



すべての人
働くよろこびを
We believe the joy of work.

Earnings Presentation Fiscal Year Ended February 2018

CAREERLINK CO., LTD.

April 20 (Fri.), 2018



Stock Code : 6070
Tokyo Stock Exchange, First Section

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 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 FY2/18**
-  **II. Annual Plan for FY2/19**
-  **III. Medium-Term Management Plan
(FY2/19-FY2/21)**
-  **IV. Reference**

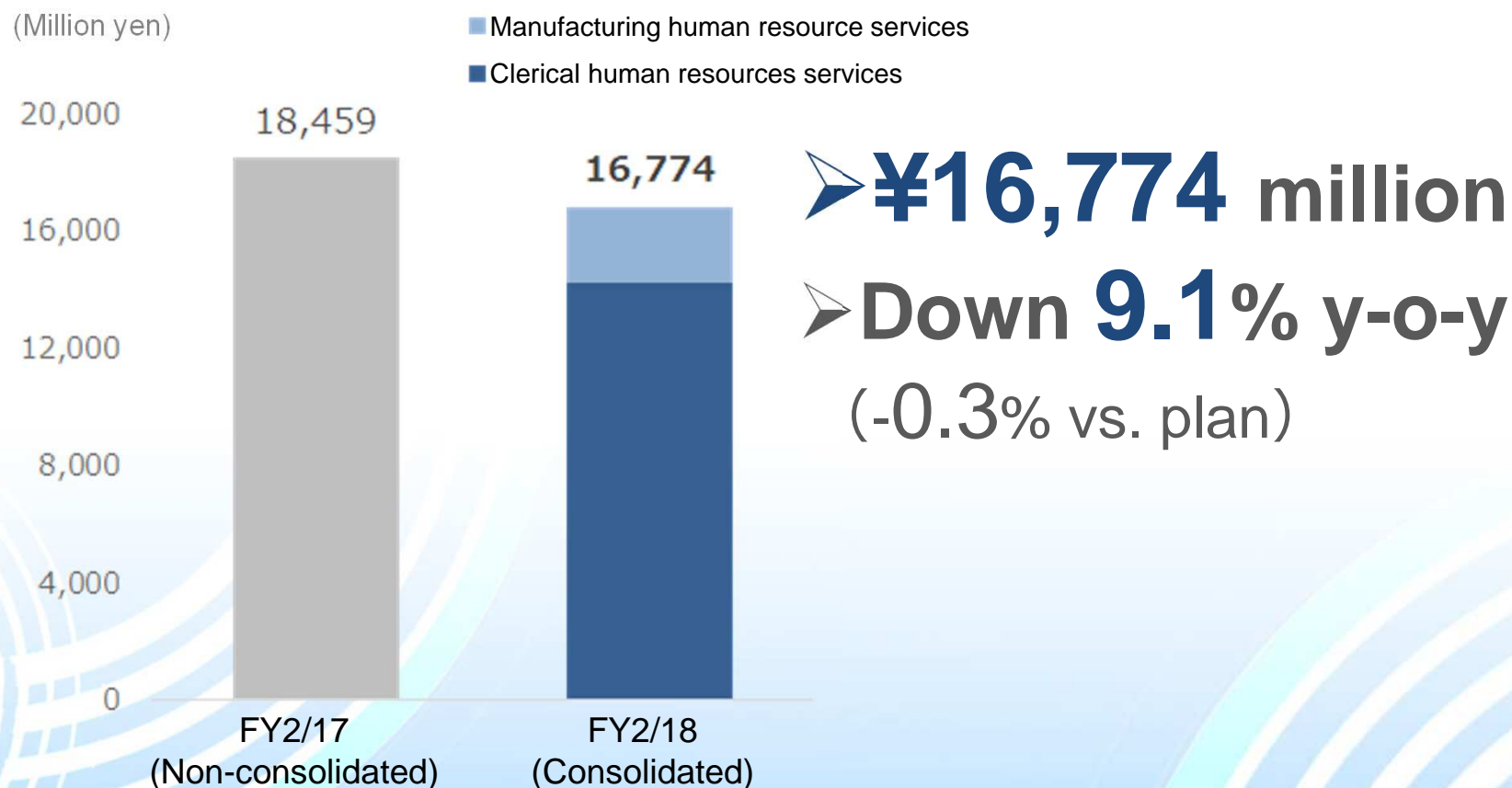
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I. FINANCIAL HIGHLIGHTS FOR THE FY2/18



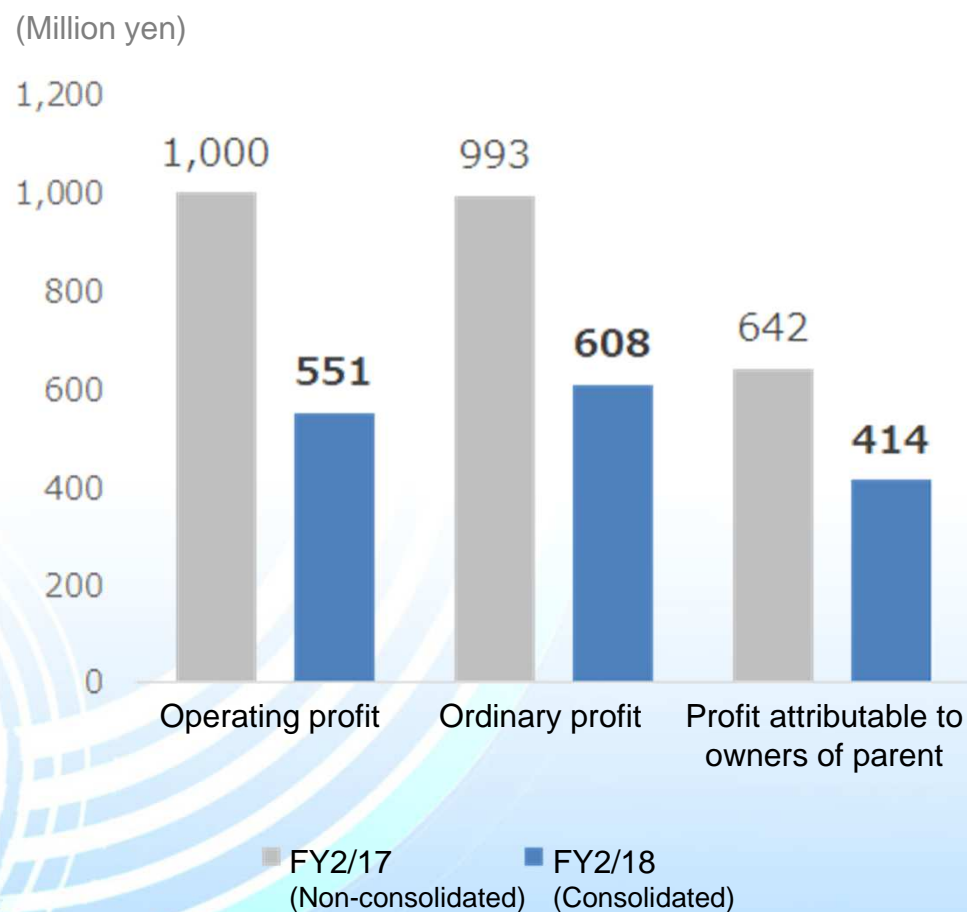
Consolidated Financial Highlights (Sales)

Larger than expected decline in the volume of a BPO project for a private-sector company



As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Consolidated Financial Highlights (Profits)



➤ Op. P **¥551** million

➤ Down **44.9%**
(+2.9% vs. plan)

➤ Ord. P **¥608** million

➤ Down **38.8%**
(+2.4% vs. plan))

