

## Summary of Consolidated Financial Results For the Fiscal Year Ended February 29, 2020 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.  
 Stock Code: 6070  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 URL: <http://www.careerlink.co.jp/>  
 Representative Title: President & Representative Director / President & Executive Officer  
 Name: Motoaki Narusawa  
 Contact Person Title: Director, Managing Executive Officer,  
 General Manager of Administration Division  
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 Regular general meeting of shareholders (tentative): May 27, 2020  
 Date of securities report (tentative): May 27, 2020  
 Date of commencement of dividend payment (tentative): May 28, 2020  
 Supplementary explanatory documents: Yes  
 Earnings presentation: No

(Yen in millions, rounded down)

**1. Financial results for the fiscal year ended February 2020 (March 1, 2019 – February 29, 2020)****(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. 2020	21,103	13.3	692	268.9	690	137.9	526	208.1
Fiscal year ended Feb. 2019	18,624	11.0	187	(66.0)	290	(52.3)	170	(58.7)

Note: Comprehensive income: FY 2/2020: 536 million yen [229.3%], FY 2/2019: 163 million yen [-60.7%]

	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. 2020	42.98	42.89	14.8	10.3	3.3
Fiscal year ended Feb. 2019	13.96	13.83	5.1	5.0	1.0

Reference: Equity method income FY2/20: - million yen FY2/19 - million yen

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 29, 2020	7,480	3,840	50.3	306.81
As of February 28, 2019	5,917	3,404	56.5	272.93

Reference: Shareholders' equity

As of February 29, 2020: 3,760 million yen As of February 28, 2019: 3,343 million yen

**(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 2/20	1,579	(39)	(307)	3,916
FY 2/19	50	(135)	(315)	2,683

## 2. Dividends

	Dividend per share					Total dividends (Annual)	Payout 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 2/19	-	0.00	-	10.00	10.00	123	71.6	3.7
FY 2/20	-	0.00	-	10.00	10.00	123	23.3	3.4
FY 2/21 (Estimate)	-	0.00	-	10.00	10.00		30.5	

(Note) Total dividends for the fiscal years that ended in February 2019 and 2020 include the following payments for Careerlink stock held by Trust & Custody Services Bank, Ltd. (Trust E Account): 551 thousand yen for 55,100 shares in the fiscal year ended February 2019 and 483 thousand yen for 48,300 shares in the fiscal year ended February 2020.

## 3. Forecast for the fiscal year ending February 2021 (Consolidated, March 1, 2020 - February 28, 2021)

(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	11,479	10.5	365	5.2	364	5.3	250	(1.2)	20.43
Full year	23,132	9.6	585	(15.5)	583	(15.4)	402	(23.6)	32.83

### \* Notes

- (1) Changes in significant subsidiaries during the period (Change in specified subsidiary resulting in change in scope of consolidation): None
- (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)
- (b) Treasury shares
- (c) Average number of shares during the period

End of FY 2/20	12,555,800	End of FY 2/19	12,555,800
End of FY 2/20	299,855	End of FY 2/19	306,655
FY 2/20	12,253,197	FY 2/19	12,242,022

(Note) 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 48,300 shares in this trust account at the end of February 2020 and 55,100 shares at the end of February 2019. 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 51,048 shares in this trust account in the fiscal year ended February 2020 and 60,640 shares in the fiscal year ended February 2019.

(Reference) Outline of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended February 2020 (March 1, 2019 – February 29, 2020)

(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. 2020	14,597	17.9	539	192.9	535	195.5	352	207.8
Fiscal year ended Feb. 2019	12,385	(16.1)	184	(66.6)	181	(66.7)	114	(69.1)

  

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended Feb. 2020	28.81		28.76	
Fiscal year ended Feb. 2019	9.37		9.35	

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 29, 2020	6,337	3,428	53.6	277.03
As of February 28, 2019	5,072	3,169	62.2	257.46

Reference: Shareholders' equity

As of February 29, 2020: 3,395 million yen      As of February 28, 2019: 3,153 million yen

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

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

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

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook for the fiscal year ending in February 2021" on page 4.

