

Summary of Consolidated Financial Results For the Fiscal Year Ended February 28, 2021 [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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 Regular general meeting of shareholders (tentative): May 28, 2021
 Date of securities report (tentative): May 28, 2021
 Date of commencement of dividend payment (tentative): May 31, 2021
 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 2021 (March 1, 2020 – February 28, 2021)**(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. 2021	30,276	43.5	2,729	294.3	2,772	301.7	2,053	289.9
Fiscal year ended Feb. 2020	21,103	13.3	692	268.9	690	137.9	526	208.1

Note: Comprehensive income: FY 2/2021: 2,065 million yen [284.6%], FY 2/2020: 536 million yen [229.3%]

	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. 2021	171.95	171.14	44.8	29.2	9.0
Fiscal year ended Feb. 2020	42.98	42.89	14.8	10.3	3.3

Reference: Equity method income FY2/21: - million yen FY2/20 - million yen

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2021	11,523	5,483	46.9	458.36
As of February 29, 2020	7,480	3,840	50.3	306.81

Reference: Shareholders' equity

As of February 28, 2021: 5,405 million yen As of February 29, 2020: 3,760 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 2/21	2,742	(47)	(176)	6,435
FY 2/20	1,580	(39)	(307)	3,916

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 2/20	-	0.00	-	10.00	10.00	123	23.3	3.4
FY 2/21	-	0.00	-	20.00	20.00	236	11.6	5.2
FY 3/22 (Estimate)	-	0.00	-	20.00	20.00		11.3	

(Note) Total dividends for the fiscal years that ended in February 2020 and 2021 include the following payments for Careerlink stock held by Custody Bank of Japan, Ltd. (Trust E Account): 483 thousand yen for 48,300 shares in the fiscal year ended February 2020 and 948 thousand yen for 47,400 shares in the fiscal year ended February 2021.

3. Forecast for the fiscal year ending March 2022 (Consolidated, March 1, 2021 - March 31, 2022)

(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	15,150	8.5	1,100	(15.5)	1,115	(16.8)	785	(16.0)	66.56
Full year	39,000	-	2,830	-	2,840	-	2,080	-	176.37

(Note) Year on year changes for full year are not presented because FY 3/22 will be a 13-month period due to the change of the fiscal year end (from end of February to end of March).

* 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)

End of FY 2/21	12,569,400	End of FY 2/20	12,555,800
End of FY 2/21	776,225	End of FY 2/20	299,855
FY 2/21	11,941,599	FY 2/20	12,253,197

(b) Treasury shares

(c) Average number of shares during the period

(Note) The number of shares of treasury shares at the end of the fiscal year includes shares held in Custody Bank of Japan, Ltd. (Trust E Account) for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 47,400 shares in this trust account at the end of February 2021 and 48,300 shares at the end of February 2020. 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 47,921 shares in this trust account in the fiscal year ended February 2021 and 51,048 shares in the fiscal year ended February 2020.

(Reference) Outline of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended February 2021 (March 1, 2020 – February 28, 2021)

(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. 2021	23,401	60.3	2,512	366.0	2,749	413.7	2,102	495.7
Fiscal year ended Feb. 2020	14,597	17.9	539	192.9	535	195.5	352	207.8

	Earnings per share	Earnings per share fully diluted
	Yen	Yen
Fiscal year ended Feb. 2021	176.09	175.34
Fiscal year ended Feb. 2020	28.81	28.76

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2021	10,347	5,118	49.2	431.89
As of February 29, 2020	6,337	3,428	53.6	277.03

Reference: Shareholders' equity

As of February 28, 2021: 5,093 million yen As of February 29, 2020: 3,395 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 March 2022" on page 4.

(To receive supplementary information)

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

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1. Results of Operations

(1) Overview of business performance

The Japanese economy was severely impacted by the COVID-19 pandemic during the current fiscal year. Consumer spending and corporate earnings plummeted due to significant restrictions on mobility and economic activity. The economy started to recover slowly after the end of the first state of emergency in May 2020, but the situation remained severe as a second state of emergency was declared in January 2021.