➤ Profit attributable to owners of parent **414** million

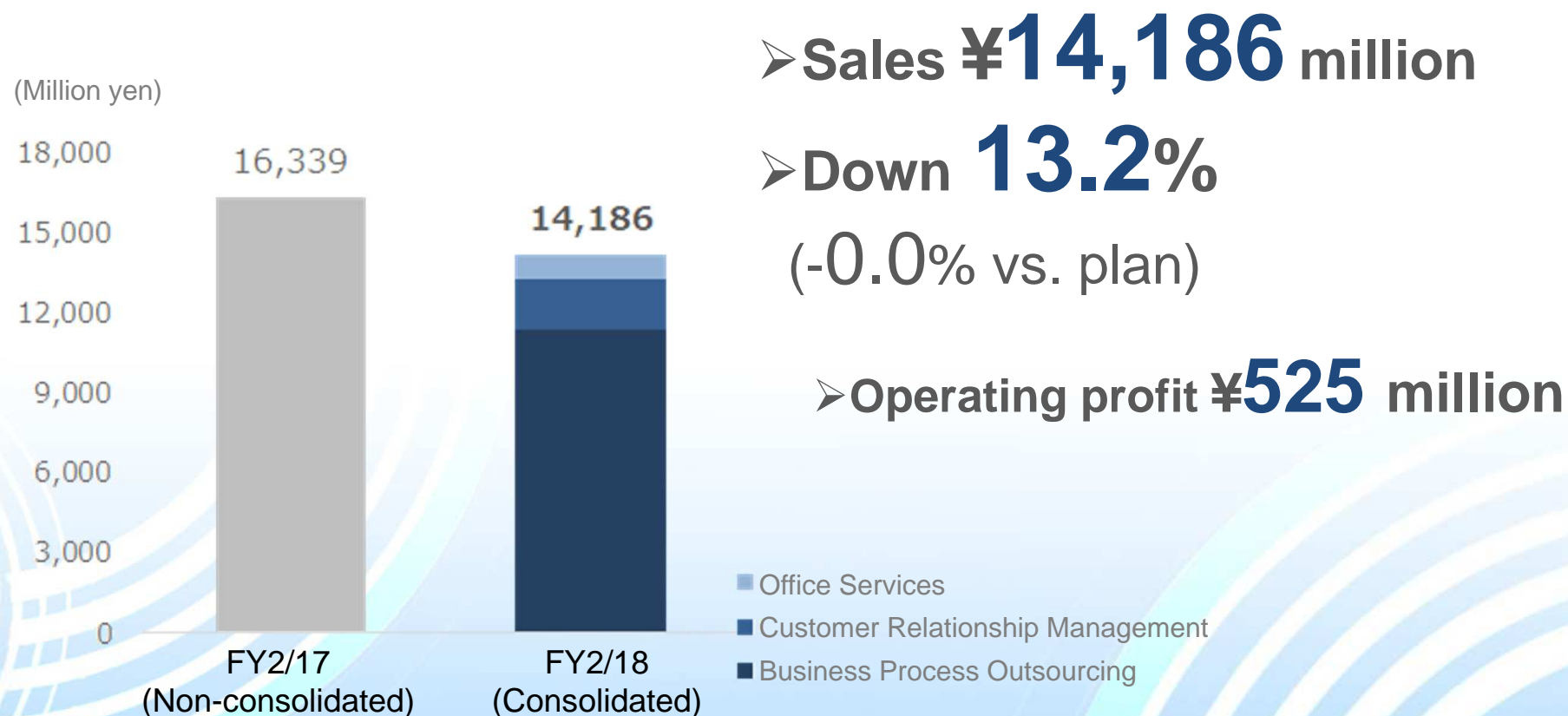
➤ Down **35.5%**
(+11.0% vs. plan)

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Segment Information (1)

Clerical human resources services

There were activities for capturing new orders, primarily in the BPO category, and increasing the volume of orders at ongoing projects. However, the volume of work at a major BPO project for a private-sector company decreased more than expected.



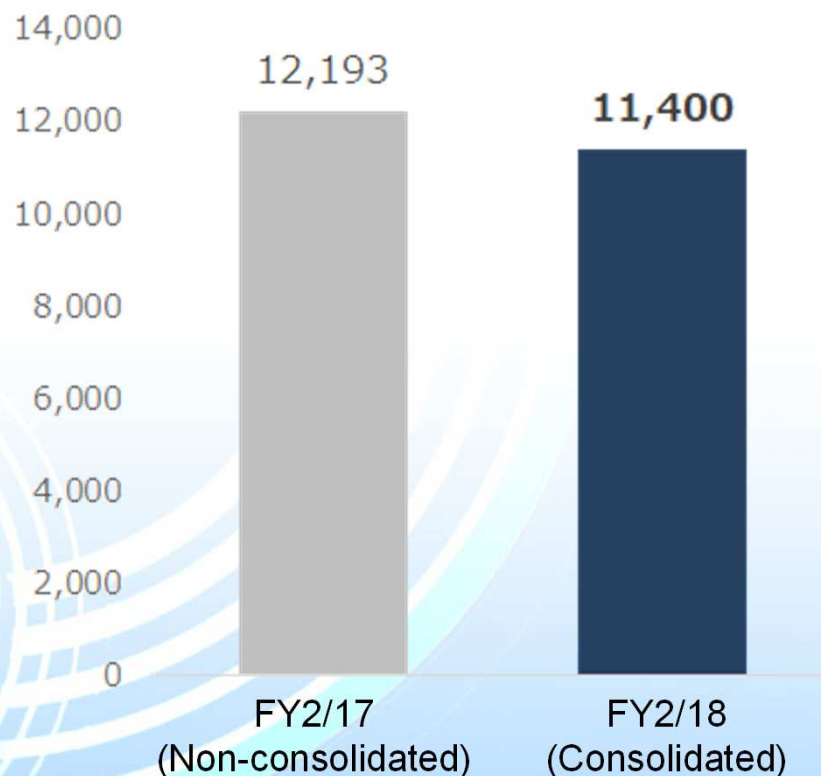
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Breakdown of Clerical human resources services

(1) Business Process Outsourcing

There were new orders from BPO companies, financial institutions, the public sector, energy companies and other sources. There were also activities for increasing the volume of orders at ongoing projects. However, the volume of work at a major BPO project for a private-sector company decreased more than expected.

(Million yen)



➤ **Sales ¥11,400 million**

➤ **-6.5% y-o-y**

(-0.3% vs. plan)

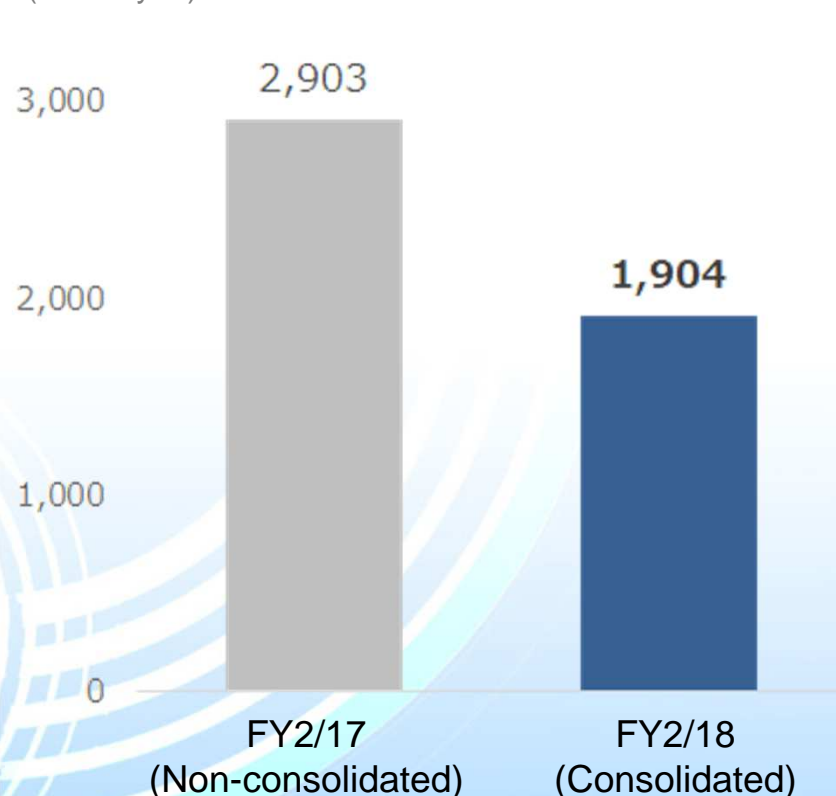
As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Breakdown of Clerical human resources services

(2) 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.

(Million yen)



➤ **Sales ¥1,904 million**

➤ **-34.4% y-o-y**

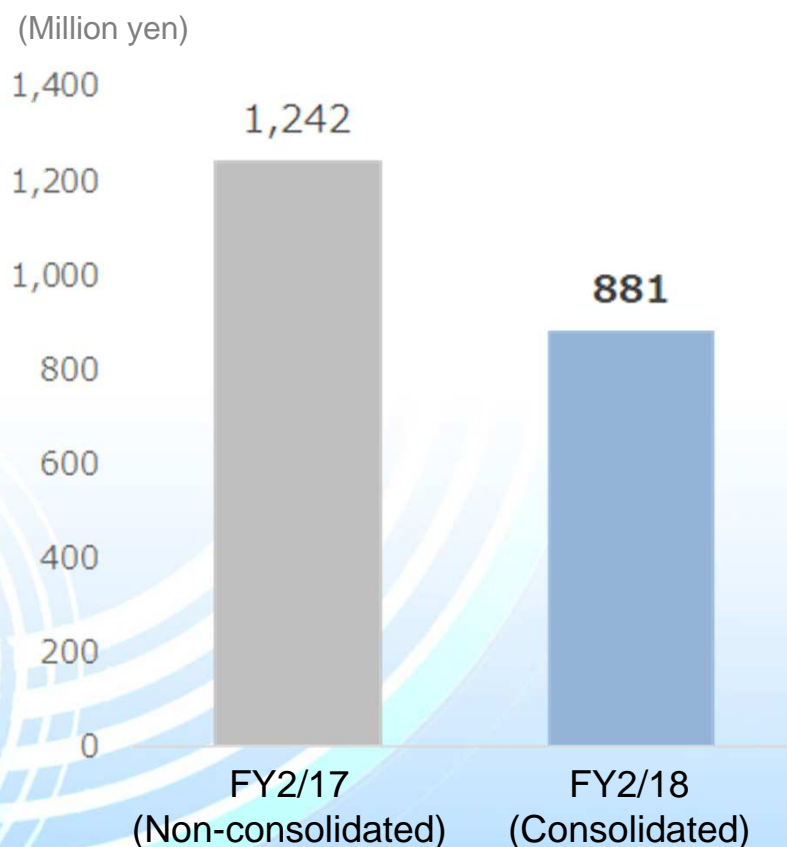
(-0.3% vs. plan)

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Breakdown of Clerical human resources services

(3) Office Services

Although there were new temporary staffing orders from the public sector and private-sector companies, many of these orders were included in the BPO because they included associated clerical tasks.