(To receive supplementary information)

Careerlink has canceled the earnings presentation for institutional investors and analysts that was scheduled for April 17, 2020 for the safety of meeting participants amid the COVID-19 pandemic. Careerlink plans to post materials that were to be used at this meeting and a video on its website on April 17.

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## 1. Results of Operations

### (1) Overview of business performance

The Japanese economy was generally healthy during the past fiscal year as the job market and personal income continued to improve with the support of economic measures and other activities. However, consumer spending was sluggish following the October 2019 consumption tax hike and corporate earnings were weak, chiefly in the manufacturing sector. The outlook for the global economy remains unclear because of slowing economic growth in China caused by U.S.-China trade friction and uncertainty about the European economy due to Brexit. The impact of the COVID-19 pandemic is another source of uncertainty for the global economy.

In the Japanese human resources industry, as the jobs-to-applicants ratio remains consistently high, human resource service companies must take appropriate actions to adapt to changes in the business climate. Japan started enacting work-style reform laws in April 2019 that include measures to prevent excessively long working hours, including overtime, and a requirement for workers to use five days of paid vacation. In April 2020, Japan enacted a requirement for equal pay for equal work that aims to eliminate unreasonable differences in compensation between full-time employees and other workers.

The Careerlink Group took steps to improve the profitability of the clerical human resource services business, chiefly for business process outsourcing (BPO). There were also sales activities for capturing orders in a number of market sectors such as services associated with the October 2019 consumption tax hike, outsourced cashless payment processing activities, which Careerlink started in October 2018, and staffing services for major telemarketing companies. Another goal was the growth of the manufacturing human resource services business, mainly in the food processing category.

Due to these activities, sales increased 2,478,704 thousand yen (+13.3%) to 21,103,379 thousand yen. Orders for one-time projects involving the consumption tax hike were higher than expected. Sales growth was also attributable to a large volume of temporary staffing orders from major telemarketing companies, higher sales of outsourced tasks for cashless payment processing, and the continuing growth of temporary staffing orders from food processing companies.

Earnings were much higher than in the previous fiscal year. One reason was an increase in gross profit resulting mainly from the growth of BPO orders, including one-time projects involving the consumption tax hike, orders from the public sector, and orders for outsourced tasks for cashless payment processing. Earnings also benefited from the efficient use of expenses for recruiting people required for new orders, a higher temporary placement workforce retention rate, and elimination of the need for supplementary administrative personnel due to higher operating efficiency. There was also progress with the planned recruiting of people who can fill key Careerlink Group positions in the future and with measures to improve the earnings. These measures included the consolidation of branch offices of Japan Business Service Co., Ltd., which became a subsidiary in February 2018, relocations of Careerlink offices and other activities. As a result, operating profit increased 504,574 thousand yen (+268.9%) to 692,239 thousand yen, ordinary profit increased 400,098 thousand yen (+137.9%) to 690,225 thousand yen, and profit attributable to owners of parent increased 355,734 thousand yen (+208.1%) to 526,655 thousand yen.

Business segment performance was as follows. In fiscal year that ended in February 2020, business operations were reorganized in order to operate individual businesses with greater autonomy. Due to this reorganization, Careerlink has three reportable segments: clerical human resource services, manufacturing human resource services and sales human resource services. Business segment figures in the previous fiscal year are based on the new segments in order to facilitate direct comparisons.

#### (Clerical human resource services)

Contributions to sales from higher than expected one-time orders involving the consumption tax hike and from a large volume of temporary staffing projects for telemarketing companies and financial institutions and orders for outsourced salary calculation work more than offset the negative effect of the end of a large private-sector BPO project in the previous fiscal year. As a result, sales increased 933,337 thousand yen (+6.3%) to 15,686,586 thousand yen. Earnings improved significantly for a number of reasons. One was an increase in the gross profit resulting from the growth of sales from BPO and salary calculation outsourcing projects with higher gross profit margins and from the growth of orders in the office services category. Earnings also benefited from the efficient use of expenses for recruiting people required for new orders, a higher temporary placement workforce retention rate, and elimination of the need for supplementary administrative personnel due to higher operating efficiency, and the relocation of offices and other steps to increase profitability. The result was a 555,772 thousand yen (+683.4%) increase in operating profit to 637,094 thousand yen.