In other countries, tension between the U.S. and China increased after the election of a new U.S. president. Although COVID-19 vaccination programs have started worldwide, repeated lockdowns of cities and other measures have prevented economies from staging significant recoveries.

In the Japanese human resources industry, there was a slow recovery in the business climate during the fiscal year. However, the COVID-19 crisis, including the effects of the second state of emergency in January 2021, had a big impact on economic activity throughout the fiscal year. According to the Ministry of Health, Labour and Welfare, the jobs-to-applicants ratio in February 2021 was 1.09, 0.36 point lower than in February 2020. This ratio remained low during the entire fiscal year.

The Careerlink Group continued to use numerous initiatives in all categories with emphasis on business process outsourcing (BPO), mainly for outsourced projects that incorporate proposals for making improvements.

In the clerical human resource services business, numerous activities to capture new orders primarily in the core BPO category resulted in a larger than expected volume of large new BPO and other orders. In the manufacturing human resource services business, sales activities continued even as customers remained cautious about COVID-19. The result was a recovery in the volume of orders beginning in the third quarter. In the sales human resource services business, operations were impacted due to suspension of sales activities that involve visiting clients because of COVID-19.

Although the COVID-19 crisis had a negative effect on business operations in the current fiscal year, sales increased 9,173,085 thousand yen (+43.5%) to 30,276,465 thousand yen. Sales growth was attributable to the larger than expected volume of large new BPO orders, the recognition in March 2020 of sales of a large BPO project that started in April 2019 and finished in March 2020, and a larger than expected volume of new orders in the office services category.

Earnings were much higher than one year earlier. One reason was an increase in gross profit resulting mainly from sales growth and large new BPO projects with higher gross profit margin. Earnings also benefited from measures to limit the growth of expenses, including activities for efficiently hiring people required for those large new BPO projects. Operating profit increased 2,037,371 thousand yen (+294.3%) to 2,729,610 thousand yen, ordinary profit increased 2,082,166 thousand yen (+301.7%) to 2,772,391 thousand yen, and profit attributable to owners of parent increased 1,526,674 thousand yen (+289.9%) to 2,053,329 thousand yen.

(Clerical human resource services)

There was a big increase in BPO sales mainly because of a larger than expected volume of large new orders from BPO companies and the public sector and the recognition in March 2020 of sales of a large BPO project that started in April 2019 and finished in March 2020. In the customer relationship management category, orders were held down starting in March 2020 by COVID-19 but subsequently began to recover gradually after the end of the state of emergency in May 2020. Nevertheless, the recovery in orders was limited by persistent concerns among customers about the pandemic. Office services temporary staffing orders for companies other than financial institutions were negatively affected by COVID-19, but the performance of this category was supported by a larger than expected volume of new orders after the state of emergency ended in May 2020. As a result, segment sales increased 9,830,547 thousand yen (+62.7%) to 25,517,133 thousand yen. Operating profit increased 1,991,883 thousand yen (+312.7%) to 2,628,977 thousand yen because of an increase in gross profit resulting mainly from sales growth and large new BPO projects with higher gross profit margins, and measures to limit the growth of expenses, including efficiently hiring people required for those large new BPO projects.

(a) Business Process Outsourcing

The big increase in sales in this category was mostly the result of a larger than expected volume of large new orders from BPO companies and the public sector and the recognition in March 2020 of sales of a large BPO project that started in April 2019 and finished in March 2020. Sales increased 8,739,211 thousand yen (+103.3%) to 17,202,484 thousand yen.

(b) Customer Relationship Management

Sales decreased because of adjustments to working hours and other measures starting in March 2020 in order to prevent the spread of COVID-19. After the state of emergency ended in May 2020, there was a recovery in orders, although the pace was weaker at some customers than at others. Nevertheless, there was no broad-based recovery due to caution about COVID-19 among customers and sales decreased 138,535 thousand yen (-3.8%) to 3,465,798 thousand yen.