➤ **Sales ¥881 million**

➤ **-29.0% y-o-y**

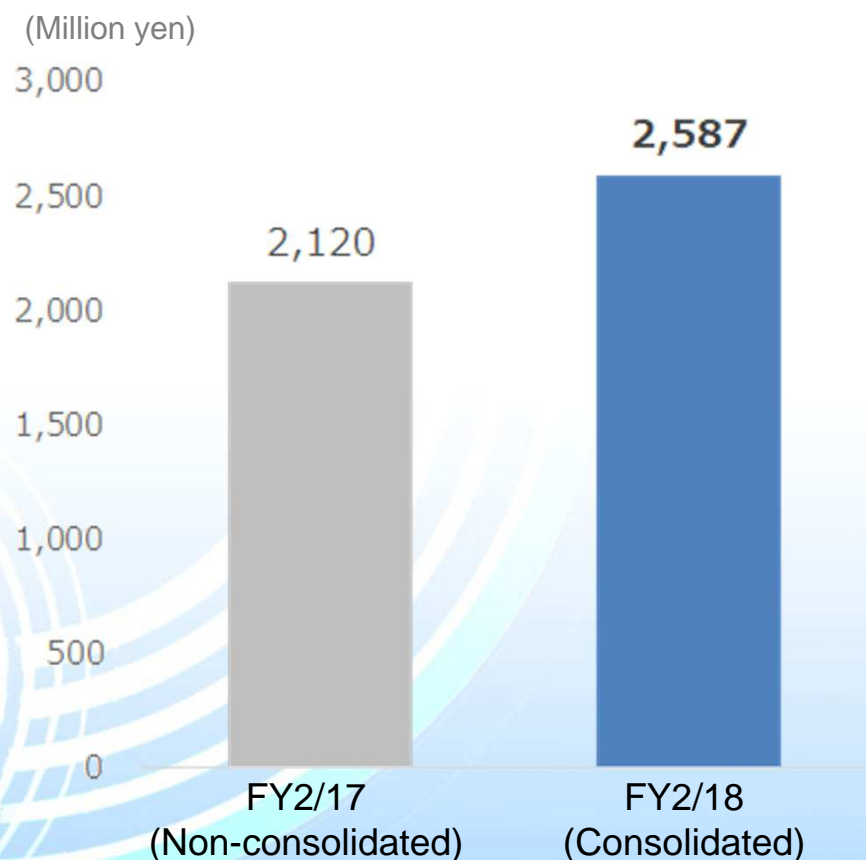
(+3.3% vs. plan)

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Segment Information (2)

Manufacturing human resource services

Sales increased because of a large volume of orders from food processors, distribution companies and other companies.



➤ Sales **¥2,587** million

➤ **+22.1%** y-o-y
(-1.4% vs. plan)

➤ Operating profit **¥26** million

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Statements of Income

| | FY2/17 (Non-consolidated) | Plan FY2/18 (Consolidated) | Actual FY2/18 (Consolidated) | | |
|---|------------------------------|-------------------------------|-------------------------------|---|-------------|
| | Amount (Million yen) | Amount (Million yen) | Amount (Million yen) | Year on Year Variance (Million yen / %) | Vs. Plan |
| Sales | 18,459 | 16,817 | 16,774 | -1,684 -9.1 | -43 -0.3 |
| Clerical Human Resources Services (Sales Composition) | 16,339 88.5% | 14,193 84.4% | 14,186 84.6% | -2,152 -13.2 | -6 -0.0 |
| BPO (Sales Composition) | 12,193 66.1% | 11,428 68.0% | 11,400 68.0% | -793 -6.5 | -28 -0.3 |
| CRM (Sales Composition) | 2,903 15.7% | 1,910 11.4% | 1,904 11.4% | -998 -34.4 | -5 -0.3 |
| Office Services (Sales Composition) | 1,242 6.7% | 854 5.1% | 881 5.3% | -361 -29.0 | 27 3.3 |
| Manufacturing Human Resource Services (Sales Composition) | 2,120 11.5% | 2,624 15.6% | 2,587 15.4% | 467 22.1 | -36 -1.4 |
| Operating profit (Operating profit to Sales) | 1,000 5.4% | 535 3.2% | 551 3.3% | -448 -44.9 | 15 2.9 |
| Ordinary profit (Ordinary profit to Sales) | 993 5.4% | 594 3.5% | 608 3.6% | -385 -38.8 | 14 2.4 |
| Profit attributable to owners of parent (Profit to Sales) | 642 3.5% | 373 2.2% | 414 2.5% | -228 -35.5 | 40 11.0 |

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Financial Condition

| | | End of FY2/17 (Non-consolidated) | End of FY2/18 (Consolidated) | | |
|---|--------------------------|-------------------------------------|------------------------------|---------------------------|---|
| | | Amount (Million yen) | Amount (Million yen) | Variance (Million yen) | Main reasons for changes (Million yen) |
| | Current assets | 5,178 88.7% | 5,055 87.7% | -123 | |
| | Non-current assets | 658 11.3% | 708 12.3% | 49 | Cash and deposits +305 Accounts receivables -292 Securities -100 |
| | Total assets | 5,837 100.0% | 5,764 100.0% | -73 | |
| | Current liabilities | 2,292 39.3% | 1,688 29.3% | -603 | |
| | Non-current liabilities | 341 5.8% | 690 12.0% | 349 | Long-term loans payable +407 Bond payable -72 Income taxes payable -193 Accounts payable-other -97 Other -280 |
| | Total liabilities | 2,633 45.1% | 2,379 41.3% | -254 | |
| | Total net assets | 3,203 54.9% | 3,384 58.7% | 181 | Profit +414 Dividends payed -125 Purchase of treasury shares -123 |
| Total liabilities and net assets | | 5,837 100.0% | 5,764 100.0% | -73 | |

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

Cash Flows

| | FY2/17 (Non-consolidated) | FY2/18 (Consolidated) | |
|--|------------------------------|-------------------------|--|
| | Amount (Million yen) | Amount (Million yen) | Main reasons for changes (Million yen) |
| Operating activities | 645 | 238 | Profit before income taxes +608 Decrease in notes and accounts receivable +292 Decrease in accrued consumption taxes -277 Income taxes payed -381 |
| Investing activities | -128 | -6 | Purchase of property, plant and equipment and intangible assets -22 |
| Free cash flow | 516 | 211 | |
| Financing activities | -356 | 93 | Proceeds/repayments of long-term loans +407 Redemption/issuance of bonds -72 Purchase of treasury shares -130 Cash dividends paid -125 |
| Net increase/decrease in cash and cash equivalents | 160 | 305 | |
| Cash and cash equivalents, beginning of period | 2,617 | 2,778 | |
| Cash and cash equivalents, end of period | 2,778 | 3,084 | |

As the consolidated financial statements have been prepared from FY2/18, figures for FY2/17 are non-consolidated.

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II . ANNUAL PLAN FOR FY2/19



Annual Plan for FY2/19 (consolidated)

Planning on achieving record-high sales and earnings in FY2/18

| | FY2/18 Actual | | FY2/19 Plan | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Amount (Million yen) | Vs. FY2/17 | Amount (Million yen) | Vs. FY2/18 |
| Sales | 16,774 | -9.1% | 21,968 | +31.0% |
| Operating profit [% to Sales] | 551 [3.3%] | -44.9% | 476 [2.2%] | -13.6% |
| Ordinary profit [% to Sales] | 608 [3.6%] | -38.8% | 591 [2.7%] | -2.7% |
| Profit attributable to owners of parent [% to Sales] | 414 [2.5%] | -35.5% | 363 [1.7%] | -12.2% |

2018年2月期より連結決算に移行しており、2018年2月期実績の前期比は2017年2月期（非連結）実績との比較を記載しております。

Business Strategy FY2/19 (1)

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

Business Process Outsourcing

- 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
- Use joint activities with BPO vendors to capture orders involving Japan's requirement for every bank account to have a tax ID number and the need to streamline financial procedures
- Capture more orders from the national government and Japan's largest cities and build a base for growth in this market sector
- Target a broader range of utility and other essential public services
- Become more competitive and profitable and upgrade knowledge to further differentiate services
- Rigorously manage the quality of services and expand the BPO business

Business Strategy FY2/19 (2)

Customer Relationship Management

- Increase the volume of business with financial institutions.
- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas.