##### (a) Business Process Outsourcing

Capturing new orders for BPO services, including one-time contracts involving the consumption tax hike from the public sector, was one priority in this business sector. There was also an increase in the volume of orders at some current private-sector BPO projects and orders for outsourced salary calculation work. However, sales decreased 50,130 thousand yen (-0.6%) to 8,463,272 thousand yen because of the completion in the previous fiscal year of a large private-sector BPO project.

##### (b) Customer Relationship Management

There was a large volume of orders from telemarketing companies and from securities companies and other financial services companies. As a result, sales increased 733,695 thousand yen (+25.6%) to 3,604,334 thousand yen.

##### (c) Office Services

Orders from securities companies and other financial services companies remained strong and the volume of business with private-sector companies and the public sector was also firm. The result was a 249,772 thousand yen (+7.4%) increase in sales to 3,618,979 thousand yen.

#### (Manufacturing human resource services)

Orders from manufacturing and processing companies decreased more than expected because of slowing economic growth in China but orders in the food processing category remained strong. As a result, sales increased 82,686 thousand yen (+2.7%) to 3,194,796 thousand yen. The gross profit benefited from higher food processing category sales but was offset by declines in sales and the gross profit margin in the manufacturing and processing category. Although there were measures to lower the cost of recruiting and training temporary placement personnel, personnel expenses increased with measures to reinforce internal management systems, including for safety, and governance. As a result, operating profit was down 16,407 thousand yen (-36.6%) to 28,398 thousand yen.

(Sales human resource services business)

Sales increased 1,454,966 thousand yen (+295.2%) to 1,947,790 thousand yen because of the ongoing geographic expansion of the receipt of orders for outsourced cashless payment processing activities that Careerlink started in October 2018. However, operating profit was down 33,256 thousand yen (-56.6%) to 25,482 thousand yen. The primary cause was higher personnel and operating expenses resulting from recruiting full-time employees and key sales people to cover the number of productive people in this business due to geographic expansion.

(Others)

This segment is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service. Although sales increased 6,936 thousand yen (+2.6%) to 274,207 thousand yen, operating profit was down 1,534 thousand yen (-55.0%) to 1,254 thousand yen. Earnings were held down by higher personnel expenses, the result of recruiting substitute workers for drivers who required long-term hospital care and converting some employees to permanent status, and other reasons.

## (2) Overview of financial condition

Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of current fiscal year that ended in February 2020. Figures for the previous fiscal year have been retrospectively revised for conformity with these amendments in order to facilitate comparisons and analysis.

(Assets)

Total assets were 7,480,545 thousand yen at the end of the fiscal year, 1,563,345 thousand yen more than one year earlier. Major changes were an 84,967 thousand yen decrease in other current assets, which includes prepaid expenses and advances paid, and increases of 1,232,967 thousand yen in cash and deposits, 245,411 thousand yen in inventories and 159,688 thousand yen in notes and accounts receivable-trade.

(Liabilities)

Liabilities increased 1,127,465 thousand yen to 3,640,378 thousand yen at the end of the fiscal year. Major changes were a decrease of 257,736 thousand yen in long-term borrowings (including the current portion) and increases of 555,752 thousand yen in accrued consumption taxes, 363,162 thousand yen in accounts payable-other, 252,736 thousand yen in other current liabilities, which includes advances received and accrued expenses, and 136,940 thousand yen in income taxes payable.

(Net assets)

Net assets increased 435,879 thousand yen to 3,840,167 thousand yen at the end of the fiscal year. Retained earnings increased 403,612 thousand yen (the difference between the profit attributable to owners of parent of 526,655 thousand yen and dividend payments of 123,042 thousand yen), the issuance of share acquisition rights increased net assets by 16,844 thousand yen, the valuation difference on available-for-sale securities increased 8,310 thousand yen, and the treasury stock deduction decreased 5,134 thousand yen.

