and have negligible exposure to the risk of price movements.

(6) Other information concerning the consolidated financial statements

Consumption taxes

All amounts in the financial statements do not include consumption and local consumption taxes.

(Application of implementation guidance on recoverability of deferred tax assets)

Careerlink is using the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) beginning of the current fiscal year.

(Use of trust to supply Careerlink stock to employees and others)

1. Summary

Careerlink established an employee stock ownership plan (J-ESOP) as a new incentive plan for employees including executive officers (the employees). The J-ESOP is structured to distribute Careerlink stock, based on stock distribution rules determined by Careerlink in advance, to the employees who fulfill certain requirements.

The employees receive points that are based on their contributions to the company's performance. Once an employee obtains the right to receive stock by meeting the requirements, Careerlink stock is distributed in proportion to the number of points the employee has received. The stock to be distributed is purchased in advance by a trust established for this purpose and the stock is managed separately as trust assets until distribution.

Careerlink believes that this J-ESOP will make the employees more motivated to play a role in increasing the company's stock price and earnings, thereby giving them even more reason to do their jobs well.

2. Accounting treatment for the distribution of stock using the J-ESOP trust

The accounting treatment for the distribution of stock using the trust is based on Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (PITF No. 30, March 26, 2015).

3. Item concerning Careerlink stock held by the J-ESOP trust

Careerlink stock held by the trust is shown as treasury shares in net assets and valued by using the trust's book value (excluding associated expenses). At the end of the current fiscal year, the trust held 62,600 shares of treasury shares with a book value of 47,255 thousand yen.

(Business combinations, etc.)

Transaction under common control

Careerlink established wholly owned subsidiary CareerLinkFactory Corporation on March 1, 2017. On March 15, 2017, Careerlink and CareerLinkFactory signed a contract for a simple absorption-type divestiture for the transfer of Careerlink's manufacturing and technology business to CareerLinkFactory. This transfer subsequently took place on June 1, 2017. In conjunction with the consolidation of CareerLinkFactory, starting with the fiscal year ended February 2018, Careerlink has changed its financial reports from a single business segment, the comprehensive human resources business, to two segments: the clerical human resource services business and the manufacturing human resource services business.

1. Summary of divestiture

(1) Business divested

Name: Manufacturing and technology business

Activities: Temporary staffing and business process outsourcing for manufacturing and technology operations

(2) Date of divestiture

June 1, 2017

(3) Legal framework for the divestiture

In this divestiture, Careerlink was the divesting company and CareerLinkFactory (a consolidated subsidiary of Careerlink) was the company absorbing the divested business.

(4) Name company after the divestiture

CareerLinkFactory Co., Ltd. (a consolidated subsidiary of Careerlink)

(5) Other items

The reason for this divestiture of the manufacturing and technology business is to make this business more competitive. Careerlink believes that this action will facilitate speedy management decisions that reflect the characteristics of the manufacturing and technology business, which differ from those of the office services business, and result in efficient business operations focused exclusively on the manufacturing and technology business.

2. Accounting method

This absorption-type divestiture was treated as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

(Segment information, etc.)

[Segment information]

1. Reportable segments

Reportable segments of the Careerlink Group are the constituent business units of the group for which separate financial information can be obtained and for which periodic examinations are performed to allow the Board of Directors to allocate resources and evaluate performance.

There are two reportable segments. The clerical human resource services segment is engaged primarily in activities involving business process outsourcing. The manufacturing human resource services segment provides people to companies mainly in the food processing industry. Careerlink established wholly owned subsidiary CareerLinkFactory Corporation on March 1, 2017. In conjunction with the consolidation of CareerLinkFactory, starting with the fiscal year ended February 2018, Careerlink changed its financial reports from a single business segment, the comprehensive human resources business, to two segments: the clerical human resource services business and the manufacturing human resource services business.

2. Method of calculating reportable segment sales, income/loss, assets, liabilities and other items

The accounting method used for reportable business segments is generally the same as the basis for the preparation of these financial statements.

3. Information about sales, income (loss), assets, liabilities and other items by reporting segments

For the current fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)

(Thousand yen)

	Reporting segments			Adjustment (Note 1)	Amount on the 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)	14,186,778 -	2,587,998 -	16,774,776 -	- -	16,774,776 -
Total	14,186,778	2,587,998	16,774,776	-	16,774,776
Segment income	525,096	26,394	551,490	-	551,490
Segment assets	5,295,677	573,363	5,869,041	(104,981)	5,764,059
Other items					
Depreciation	75,550	2,189	77,739	-	77,739
Increase in property, plant and equipment and intangible assets	29,969	7,734	37,703	-	37,703

(Notes) 1. The adjustment in segment assets includes intersegment eliminations of negative 100,000 thousand yen in investment and capital and negative 4,981 thousand yen in receivables and payables.