(c) Office Services

New orders from the public sector and companies other than financial institutions decreased and the working hours of people assigned to current projects declined because of COVID-19. But there was a larger than expected number of new orders after the end of the state of emergency in May 2020. The result was a 1,229,870 thousand yen increase (+34.0%) in sales to 4,848,849 thousand yen.

(Manufacturing human resources services)

The year-on-year downturn in sales increased in the fiscal year's second quarter because of the decline in orders and reduced working hours caused by COVID-19 even after the end of the state of emergency in May 2020, mostly involving manufacturing and processing companies. In the fiscal year's second half, sales recovered because of activities to receive orders from food companies and manufacturing and processing companies. As a result, sales increased 30,403 thousand yen (+1.0%) to 3,225,199 thousand yen. Operating profit increased 45,678 thousand yen (+160.8%) to 74,077 thousand yen

primarily because of measures to lower personnel and other expenses in response to the challenging business climate during the fiscal year.

(Sales human resource services)

Sales calls to stores, restaurants and other businesses were suspended beginning in April when the state of emergency was declared. Even after the state of emergency ended in May, the recovery of this business was restricted by the COVID-19 crisis. The result was a decrease of 696,081 thousand yen (-35.7%) in sales to 1,251,708 thousand yen. There were measures to lower selling, general and administrative expenses, but earnings were negatively affected by the lower sales and expenses for recruiting people for projects where orders were received in the fourth quarter and sales will be recorded in the following fiscal year. As a result, operating profit decreased 20,475 thousand yen (-80.4%) to 5,006 thousand yen.

(Other services business)

This business is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service. Sales increased 8,216 thousand yen (+3.0%) to 282,423 thousand yen and operating profit increased 20,294 thousand yen from 1,254 thousand yen in the previous fiscal year to 21,548 thousand yen because of activities to reduce personnel expenses and other reasons.

(2) Overview of financial condition

(Assets)

Total assets were 11,523,851 thousand yen at the end of the fiscal year, 4,043,305 thousand yen more than one year earlier. Major changes were a 63,052 thousand yen decrease in investment securities and increases of 2,518,663 thousand yen in cash and deposits and 996,314 thousand yen in notes and accounts receivable-trade.

(Liabilities)

Liabilities increased 2,400,389 thousand yen to 6,040,768 thousand yen at the end of the fiscal year. Major changes were a decrease of 65,000 thousand yen in bonds (including the current portion) and increases of 864,531 thousand yen in accounts payable-other, 674,382 thousand yen in accrued consumption taxes and 495,885 thousand yen in income taxes payable.

(Net assets)

Net assets increased 1,642,915 thousand yen to 5,483,082 thousand yen at the end of the fiscal year. The treasury shares deduction increased by 299,292 thousand yen and retained earnings increased 1,930,287 thousand yen (the difference between profit attributable to owners of parent of 2,053,329 thousand yen and dividend payments of 123,042 thousand yen).

(3) Cash flows

Cash and cash equivalents totaled 6,435,394 thousand yen at the end of the fiscal year, 2,518,663 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 1,580,350 thousand yen in the previous fiscal year to 2,742,875 thousand yen. The major sources of cash were profit before income taxes of 2,772,391 thousand yen, a 797,271 thousand yen increase in accounts payable-other, a 674,382 thousand yen increase in consumption taxes payable. Cash was used by a 996,314 thousand yen increase in trade receivables and a 257,027 thousand yen decrease in advances received.

(Investing activities)

Net cash used in investing activities increased from 39,746 thousand yen one year earlier to 47,245 thousand yen. There were proceeds of 105,631 thousand yen from sales of investment securities and 100,000 thousand yen from withdrawal of time deposits and payments of 197,333 thousand yen for leasehold and guarantee deposits and 77,474 thousand yen for the purchase of property, plant and equipment and intangible assets.