## (3) Cash flows

Cash and cash equivalents totaled 3,916,730 thousand yen at the end of the fiscal year, 1,232,967 thousand yen more than at the end of the previous fiscal year. The following is a summary of cash flows.

(Operating activities)

Net cash provided by operating activities increased from 50,339 thousand yen in the previous fiscal year to 1,579,678 thousand yen. The major sources of cash were profit before income taxes of 690,225 thousand yen, a 555,752 thousand yen increase in consumption taxes payable, and a 361,135 thousand yen increase in accounts payable-other.

(Investing activities)

Net cash used in investing activities decreased from 135,612 thousand yen to 39,074 thousand yen. There were payments of 19,566 thousand yen for the purchase of property, plant and equipment and intangible assets and 18,817 thousand yen for payments of leasehold and guarantee deposits.

(Financing activities)

Net cash used in financing activities decreased from 315,092 thousand yen one year earlier to 307,635 thousand yen. There were proceeds of 147,635 thousand yen from the issuance of bonds and payments of 257,736 thousand yen for the repayment of long-term borrowings, 45,000 thousand yen for the redemption of bonds and 122,633 thousand yen for dividends paid.

(4) Outlook for the fiscal year ending in February 2021

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

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

However, the majority of large outsourcing projects have contracts that cover one year. As a result, the sales of most of these projects will not be recognized until the fiscal year that starts in March 2021. Consequently, we forecast an increase in the ratio of selling, general and administrative expenses to sales from 15.6% in the current fiscal year to 16.5%.

Based on this outlook, we forecast sales of 23,132,413 thousand yen, up 9.8%, operating profit of 585,153 thousand yen, down 15.5%, ordinary profit of 583,906 thousand yen, down 15.4%, and profit attributable to owners of parent of 402,359 thousand yen, down 23.6%.

**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 2019 (As of February 28, 2019)	Fiscal year ended February 2020 (As of February 29, 2020)
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,683,762	3,916,730
Notes and accounts receivable - trade	2,198,763	2,358,451
Inventories	2,641	248,052
Income taxes receivable	13,148	11,487
Other	219,595	134,627
Allowance for doubtful accounts	(909)	(841)
Total current assets	5,117,001	6,668,507
Noncurrent assets		
Property, plant and equipment		
Buildings	101,571	102,382
Accumulated depreciation	(70,143)	(74,609)
Buildings, net	31,427	27,773
Vehicles	15,138	15,138
Accumulated depreciation	(12,501)	(13,605)
Vehicles, net	2,637	1,532
Tools, furniture and fixtures	239,623	244,890
Accumulated depreciation	(194,343)	(215,985)
Tools, furniture and fixtures, net	45,280	28,904
Total property, plant and equipment	79,345	58,210
Intangible assets	85,960	55,136
Investments and other assets		
Investment securities	93,516	107,427
Deferred tax assets	71,983	103,867
Other	470,044	487,396
Allowance for doubtful accounts	(650)	-
Total investments and other assets	634,892	698,690
Total noncurrent asset	800,199	812,037
Total assets	5,917,200	7,480,545
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	84,000	54,000
Current portion of bonds payable	40,000	65,000
Current portion of long-term borrowings	257,736	200,224
Accounts payable-other	1,104,721	1,467,883
Income taxes payable	46,816	183,756
Accrued consumption taxes	95,821	651,574
Provision for bonuses	103,112	105,217
Other	235,537	488,273
Total current liabilities	1,967,744	3,215,930
Noncurrent liabilities		
Bonds payable	60,000	140,000
Long-term borrowings	357,605	157,381
Provision for share-based remuneration	16,661	13,668
Retirement benefit liability	14,438	14,259
Asset retirement obligations	46,142	46,946
Other	50,321	52,192
Total noncurrent liabilities	545,167	424,448
Total liabilities	2,512,912	3,640,378



(Thousand yen)