Office services

- Use the Daiko Securities Business alliance to capture financial service sector orders in areas other than Japan's major metropolitan areas
- 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

Manufacturing human resources

- Make food companies the primary manufacturing sector target and achieve low-cost 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

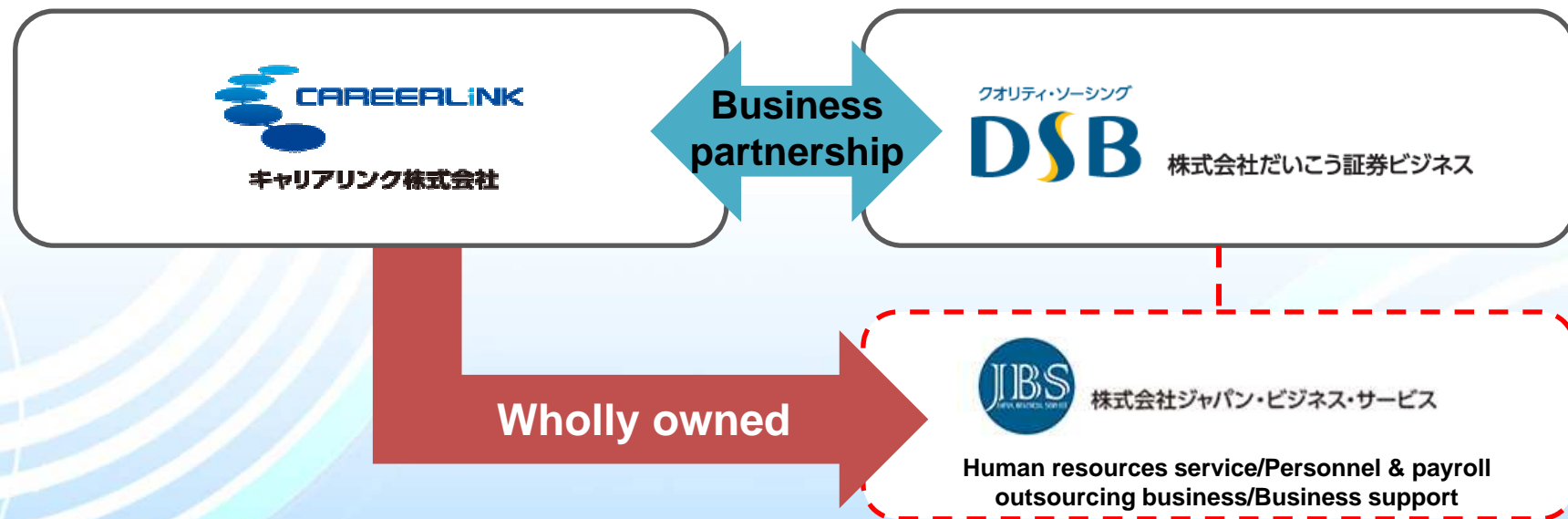
III. MEDIUM-TERM MANAGEMENT PLAN (FY2/19-FY2/21)



Initiatives for Growth in the Financial Services Sector

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



Business Development

CAREERLINK CO., LTD

100%

Japan Business Service Co., Ltd.

92.6%

CareerLinkFactory Corporation

Clerical human resources services

Business Process Outsourcing

Customer Relationship Management

Office Services

Others

Manufacturing human resource services

Food processing

Other Manufacturing/ Processing

Others are the personnel and payroll outsourcing business and business support business of Japan Business Service.

Goals of the Daiko Securities Business Alliance

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

(Reference) Financial Services Projects at Careerlink (Selected items)

| Project | Customer | Careerlink customer | Format | Project design | Call center | Office |
|--|--------------------------------|------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| NISA new account procedures Customer service call center New account procedures | Large Internet securities firm | Direct | Sent a team | Part of the task | <input type="radio"/> | <input type="radio"/> |
| NISA new account procedures Procedures for NISA education fund gift trust/new deposit account | Large trust bank | Direct | Sent a team/Outsourced | Part of the task | <input type="radio"/> | <input type="radio"/> |
| Education funding gift trust | Megabank | Large printing company | Sent a team | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Requests for personal ID numbers Customer service call center | Large Internet securities firm | Direct | Sent a team/Outsourced | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| New account procedures | Large securities firm | Affiliate of large securities firm | Sent a team | <input type="radio"/> | — | <input type="radio"/> |
| Requests for personal ID numbers | Large securities firm | Large printing company | Secondary outsourcing | <input type="radio"/> | — | <input type="radio"/> |

Medium-Term Management Strategy

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

Sales growth

- Become more competitive in the temporary staffing market
- Growth by targeting demand created by Japan's personal identification number system
- Target high-volume BPO projects in the private and public sectors

Growth of financial services sector business

- Increase the scale of business activities in the financial services sector by using the Daiko Securities Business alliance and the resources of Japan Business Service

Strengthen manufacturing human resources

- Enlarge the core food processing human resource services business to cover all areas of Japan

Mergers and acquisitions

- Use mergers and acquisitions to establish a presence in more business domains

Goals (1)

(Billion yen)

| | FY2/18 Actual (Consolidated) | FY2/21 Plan (Consolidated) |
|--|---------------------------------|-------------------------------|
| Sales | 16.7 | 27.2 |
| Operating profit [% to Sales] | 0.55 [3.3%] | 0.71 [2.6%] |
| Ordinary profit [% to Sales] | 0.60 [3.6%] | 0.71 [2.6%] |
| Profit attributable to owners of parent [% to Sales] | 0.41 [2.5%] | 0.48 [1.8%] |



Numerical Goals (Sales)

UP**63**% vs. FY2/18

(Billion yen)

30

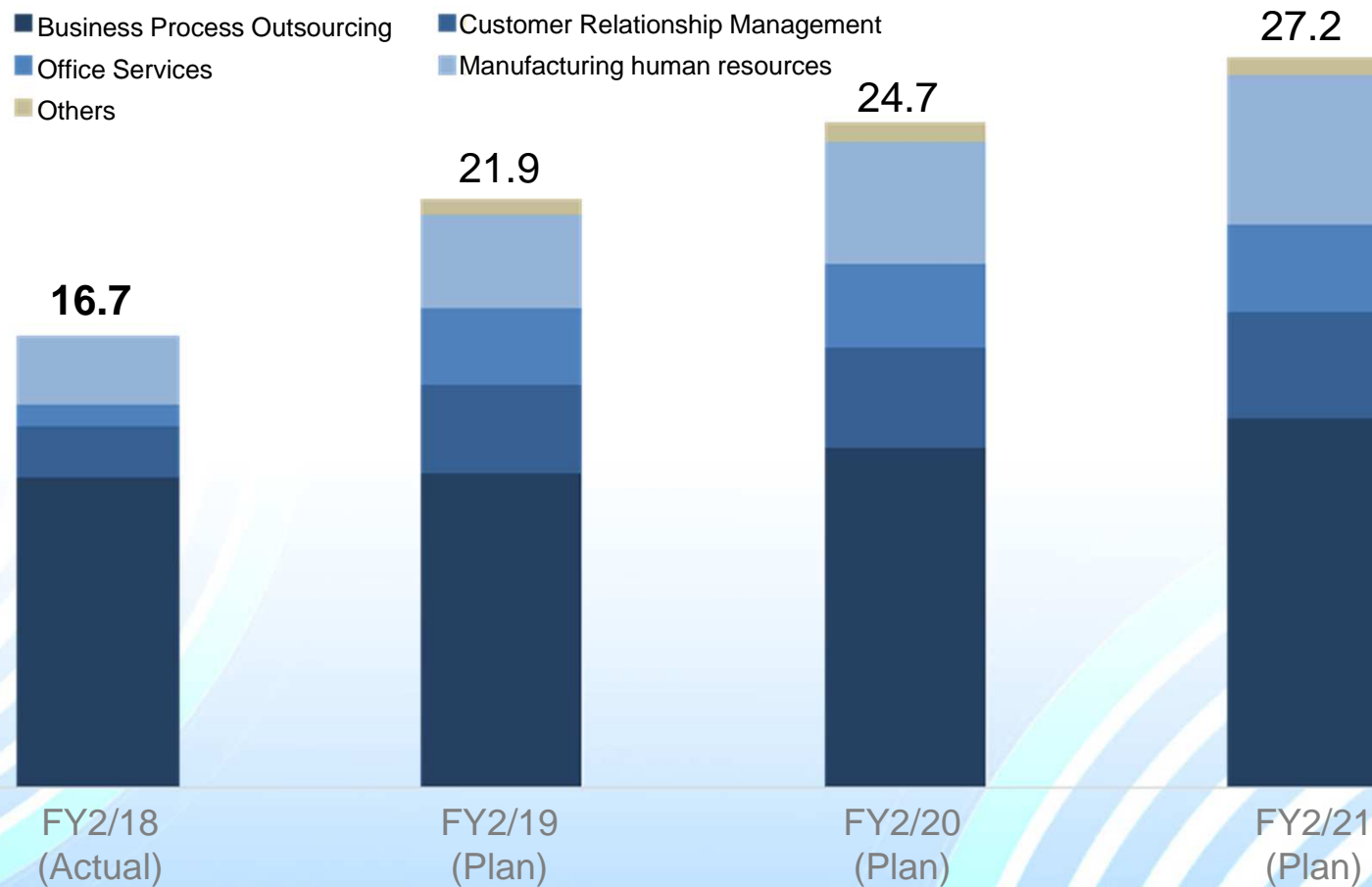
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- Business Process Outsourcing
- Office Services
- Others

- Customer Relationship Management
- Manufacturing human resources



Numerical Goals (Profits)