(Financing activities)

Net cash used in financing activities decreased from 307,635 thousand yen one year earlier to 176,965 thousand yen. There were proceeds of 600,000 thousand yen from long-term borrowings and payments of 309,171 thousand yen for the repayment of long-term borrowings, 299,292 thousand yen for the purchase of treasury shares and 122,962 thousand yen for dividends paid.

(4) Outlook for the fiscal year ending in March 2022

The next fiscal year will be a 13-month period ending in March because of the change in the year end from February to March if approved by shareholders. While the outlook is expected to remain unclear because of the COVID-19 crisis, increasing U.S.-China tension and other reasons, we do not anticipate a significant negative impact on our performance in the fiscal year ending in March 2022 based on the impact of this crisis on results of operations in the fiscal year that ended in February 2021,.

We forecast an increase in sales in the clerical human resources services business mainly because of extensive activities to capture new BPO orders and the outlook for a large volume of orders in the office services category. We plan to receive a large number of BPO subcontracting projects in the next fiscal year, of which sales would be recorded at once when each one is finished. Manufacturing human resources services business and sales human resources services business sales are also expected to be higher than in the current fiscal year. Sales in the manufacturing human resources services business have been recovering since the third quarter of the current fiscal year and in the sales human resources services business, we have been receiving new orders. The outlooks for both of these businesses may change if the severity of the COVID-19 pandemic increases.

In the clerical human resources services business, we forecast a small decrease in the gross profit margin. The main reason is that we plan to conduct many sales activities to capture orders for large new projects and these projects tend to cost higher for starting. Furthermore, we expect an increase in selling, general and administrative expenses because of more expenses for hiring temporary placement personnel and full-time employees as sales increase and for other reasons. Despite the outlook for higher expenses, we forecast an increase in operating profit.

Based on this outlook, we forecast sales of 39,000,000 thousand yen, up 28.8%, operating profit of 2,830,000 thousand yen, up 3.7%, ordinary profit of 2,840,000 thousand yen, up 2.4%, and profit attributable to owners of parent of 2,080,000 thousand yen, up 1.3%, all from the previous fiscal year.

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 2020 (As of February 29, 2020)	Fiscal year ended February 2021 (As of February 28, 2021)
ASSETS		
Current assets		
Cash and deposits	3,916,730	6,435,394
Notes and accounts receivable - trade	2,358,451	3,354,766
Inventories	248,052	392,139
Income taxes receivable	11,487	221
Other	134,627	351,828
Allowance for doubtful accounts	(841)	(1,199)
Total current assets	6,668,507	10,533,149
Noncurrent assets		
Property, plant and equipment		
Buildings	102,382	144,704
Accumulated depreciation	(74,609)	(81,402)
Buildings, net	27,773	63,301
Vehicles	15,138	16,655
Accumulated depreciation	(13,605)	(13,716)
Vehicles, net	1,532	2,938
Tools, furniture and fixtures	244,890	253,059
Accumulated depreciation	(215,985)	(209,274)
Tools, furniture and fixtures, net	28,904	43,784
Total property, plant and equipment	58,210	110,025
Intangible assets	55,136	78,143
Investments and other assets		
Investment securities	107,427	44,375
Deferred tax assets	103,867	146,486
Other	487,396	611,671
Total investments and other assets	698,690	802,532
Total noncurrent asset	812,037	990,701
Total assets	7,480,545	11,523,851
Liabilities		
Current liabilities		
Short-term borrowings	54,000	74,000
Current portion of bonds payable	65,000	50,000
Current portion of long-term borrowings	200,224	228,447
Accounts payable-other	1,467,883	2,332,414
Income taxes payable	183,756	679,642
Accrued consumption taxes	651,574	1,325,956
Provision for bonuses	105,217	141,044
Other	488,273	598,159
Total current liabilities	3,215,930	5,429,665
Noncurrent liabilities		
Bonds payable	140,000	90,000
Long-term borrowings	157,381	419,987
Provision for share-based remuneration	13,668	16,326
Retirement benefit liability	14,259	4,552
Asset retirement obligations	46,946	52,183
Other	52,192	28,052
Total noncurrent liabilities	424,448	611,102
Total liabilities	3,640,378	6,040,768