	Fiscal year ended February 2019 (As of February 28, 2019)	Fiscal year ended February 2020 (As of February 29, 2020)
Net assets		
Shareholders' equity		
Share capital	388,005	388,005
Capital surplus	228,433	228,433
Retained earnings	2,927,144	3,330,756
Treasury shares	(184,877)	(179,743)
Total shareholders' equity	3,358,706	3,767,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(15,503)	(7,192)
Total accumulated other comprehensive income	(15,503)	(7,192)
Share acquisition rights	16,285	33,130
Non-controlling interests	44,799	46,776
Total net assets	3,404,287	3,840,167
Total liabilities and net assets	5,917,200	7,480,545

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

(Thousand yen)

	Fiscal year ended February 2019 (March 1, 2018 - February 28, 2019)	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)
Net sales	18,624,675	21,103,379
Cost of sales	15,273,192	17,119,882
Gross profit	3,351,482	3,983,497
Selling, general and administrative expenses	3,163,817	3,291,257
Operating profit	187,664	692,239
Non-operating income		
Interest income	903	906
Dividend income	1,443	2,051
Gain on consumption taxes	102,381	-
Subsidy income	1,215	1,458
Other	2,843	627
Total non-operating income	108,787	5,042
Non-operating expenses		
Interest expenses	5,511	4,215
Amortization of bond issuance costs	-	2,364
Other	813	476
Total non-operating expenses	6,324	7,056
Ordinary profit	290,127	690,225
Profit before income taxes	290,127	690,225
Income taxes-current	112,890	196,950
Income taxes-deferred	(1,335)	(35,357)
Total income taxes	111,554	161,592
Profit	178,573	528,632
Profit attributable to non-controlling interests	7,652	1,977
Profit attributable to owners of parent	170,920	526,655

## Consolidated statements of comprehensive income

(Thousand yen)

	Fiscal year ended February 2019 (March 1, 2018 - February 28, 2019)	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)
Profit	178,573	528,632
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,503)	8,310
Total other comprehensive income	(15,503)	8,310
Comprehensive income	163,069	536,943
Comprehensive income attributable to owners of parent	155,417	534,965
Comprehensive income attributable to non-controlling interests	7,652	1,977

(3) Consolidated statement of changes in equity  
 Previous fiscal year (March 1, 2018 - February 28, 2019)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	388,005	231,718	2,880,500	(150,736)	3,349,488
Changes during period					
Dividends of surplus			(123,774)		(123,774)
Profit attributable to owners of parent			170,920		170,920
Purchase of treasury shares				(111,395)	(111,395)
Disposal of treasury shares		(502)		77,254	76,752
Transfer of loss on disposal of treasury shares		502	(502)		-
Capital increase of consolidated subsidiaries		(3,284)			(3,284)
Net changes in items other than shareholders' equity					
Total changes during period	-	(3,284)	46,643	(34,141)	9,217
Balance at end of period	388,005	228,433	2,927,144	(184,877)	3,358,706

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	-	-	16,285	19,122	3,384,896
Changes during period					
Dividends of surplus					(123,774)
Profit attributable to owners of parent					170,920
Purchase of treasury shares					(111,395)
Disposal of treasury shares					76,752
Transfer of loss on disposal of treasury shares					-
Capital increase of consolidated subsidiaries					(3,284)
Net changes in items other than shareholders' equity	(15,503)	(15,503)		25,677	10,173
Total changes during period	(15,503)	(15,503)	-	25,677	19,391
Balance at end of period	(15,503)	(15,503)	16,285	44,799	3,404,287

Current fiscal year (March 1, 2019 - February 29, 2020)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	388,005	228,433	2,927,144	(184,877)	3,358,706
Changes during period					
Dividends of surplus			(123,042)		(123,042)
Profit attributable to owners of parent			526,655		526,655
Disposal of treasury shares				5,134	5,134
Net changes in items other than shareholders' equity					
Total changes during period	-	-	403,612	5,134	408,746
Balance at end of period	388,005	228,433	3,330,756	(179,743)	3,767,452

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(15,503)	(15,503)	16,285	44,799	3,404,287
Changes during period					
Dividends of surplus					(123,042)
Profit attributable to owners of parent					526,655
Disposal of treasury shares					5,134
Net changes in items other than shareholders' equity	8,310	8,310	16,844	1,977	27,133
Total changes during period	8,310	8,310	16,844	1,977	435,879
Balance at end of period	(7,192)	(7,192)	33,130	46,776	3,840,167