Vs. FY2/18

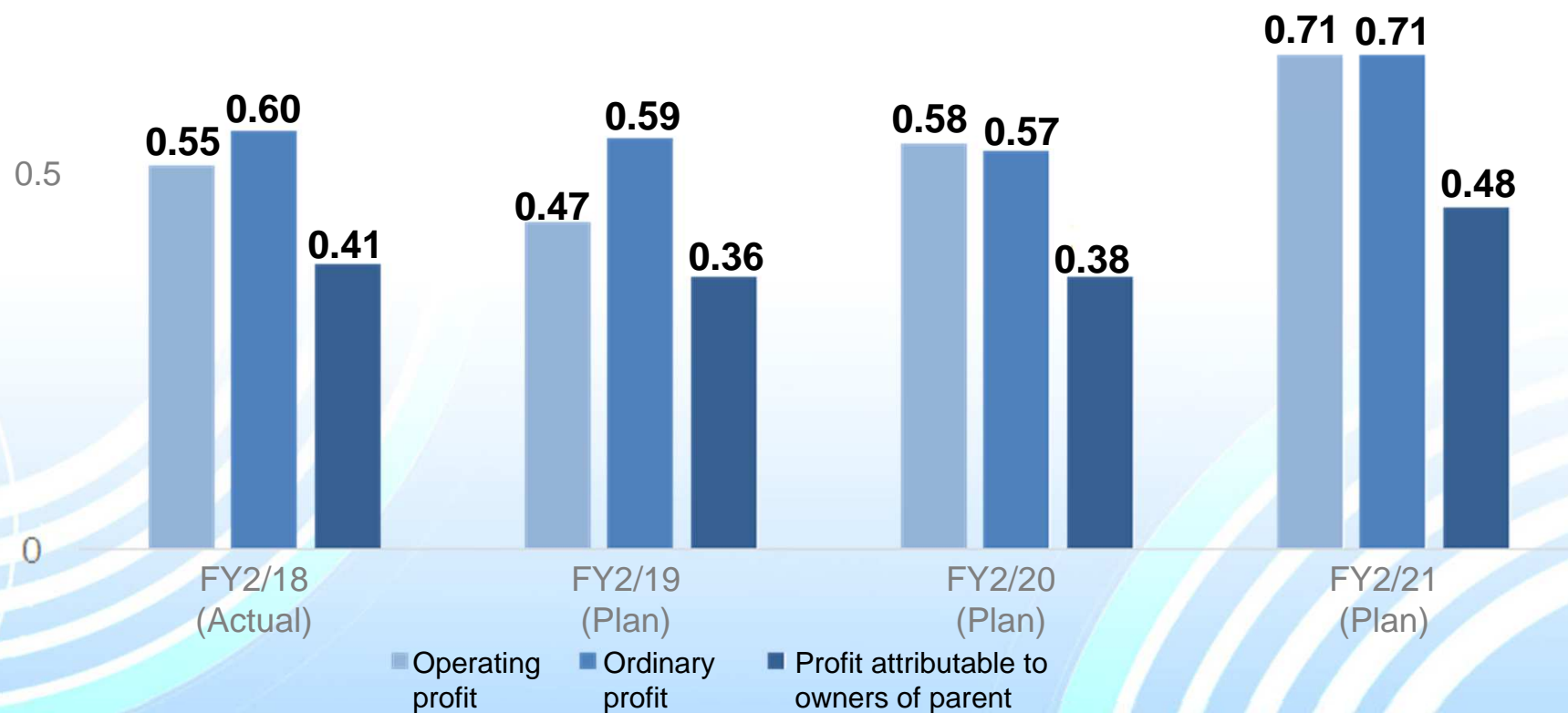
Operating profit **+30.5%**

Ordinary profit **+17.3%**

Profit attributable to owners of parent **+16.4%**

(Billion yen)

1.0

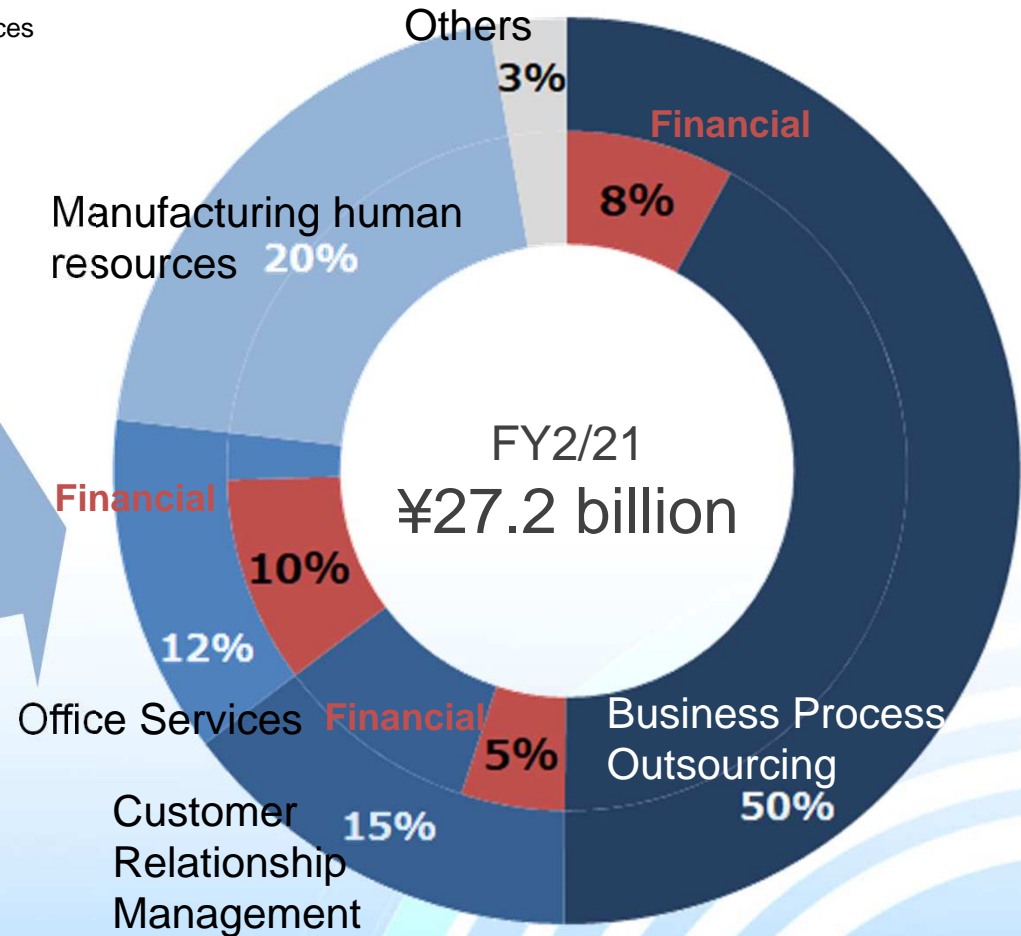
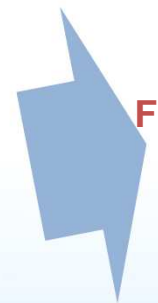
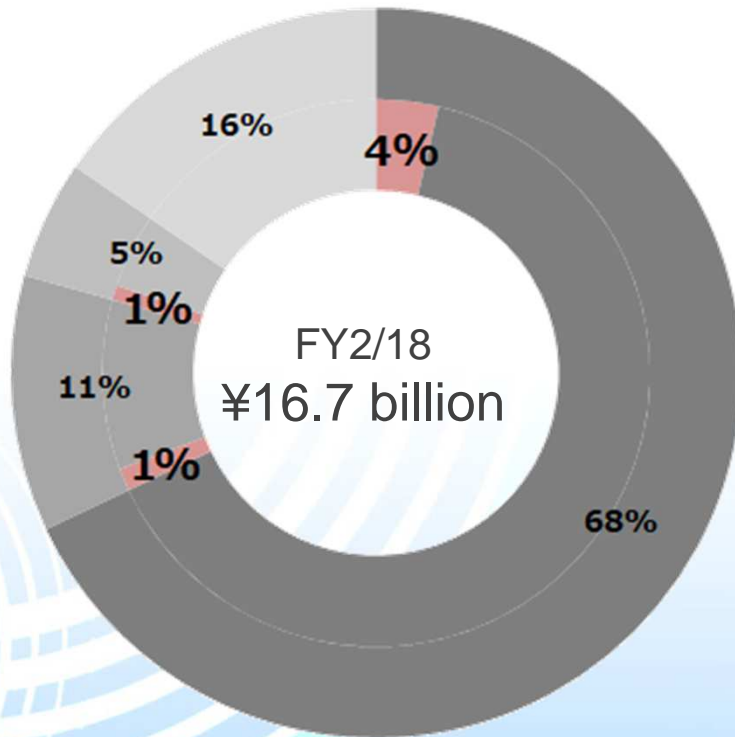