2. The segment income matches operating profit in the consolidated income statement.

(Per share information)

	Fiscal year ended February 2018 (March 1, 2017 - February 28, 2018)
	Yen
Net assets per share	271.99
Earnings per share	33.16
Earnings per share (fully diluted)	33.10

(Notes) 1. Treasury shares held in a trust account of Trust & Custody Services Bank, Ltd. (Trust E Account) are excluded from the average number of shares used to calculate earnings per share and diluted earnings per share and are excluded from the shares outstanding at the end of the fiscal year used to calculate net assets per share. The number of these trust account treasury shares excluded from the average number of shares used to calculate earnings per share and diluted earnings per share is 49,229 in the current fiscal year. The number of these trust account treasury shares excluded from shares outstanding at the end of the fiscal year used to calculate net assets per share is 62,600 for the current fiscal year.

2. The basis for calculating earnings per share and diluted earnings per share is as follows.

	Fiscal year ended February 2018 (March 1, 2017 - February 28, 2018)
Earnings per share	
Profit attributable to owners of parent (thousand yen)	414,281
Amount not attributable to common shareholders (thousand yen)	-
Profit attributable to owners of parent available to common shareholders (thousand yen)	414,281
Average number of shares during the period (shares)	12,494,858
Fully diluted earnings per share	
Adjustment to profit attributable to owners of parent (thousand yen)	(46)
[of which adjustment of dilutive shares held by subsidiary]	[(46)]
Increase in common shares (shares)	20,965
[of which convertible bond-type bonds with subscription rights to share] (thousand yen)	[-]
[of which subscription rights to shares] (thousand yen)	[20,965]
Non-dilutive common shares equivalents not included in calculation of diluted earnings per share (shares)	-

3. The basis for calculating net assets per share.

	Fiscal year ended February 2018 (As of February 28, 2018)
Total net assets (thousand yen)	3,384,896
Deducted amount from total net assets (thousand yen)	35,407
[of which subscription rights to shares] (thousand yen)	[16,285]
[of which noncontrolling interest] (thousand yen)	[19,122]
Net assets related to common shares (thousand yen)	3,349,488
Number of common shares used for calculation of net asset per share (shares)	12,314,846



(Significant subsequent events)

(Repurchase of stock)

1. Reason for repurchase of stock

The board of directors of Careerlink approved a resolution on January 12, 2018 to repurchase stock pursuant to Article 156 of the Companies Act, which is applicable in accordance with Article 165, paragraph 3 of this act.

2. Terms of the repurchase

- |                       |   |
|-----------------------|---|
| (1) Stock purchased   | Careerlink common stock   |
| (2) Number of shares  | Maximum of 377,000 shares   |
| (3) Cost              | Maximum of 236,000 thousand yen (3.00% of the shares outstanding excluding treasury shares) |
| (4) Repurchase period | January 15 to June 29, 2018   |
| (5) Method            | Stock will be purchased on the Tokyo Stock Exchange   |

3. Results of the repurchase

From January 15 to March 31, 2018, Careerlink used Tokyo Stock Exchange transactions to purchase 301,000 shares of its common stock at a total cost of 171,662,800 yen.

(Acquisition of a subsidiary of Daiko Securities Business (DSB) and capital and business alliance agreement)

The Careerlink Board of Directors approved a resolution on February 23, 2018 to purchase all shares of Japan Business Service Co., Ltd., a wholly owned subsidiary of DSB Co., Ltd., and to establish a capital and business alliance with DSB. On the same day, Careerlink and DSB signed a contract for Careerlink to purchase all shares of Japan Business Service and a contract for the capital and business alliance. On March 30, 2018, using a written resolution instead of a Board of Directors resolution, as provided for in Article 370 of the Companies Act and Article 26 of the Careerlink Articles of Incorporation, Careerlink decided to use a third-party allotment to sell treasury shares to DSB.

1. Purpose of the JBS acquisition and the alliance

Based on its philosophy of “providing everyone with the joy of working,” the Careerlink Group is dedicated to giving the best possible job opportunities to people of all ages who want to work in a flexible manner. The goal is to contribute to the social advancement in Japan as the country’s most friendly and sincere human resource services company. There are two business sectors. Clerical human resource services are primarily business process outsourcing, which involves creating proposals for the outsourcing of business processes in order to improve the efficiency and quality of the operations of private and public-sector clients. Manufacturing human resources services, which serves mainly the food processing industry.

The DSB Group pursues the vision of “jointly creating value by supplying innovative comprehensive outsourcing services that utilize highly advanced specialized skills”. The goal is to establish a position as a joint infrastructure company for the securities industry. The DSB Group is a source of total solutions for securities operations in order to provide broad-based support for the activities of securities companies, banks and other clients.

Careerlink and DSB have agreed to cooperate by sharing their resources for the provision of BPO services to securities companies, banks and other financial instrument dealers and of BPO services for call centers and recruiting activities at private-sector companies and the public sector. The goal is expanding these business operations and making them more efficient. To establish and strengthen a framework for this cooperation, Careerlink purchased all of the shares of Japan Business Service, a wholly owned subsidiary of DSB that is engaged primarily in temporary staffing. In addition, Careerlink and DSB signed a contract for the establishment of a capital and business alliance.

For the capital alliance, Careerlink decided that the sale of treasury shares to DSB by using a third-party allotment would be the best method. The reason is that the capital alliance must be executed quickly and reliably because the capital and business alliances will be implemented in a unified manner. This method also has the advantage of effectively utilizing treasury shares.