## (4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended February 2019 (March 1, 2018 - February 28, 2019)	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)
Cash flows from operating activities		
Profit before income taxes	290,127	690,225
Depreciation	114,154	72,435
Share-based remuneration expenses	-	16,844
Amortization of goodwill	5,999	-
Increase (decrease) in allowance for doubtful accounts	1,096	(718)
Increase (decrease) in provision for bonuses	(15,612)	2,105
Increase (decrease) in retirement benefit liability	2,026	(178)
Increase (decrease) in provision for share-based remuneration	(7,121)	(2,992)
Interest and dividend income	(2,346)	(2,957)
Increase (decrease) in advances received	-	258,382
Interest expenses	5,511	4,215
Amortization of bond issuance costs	-	2,364
Decrease (increase) trade receivables	(72,930)	(159,688)
Decrease (increase) in inventories	(71)	(245,411)
Increase (decrease) in accounts payable-other	(60,233)	361,135
Increase (decrease) in accrued consumption taxes	(26,834)	555,752
Other, net	(108,890)	111,864
Subtotal	124,876	1,663,378
Interest and dividends received	2,346	2,957
Interest paid	(5,417)	(4,057)
Income taxes paid	(113,756)	(93,934)
Income taxes refund	42,291	11,334
Net cash provided by (used in) operating activities	50,339	1,579,678
Cash flows from investing activities		
Purchase of investment securities	(73,445)	(2,584)
Purchase of property, plant and equipment	(21,773)	(7,215)
Purchase of intangible assets	(17,075)	(12,351)
Payments for asset retirement obligations	(13,283)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(63,512)	-
Payments for leasehold and guarantee deposits	(37,806)	(18,817)
Proceeds from refund of leasehold and guarantee deposits	92,440	3,329
Other, net	(1,158)	(1,434)
Net cash provided by (used in) investing activities	(135,612)	(39,074)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	18,000	(30,000)
Proceeds from long-term borrowings	150,000	-
Repayment of long-term borrowings	(282,191)	(257,736)
Proceeds from issuance of bonds	-	147,635
Redemption of bonds	(57,500)	(45,000)
Purchase of treasury shares	(105,121)	906
Proceeds from disposal of treasury shares	71,089	-
Dividends paid	(123,673)	(122,633)
Proceeds from share issuance to non-controlling shareholders	14,740	-
Other, net	(435)	(808)
Net cash provided by (used in) financing activities	(315,092)	(307,635)
Net increase (decrease) in cash and cash equivalents	(400,365)	1,232,967
Cash and cash equivalents at beginning of period	3,084,127	2,683,762
Cash and cash equivalents at end of period	2,683,762	3,916,730

(5) Notes to consolidated financial statement

(Notes to going concern assumptions)

None

(Change in presentation method)

(Consolidated Balance Sheets)

In the balance sheet as of February 29, 2020, accrued consumption taxes, which was included in other in current liabilities one year earlier, is shown separately because of an increase in the monetary importance of this item. The balance sheet for the previous fiscal year has been revised to reflect this change.

Due to this change, other current liabilities of 331,358 thousand yen as of February 28, 2019 has been divided into accrued consumption taxes of 95,821 thousand yen and other of 235,537 thousand yen.

(Consolidated Statements of Income)

In the statement of income for the fiscal year ended February 29, 2020, subsidy income, which was included in other in non-operating income one year earlier, is shown separately because of an increase in the monetary importance of this item. The income statement for the previous fiscal year has been revised to reflect this change.

Due to this change, other non-operating income of 4,058 thousand yen for the year ended February 28, 2019 has been divided into subsidy income of 1,215 thousand yen and other of 2,843 thousand yen.

(Change due to application of Partial Revision of Accounting Standards for Tax Effect Accounting)

Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of current fiscal year ended February 29, 2020. As a result, deferred tax assets are included in investments and other assets and deferred tax liabilities are included in noncurrent liabilities.