Sales by Business

Aiming to raise the financial business to over **20%** of total sales

Business Process Outsourcing
Office Services
Others

Customer Relationship Management
Manufacturing human resources

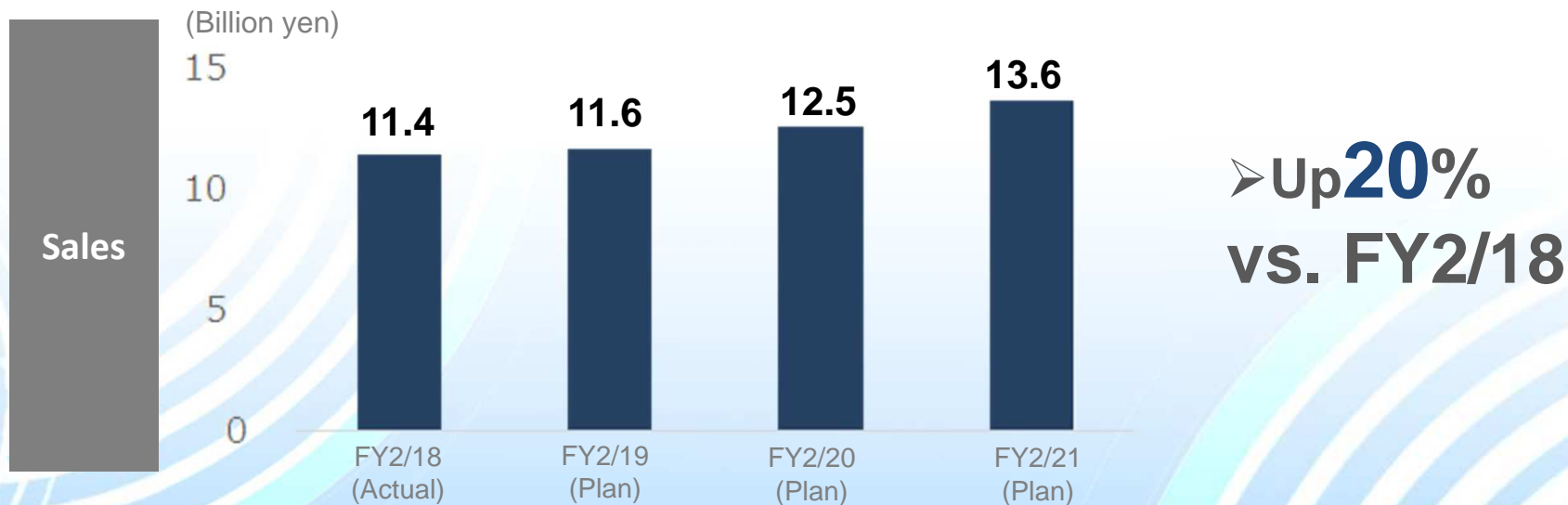


BPO Business

Goals

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 and the acquisition of Japan Business Service.
- Use joint activities with BPO vendors to capture orders involving personal ID numbers for savings accounts and the streamlining of financial procedures.
- Receive orders from the national government and the largest cities in Japan in order to increase public-service BPO project experience and build a base for growth in this sector.
- Make Careerlink synonymous with outstanding quality; further improve quality to make the Careerlink brand even more powerful and continue growing.

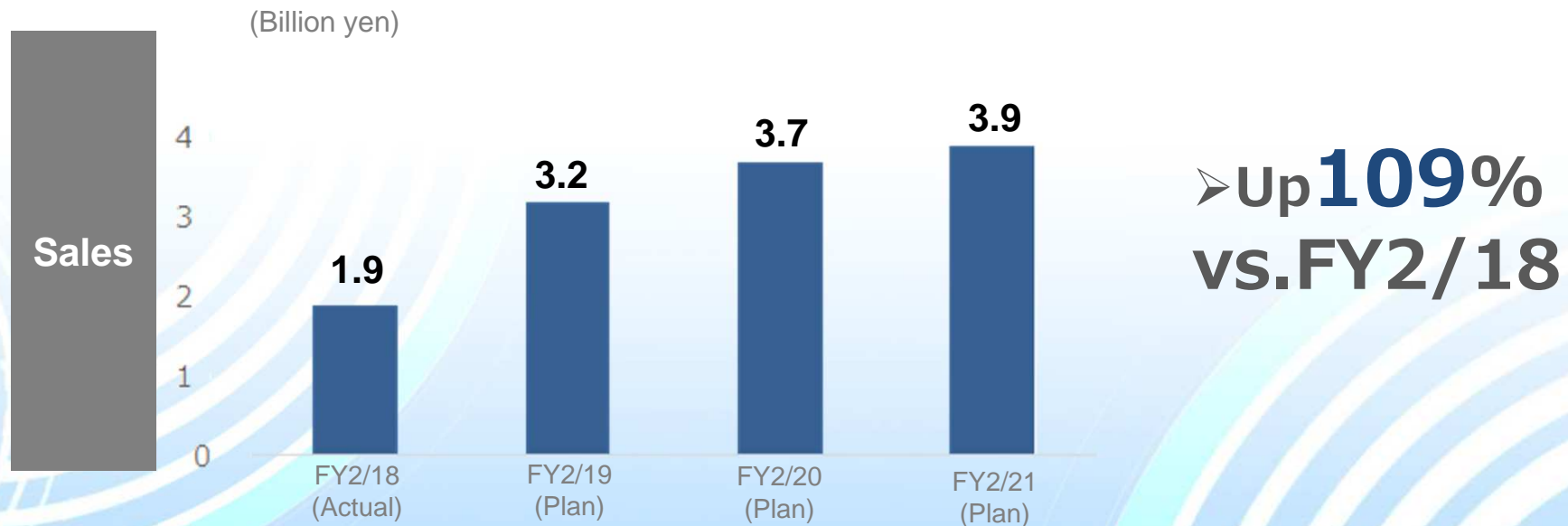


CRM Business

Goals

Convert CRM orders to BPO orders by creating value-added proposals

- Target outsourcing demand at telemarketers
- Make highly profitable CRM projects the main target while also capturing orders for peripheral operations in order to contribute to growth in BPO orders.
- Improve the quality of the temporary placement workforce and increase unit prices every year.
- Increase earnings by using KPI for regular and team temporary placement services, raising efficiency and achieving higher customer satisfaction.



Office services Business

Goals

Enlarge high-margin projects to peripheral tasks and convert to BPO

- Increase the effectiveness of career paths and use a hybrid business model that combines unlimited employment, temp-to-permanent employment and regular staffing.

Sales

(Billion yen)

5
4
3
2
1
0



➤ **UP274%**
vs. FY2/18

Manufacturing human resource services

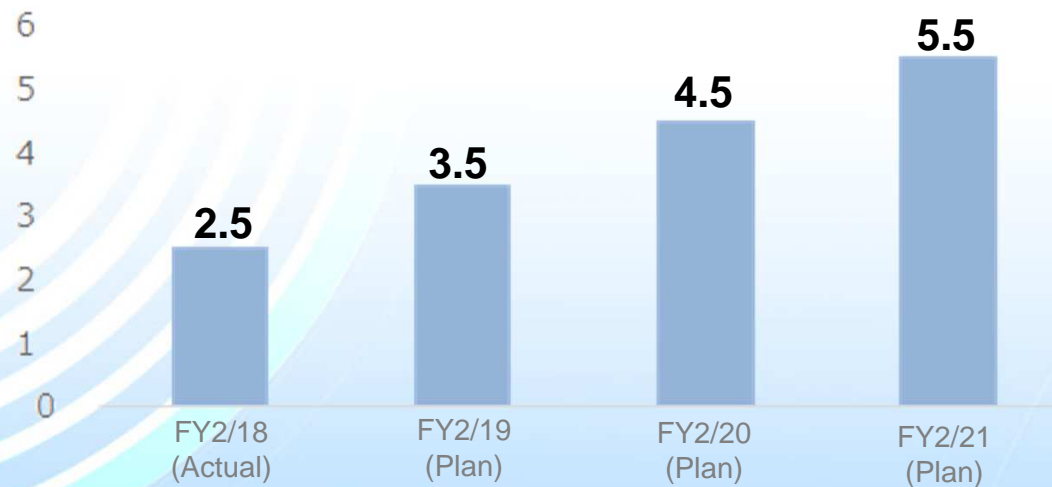
Goals

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

Sales

(Billion yen)



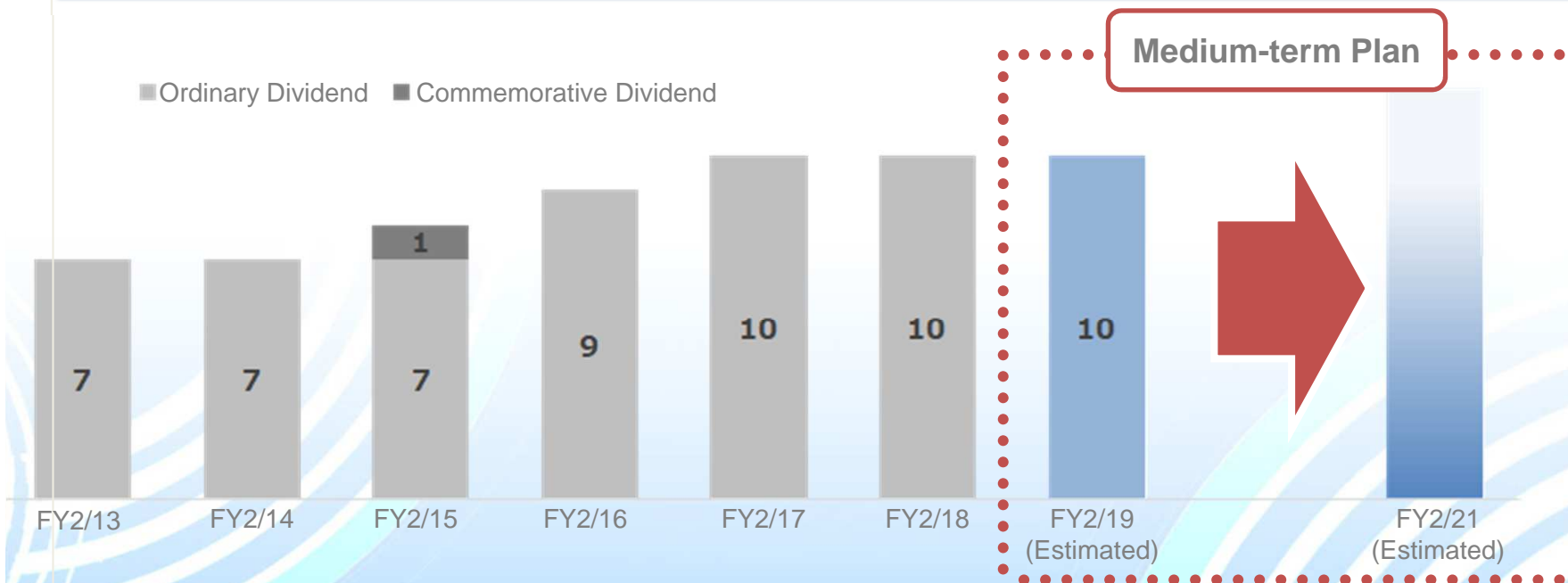
➤ **Up 115%**
vs. FY2/18

Shareholder Distributions (1)