(Thousand yen)

	Fiscal year ended February 2020 (As of February 29, 2020)	Fiscal year ended February 2021 (As of February 28, 2021)
Net assets		
Shareholders' equity		
Share capital	388,005	392,204
Capital surplus	228,433	232,633
Retained earnings	3,330,756	5,261,044
Treasury shares	(179,743)	(479,035)
Total shareholders' equity	3,767,452	5,406,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,192)	(1,296)
Total accumulated other comprehensive income	(7,192)	(1,296)
Share acquisition rights	33,130	24,745
Non-controlling interests	46,776	52,787
Total net assets	3,840,167	5,483,082
Total liabilities and net assets	7,480,545	11,523,851

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

(Thousand yen)

	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)
Net sales	21,103,379	30,276,465
Cost of sales	17,119,882	23,761,617
Gross profit	3,983,497	6,514,847
Selling, general and administrative expenses	3,291,257	3,785,237
Operating profit	692,239	2,729,610
Non-operating income		
Interest income	906	781
Dividend income	2,051	2,044
Gain on sales of investment securities	-	30,140
Subsidy income	1,458	7,803
Surrender value of insurance policies	-	7,570
Other	627	1,307
Total non-operating income	5,042	49,648
Non-operating expenses		
Interest expenses	4,215	4,586
Loss on sales of investment securities	-	758
Amortization of bond issuance costs	2,364	-
Commission expenses	-	899
Other	476	621
Total non-operating expenses	7,056	6,867
Ordinary profit	690,225	2,772,391
Profit before income taxes	690,225	2,772,391
Income taxes-current	196,950	759,168
Income taxes-deferred	(35,357)	(46,117)
Total income taxes	161,592	713,050
Profit	528,632	2,059,340
Profit attributable to non-controlling interests	1,977	6,010
Profit attributable to owners of parent	526,655	2,053,329

Consolidated statements of comprehensive income

(Thousand yen)

	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)
Profit	528,632	2,059,340
Other comprehensive income		
Valuation difference on available-for-sale securities	8,310	5,895
Total other comprehensive income	8,310	5,895
Comprehensive income	536,943	2,065,236
Comprehensive income attributable to owners of parent	534,965	2,059,225
Comprehensive income attributable to non-controlling interests	1,977	6,010

(3) Consolidated statement of changes in equity
 Previous 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
Purchase of treasury shares					-
Disposal of treasury shares				5,134	5,134
Exercise of share acquisition rights					-
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
Purchase of treasury shares					-
Disposal of treasury shares					5,134
Exercise of share acquisition rights					-
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

Current fiscal year (March 1, 2020 - February 28, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	388,005	228,433	3,330,756	(179,743)	3,767,452
Changes during period					
Dividends of surplus			(123,042)		(123,042)
Profit attributable to owners of parent			2,053,329		2,053,329
Purchase of treasury shares				(299,971)	(299,971)
Disposal of treasury shares				679	679
Exercise of share acquisition rights	4,199	4,199			8,398
Net changes in items other than shareholders' equity					
Total changes during period	4,199	4,199	1,930,287	(299,292)	1,639,393
Balance at end of period	392,204	232,633	5,261,044	(479,035)	5,406,846

	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	(7,192)	(7,192)	33,130	46,776	3,840,167
Changes during period					
Dividends of surplus					(123,042)
Profit attributable to owners of parent					2,053,329
Purchase of treasury shares					(299,971)
Disposal of treasury shares					679
Exercise of share acquisition rights			(8,385)		13
Net changes in items other than shareholders' equity	5,895	5,895		6,010	11,906
Total changes during period	5,895	5,895	(8,385)	6,010	1,642,915
Balance at end of period	(1,296)	(1,296)	24,745	52,787	5,483,082