Due to this change, in the balance sheet as of February 28, 2019, deferred tax assets of 52,918 thousand yen that were previously included in current assets are now included in deferred tax assets of 71,983 thousand yen in investments and other assets.

(Supplementary information)

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

(1) Summary

Careerlink has established an employee stock ownership plan (J-ESOP) as a 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.

(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 previous fiscal year, the trust held 55,100 shares of treasury shares with a book value of 41,592 thousand yen, and at the end of the current fiscal year, the trust held 48,300 shares of treasury shares with a book value of 36,458 thousand yen.

(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.

Beginning with the fiscal year that ended in February 2020, there are three 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. The sales human resource services segment is a new segment which handles outsourced cashless payment processing tasks. This new segment is established as a result of a reorganization aimed to operate individual businesses with greater autonomy. Segment information for the prior fiscal year has been revised to conform with these three segments in order to facilitate comparisons.

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

The accounting method used for reportable business segments complies with the accounting principles adopted for the preparation of the consolidated financial statements. Intersegment internal sales and transfers are based on market prices.

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

For the previous fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)

(Thousand yen)

	Reporting segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated statements of income (Note 3)
	Clerical human resources services	Manufacturing human resource services	Sales human resource services business	Total				
Net sales of which to outside customers of which intersegment internal sales and transfers	14,752,470	3,112,110	492,824	18,357,405	267,270	18,624,675	-	18,624,675
	777	-	-	777	-	777	(777)	-
Total	14,753,248	3,112,110	492,824	18,358,183	267,270	18,625,453	(777)	18,624,675
Segment income	81,322	44,806	58,738	184,866	2,788	187,655	9	187,664
Segment assets	2,420,968	691,580	462,033	3,574,583	184,243	3,758,826	2,158,373	5,917,200
Other items								
Depreciation	107,037	3,360	1,662	112,060	2,094	114,154	-	114,154
Increase in property, plant and equipment and intangible assets	21,770	2,139	783	24,693	1,981	26,675	-	26,675

(Notes)

1. The "other" category is the automobile management business of Tokyo Jidosha Kanri Co., Ltd. which is not included in reportable segment.
2. The adjustments are as follows:
  - (1) The adjustment in segment income is intersegment transactions eliminations of 9 thousand yen.
  - (2) The adjustment in segment assets is elimination of receivables and payables of negative 3,308 thousand yen and a 2,161,682 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposit and securities etc. of the consolidated-financial statement-submitting companies.
3. The segment income matches operating profit in the consolidated statement of income.



For the current fiscal year ended February 2020 (March 1, 2019 – February 29, 2020)

(Thousand yen)

	Reporting segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated statements of income (Note 3)
	Clerical human resources services	Manufacturing human resource services	Sales human resource services business	Total				
Net sales of which to outside customers of which intersegment internal sales and transfers	15,686,586	3,194,796	1,947,790	20,829,172	274,207	21,103,379	-	21,103,379
	-	-	-	-	-	-	-	-
Total	15,686,586	3,194,796	1,947,790	20,829,172	274,207	21,103,379	-	21,103,379
Segment income	637,094	28,398	25,482	690,975	1,254	692,229	9	692,239
Segment assets	3,070,407	790,415	274,464	4,135,287	199,268	4,334,555	3,145,990	7,480,545
Other items								
Depreciation	60,642	2,536	7,401	70,579	1,855	72,435	-	72,435
Increase in property, plant and equipment and intangible assets	18,631	1,952	1,715	22,299	-	22,299	-	22,299

(Notes)

1. The "other" category is the automobile management business of Tokyo Jidosha Kanri Co., Ltd. which is not included in reportable segment.
2. The adjustments are as follows:
  - (1) The adjustment in segment income is intersegment transactions eliminations of 9 thousand yen.
  - (2) The adjustment in segment assets is elimination of receivables and payables of negative 3,637 thousand yen and a 3,149,628 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposit and securities etc. of the consolidated-financial statement-submitting companies.
3. The segment income matches operating profit in the consolidated statement of income.