Distribution policy during the medium-term plan

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 Distributions (2)

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



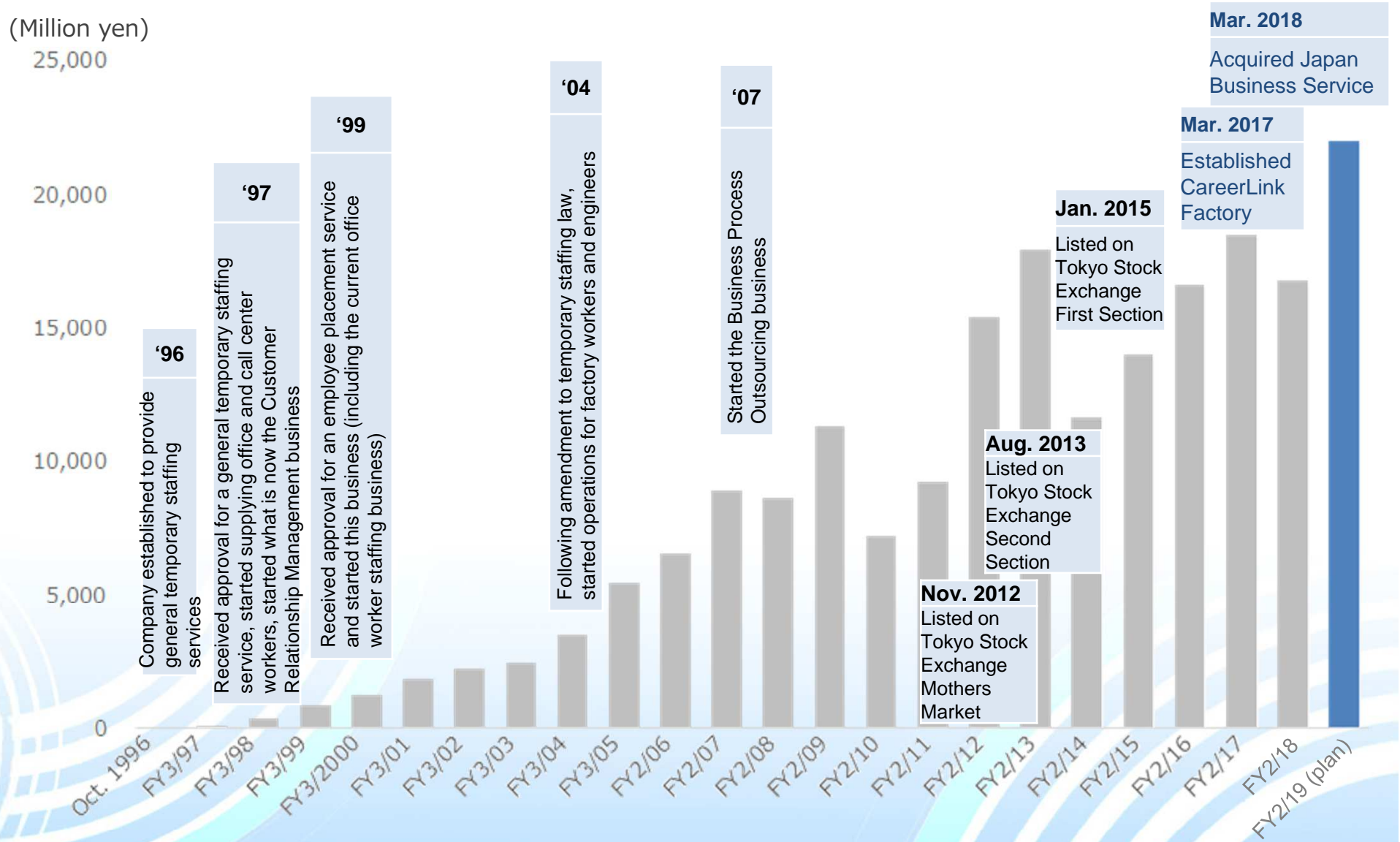
IV. REFERENCE



Company Overview

| | |
|----------------------------------|---|
| Head Office | Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo |
| Representative | Chairman & Representative Director: Hirohiko Kondo President & Representative Director: Motoaki Narusawa |
| Established | October 1 st , 1996 |
| Main Corporate Activities | Clerical Human Resource Service Business <ul style="list-style-type: none">■ Business Process Outsourcing■ Customer Relationship Management■ Office Services |
| Stated Capital | 388,005,500 yen (As of February 28, 2018) |
| Employees | 488 (As of February 28, 2018) |
| Accounting Period | February |
| Stock Exchange Listing | Tokyo Stock Exchange, First Section (Stock Code: 6070) |
| Group Companies | Careerlink Factory Co., Ltd. <ul style="list-style-type: none">■ Manufacturing human resources business Japan Business Service Co., Ltd. <ul style="list-style-type: none">■ Clerical human resource service/other business |

Significant Events and Sales Growth



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

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.

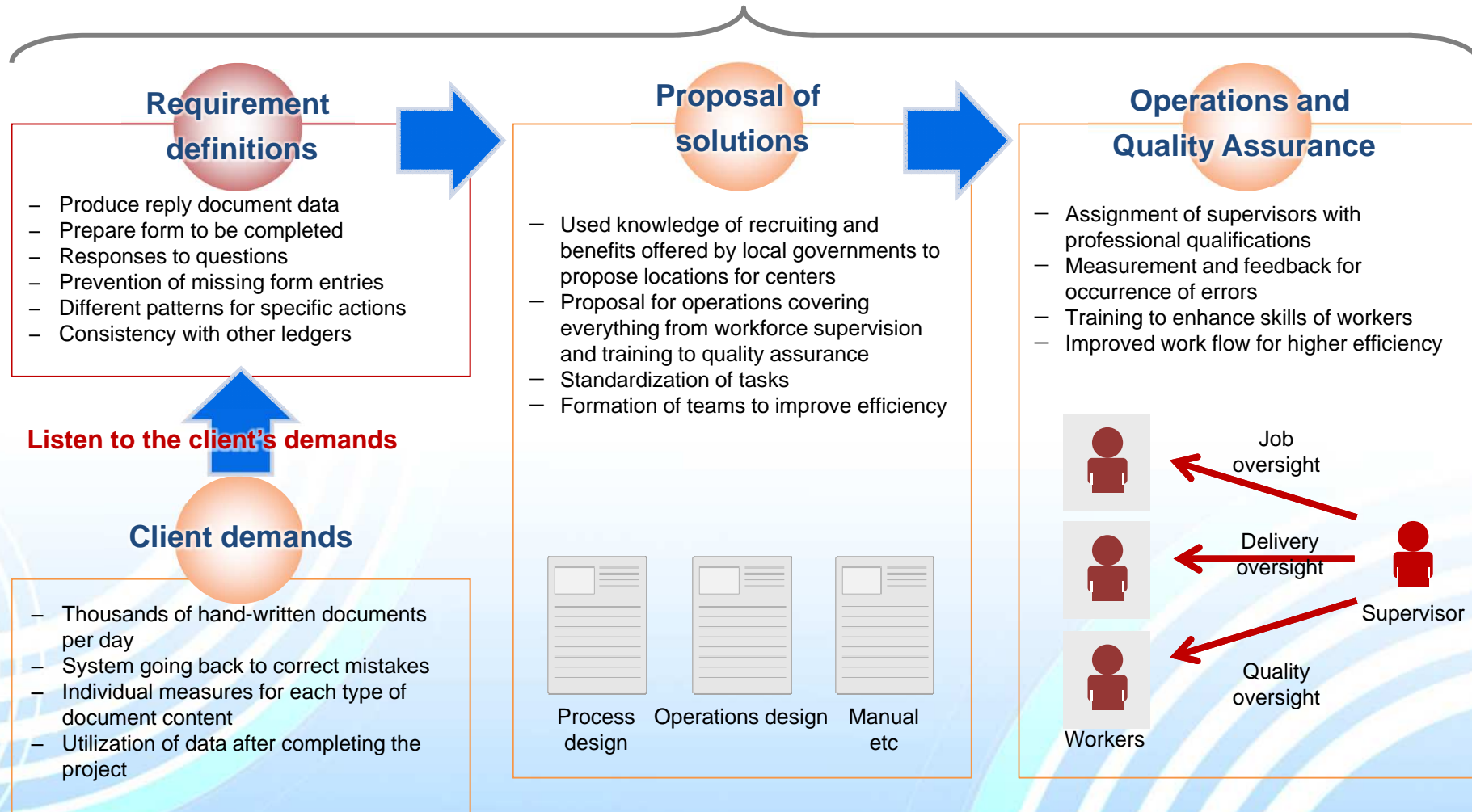
◆ Major examples of large projects

| 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)