2. Capital and business alliance

(1) Business alliance

The business climate for the temporary staffing market in Japan has changed significantly following enactment of the amended Worker Dispatching Act. Establishing an alliance with DSB, which involves mainly BPO and call center services for securities companies, banks and other financial service companies as well as recruiting BPO services for private-sector companies and the public sector, will enable Careerlink to provide a broader range of human resource services. Careerlink believes this will further upgrade its core strength of providing BPO services that include plans and other ideas for specific clients.

(2) Capital alliance

Careerlink will use a third-party allotment to sell 125,600 shares of common stock held as treasury shares (total cost of 71,089,600 yen) to DSB. As of February 28, 2018, these shares were 1.00% of all shares issued and had 123,752 voting rights. At the same time, DSB will use a third-party allotment to sell its own treasury shares to Careerlink at the same total cost.

### 3. Profile of Daiko Securities Business

(1) Name	Daiko Securities Business Co., Ltd.
(2) Address	2-9-15 Shiomi, Koto-ku, Tokyo
(3) President	Etsuo Misono
(4) Activities	Back office operations, IT services, securities, finance
(5) Capital	8,932 million yen

### 4. Timetable

(1) Board of directors' resolution	February 23, 2018
(2) Signing of stock purchase contract	February 23, 2018
(3) Signing of capital and business alliance contract	February 23, 2018
(4) Sale of Careerlink treasury shares	April 20, 2018

### 5. Summary of sale of Careerlink treasury shares

(1) Date of sale	April 20, 2018
(2) Shares to be sold	125,600 common shares
(3) Price	566 yen per share
(4) Amount procured	71,089,600 yen
(5) Method of sale	Third-party allotment
(6) Planned buyer	Daiko Securities Business Co., Ltd.

#### (Business combination due to purchase of stock)

On February 23, 2018, the Careerlink Board of Directors approved a resolution to purchase all shares of Japan Business Service Co., Ltd., a wholly owned subsidiary of DSB Co., Ltd. On the same day, a contract to purchase this stock was signed. Careerlink purchased all shares of Japan Business Service on March 31, 2018.

#### 1. Summary of business combination

- (1) Profile of company acquired  
Name: Japan Business Service Co., Ltd.  
Activities: Temporary staffing, payroll service, cost-reduction consulting
- (2) Main reason for the business combination  
The main reason is explained in the preceding item "1. Purpose of the JBS acquisition and the alliance" in the section titled "(Acquisition of a subsidiary of Daiko Securities Business (DSB) and capital and business alliance agreement)"
- (3) Business combination date  
March 31, 2018
- (4) Business combination legal structure  
Purchase of stock by using a cash payment
- (5) Name of company after the combination  
No change
- (6) Pct. of voting rights acquired  
100%
- (7) Primary basis for selecting the company to be acquired  
Careerlink used cash to purchase stock that resulted in the acquisition of 100% of the voting rights of Japan Business Service.

#### 2. Acquisition cost of Japan Business Service and type of payment

Payment	Cash	918,165,203 yen
Acquisition cost		918,165,203 yen

#### 3. Major transaction expenses

Advisory fees, etc. 2,750,000 yen

#### 4. Goodwill, cause of goodwill, and amortization method and period

Not determined at this time

#### 5. Assets and liabilities received due to the business combination at the business combination date

Not determined at this time

#### 4. Other information

(1) Change in directors (Planned for May 30, 2018)

- 1) Representative directors (current position in parentheses)
  - Hirohiko Kondo (Chairman and Representative Director) Re-election
  - Motoaki Narusawa (President and Representative Director) Re-election
- 2) Other directors (current position in parentheses)
  - (a) Director candidates (except directors who are members of the Audit and Supervisory Committee)
    - Takehiro Hiramatsu (Vice President and Director, General Manager of Administration Division) Re-election
    - Masaharu Kishimoto (Outside Director (fulltime member of Audit and Supervisory Committee)) New post
    - Kento Shima (Director & Corporate Officer, General Manager of Marketing Division and Manager of Human Resource Development Department) Re-election
    - Naonori Maeda (Director) Re-election
  - (b) Director candidates (members of the Audit and Supervisory Committee)
    - Hajime Shimada New post
    - Kesao Kondo (Outside director (member of the Audit and Supervisory Committee)) Re-election
    - Iwao Hasegawa New post

(Note) Messrs. Hajime Shimada, Kesao Kondo and Iwao Hasegawa are candidates of outside director who is a member of the Audit and Supervisory Committee and meet the provisions for outside directors of the Company Law.
  - (c) Director to be resigned
    - Shin Watanabe (Outside director (member of the Audit and Supervisory Committee))
  - (d) Alternate director candidates (members of the Audit and Supervisory Committee)
    - Shin Kono New post

(Note) Mr. Shin Kono is an alternate candidate of outside director who is a member of the Audit and Supervisory Committee and meets the provisions for outside directors of the Company Law.

\* Please refer the news release dated today concerning the information about the backgrounds of these candidates and the new management structure.