(Per share information)

	Fiscal year ended February 2019 (March 1, 2018 - February 28, 2019)	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)
	Yen	Yen
Net assets per share	272.93	306.81
Earnings per share	13.96	42.98
Earnings per share (fully diluted)	13.83	42.89

(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 60,640 shares for the previous fiscal year and 51,048 shares for 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 55,100 shares for the previous fiscal year and 48,300 shares 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 2019 (Mar. 1, 2018 - Feb. 28, 2019)	Fiscal year ended February 2020 (Mar. 1, 2019 - Feb. 29, 2020)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	170,920	526,655
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent available to common shareholders (thousand yen)	170,920	526,655
Average number of shares during the period (shares)	12,242,022	12,253,197
Fully diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	(1,283)	(249)
of which adjustment of dilutive shares held by subsidiary (thousand yen)	(1,283)	(249)
Increase in common shares (shares)	20,956	21,370
of which share acquisition rights (shares)	20,956	21,370
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 2019 (As of February 28, 2019)	Fiscal year ended February 2020 (As of February 29, 2020)
Total net assets (thousand yen)	3,404,287	3,840,167
Deducted amount from total net assets (thousand yen)	61,084	79,907
of which share acquisition rights (thousand yen)	16,285	33,130
of which non-controlling interests (thousand yen)	44,799	46,776
Net assets at end of period attributable to common shares (thousand yen)	3,343,202	3,760,260
Number of common shares at end of period used for calculation of net asset per share (shares)	12,249,145	12,255,945

(Significant Subsequent Event)

(Purchase of Treasury Stock)

The Careerlink Board of Directors approved a resolution on April 10, 2020 to purchase treasury stock pursuant to Article 156 of the Companies Act, applied in accordance with the provisions of Article 165, Paragraph 3 of the Companies Act.

1. Reason for purchase of treasury stock

Treasury stock is to be purchased for the purposes of increasing the per share value of Careerlink stock and implementing capital policies with speed and flexibility in response to changes in the business climate.

2. Summary of the treasury stock purchase authorization

(a) Stock purchased	Careerlink common stock
(b) Number of shares to be purchased	Maximum of 600,000 (4.88% of all shares issued, excluding treasury stock)
(c) Cost	Maximum of 300,000 thousand yen
(d) Purchase period	April 13 to September 30, 2020
(e) Purchase method	Open market transactions using the Tokyo Stock Exchange

#### 4. Other information

(1) Change in directors (Planned for May 27, 2020)

1) Representative directors (current position in parentheses)

Hirohiko Kondo (Chairman and Representative Director)	Re-election
Motoaki Narusawa (President and Representative Director, President and Executive Officer and Head of SSS Company)	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 (Director and Vice President)	Re-election
Taketo Shima (Director, Executive Officer, General Manager of Sales Division and Sales Department 4)	Re-election
Hiroyoshi Fujieda (Director, Executive Officer, Assistant Manager of Administration Division, General Manager of Administration Department and Legal Affairs Department)	Re-election
Natsumi Morimura (Director, Executive Officer, General Manager of Human Resource and General Affairs Department)	Re-election
Masaharu Kishimoto (Director, Managing Executive Officer, General Manager of Administration Division and Corporate Planning Department)	Re-election
Naofumi Maeda (Director)	Re-election

(b) Director candidates (members of the Audit and Supervisory Committee)

Kotaro Nakagawa	New post
Kesao Endo	Re-election
Iwao Hasegawa	Re-election

(Note) Mr. Nakagawa, Mr. Endo and Mr. Hasegawa are candidates for election as outside directors who are members of the Audit and Supervisory Committee. All three candidates meet the outside director requirements stipulated in the Companies Act.

(c) Director to be resigned

Hajime Shimada (Outside director)

(d) Alternate director candidates (members of the Audit and Supervisory Committee)

Shin Kono	Candidate
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(Note) Mr. Kono is a candidate for election as an outside director who is an alternate member of the Audit and Supervisory Committee. Mr. Kono meets the outside director requirements stipulated in the Companies Act.

\* Information about the personal histories of candidates to become new directors and the proposed new composition of directors is in the release dated today titled "Notice concerning Directors" (Japanese).