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

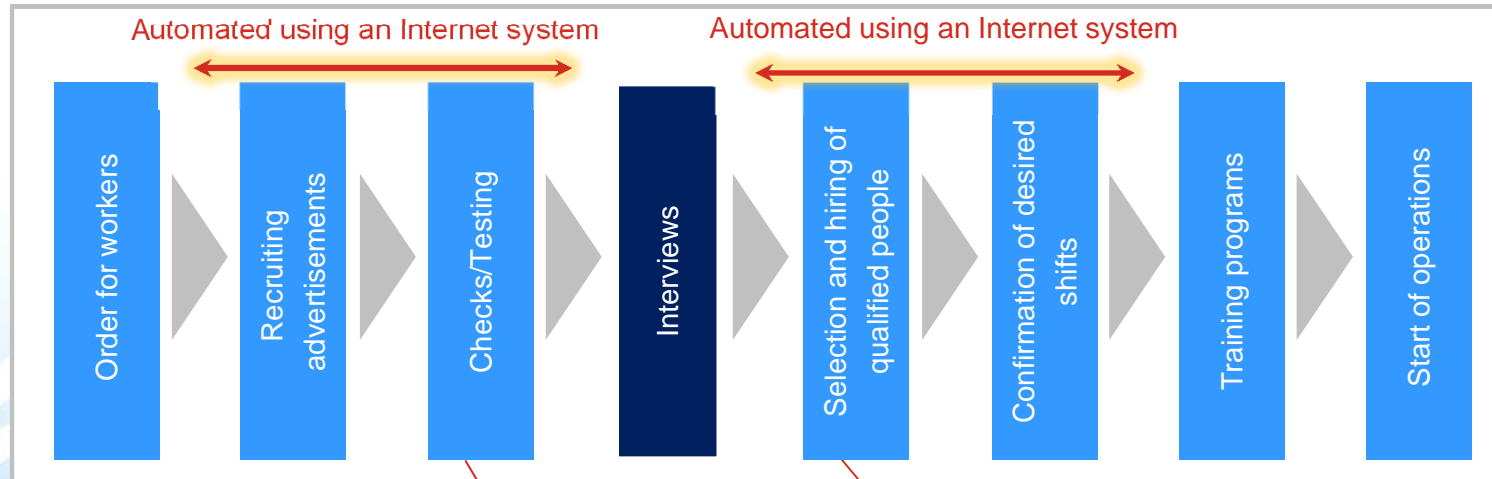
- Capable of **quickly setting up** a business process center operating framework and starting operations
- Workforce proposals using **an exclusive matching system** to select people who meet the requirements of each customer

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

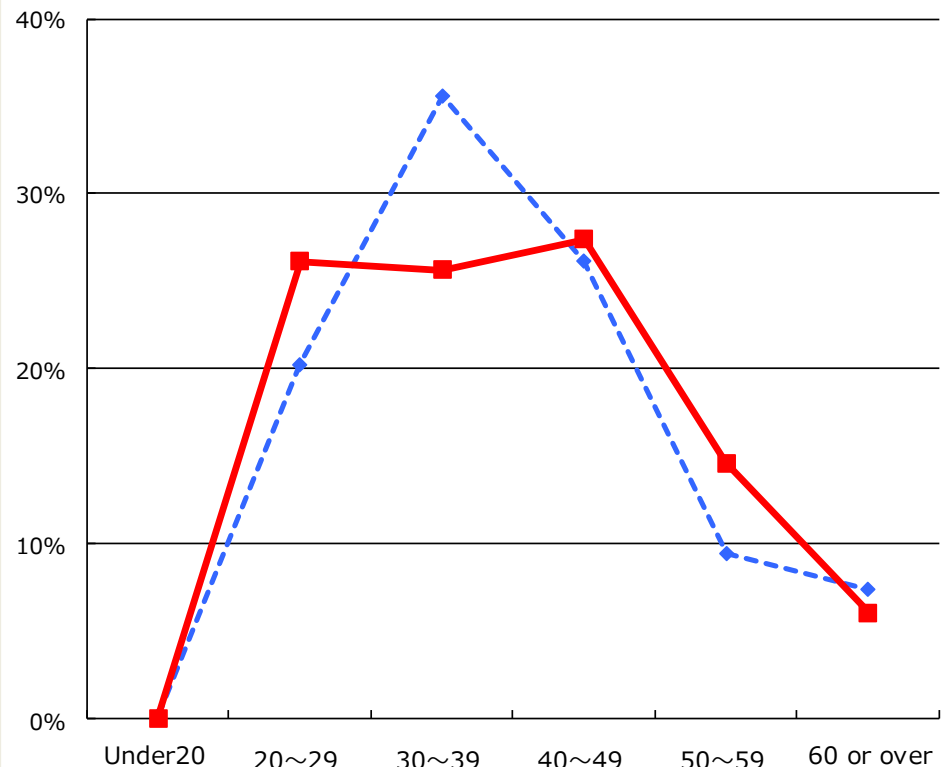
3 A framework for increasing workers' skills and job satisfaction

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

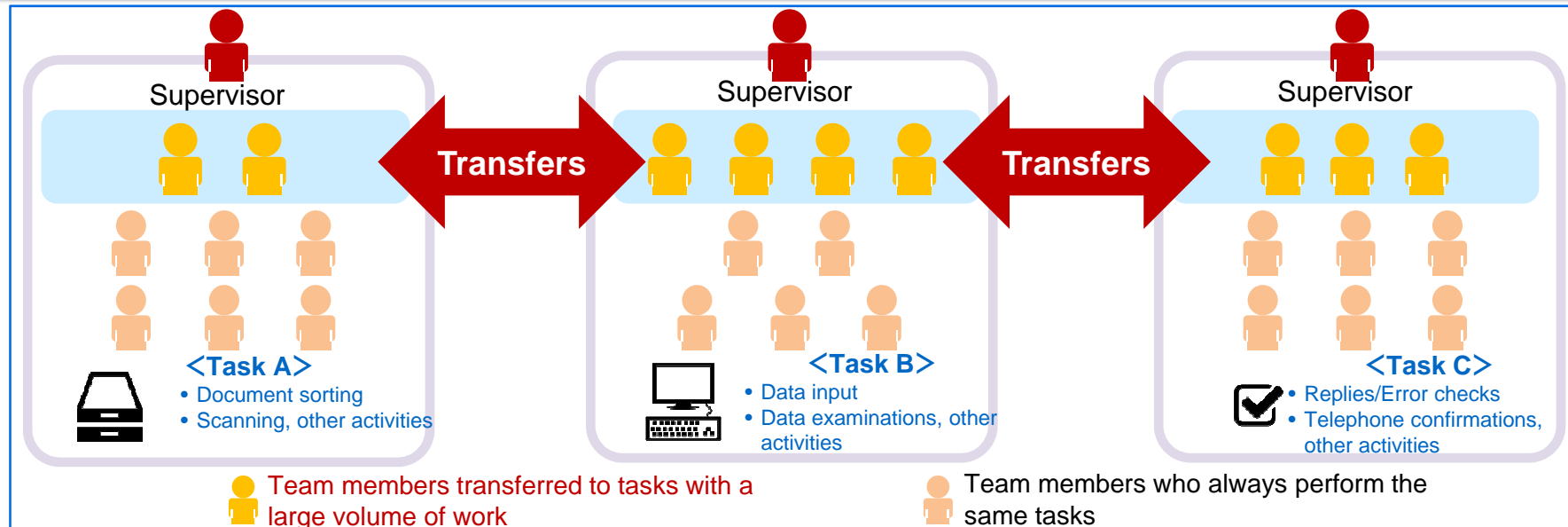


◆ Fiscal 2012 Temporary Worker Survey by the Ministry of Health, Labour and Welfare

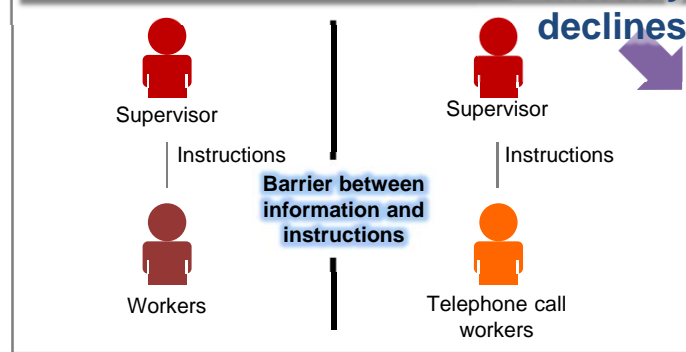
◆ The Careerlink temporary placement workforce (average for the past five years)

Three Key Strengths (3)-2

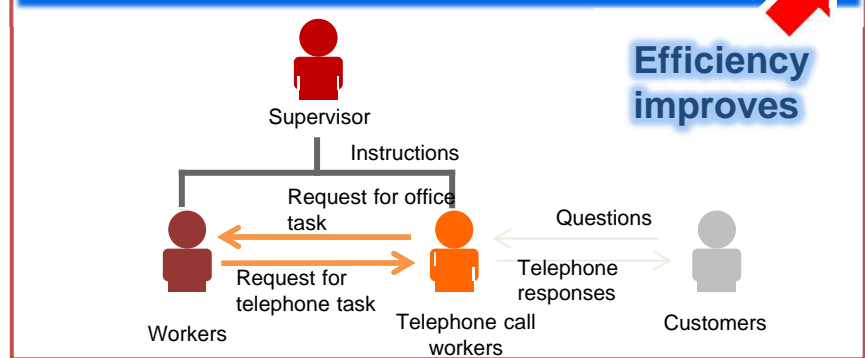
Sending workers in teams improves efficiency



When each job is outsourced to a different company...



When all tasks are outsourced to Careerlink...



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