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended February 2020 (March 1, 2019 - February 29, 2020)	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)
Cash flows from operating activities		
Profit before income taxes	690,225	2,772,391
Depreciation	72,435	74,889
Share-based remuneration expenses	16,844	-
Increase (decrease) in allowance for doubtful accounts	(718)	358
Increase (decrease) in provision for bonuses	2,105	35,826
Increase (decrease) in retirement benefit liability	(178)	(9,706)
Increase (decrease) in provision for share-based remuneration	(2,992)	2,658
Interest and dividend income	(2,957)	(2,826)
Interest expenses	4,215	4,586
Loss (gain) on sales of investment securities	-	(30,140)
Amortization of bond issuance costs	2,364	-
Decrease (increase) in trade receivables	(159,688)	(996,314)
Decrease (increase) in inventories	(245,411)	(144,086)
Increase (decrease) in advances received	258,382	(257,027)
Increase (decrease) in accounts payable - other	361,135	797,271
Increase (decrease) in accrued expenses	(5,677)	303,473
Increase (decrease) in accrued consumption taxes	555,752	674,382
Other, net	118,214	(204,463)
Subtotal	1,664,050	3,021,272
Interest and dividends received	2,957	2,826
Interest paid	(4,057)	(4,854)
Income taxes paid	(93,934)	(290,472)
Income taxes refund	11,334	14,103
Net cash provided by (used in) operating activities	1,580,350	2,742,875
Cash flows from investing activities		
Purchase of investment securities	(2,584)	(3,044)
Proceeds from sales of investment securities	-	105,631
Purchase of property, plant and equipment	(7,215)	(50,813)
Purchase of intangible assets	(12,351)	(26,661)
Payments for asset retirement obligations	(672)	-
Proceeds from withdrawal of time deposits	-	100,000
Loan advances to employees	-	(1,000)
Proceeds from cancellation of insurance funds	-	22,710
Payments of leasehold and guarantee deposits	(18,817)	(197,333)
Proceeds from refund of leasehold and guarantee deposits	3,329	3,265
Other, net	(1,434)	-
Net cash provided by (used in) investing activities	(39,746)	(47,245)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30,000)	20,000
Proceeds from long-term borrowings	-	600,000
Repayments of long-term borrowings	(257,736)	(309,171)
Proceeds from issuance of bonds	147,635	-
Redemption of bonds	(45,000)	(65,000)
Purchase of treasury shares	-	(299,292)
Proceeds from disposal of treasury shares	906	-
Dividends paid	(122,633)	(122,962)
Other, net	(808)	(539)
Net cash provided by (used in) financing activities	(307,635)	(176,965)
Net increase (decrease) in cash and cash equivalents	1,232,967	2,518,663
Cash and cash equivalents at beginning of period	2,683,762	3,916,730
Cash and cash equivalents at end of period	3,916,730	6,435,394

(5) Notes to consolidated financial statement

(Notes to going concern assumptions)

None

(Change in presentation method)

(Consolidated statement of cash flows)

In the operating cash flows section of the consolidated statement of cash flows for the fiscal year that ended in February 2020, “Other, net” included the change in accrued expenses. Due to the greater monetary significance of this item, accrued expenses has been changed to separate item beginning with the fiscal year that ended in February 2021. To reflect this change, accrued expenses is also a separate item in the consolidated statement of cash flows for the fiscal year that ended in February 2020. As a result, in the consolidated statement of cash flows for the fiscal year that ended in February 2020, there is a decrease of 5,677 thousand yen for “Increase (decrease) in accrued expenses” and an increase of 118,214 thousand yen for “Other, net” instead of the previous increase of 112,536 thousand yen.

(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 an 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 48,300 shares of treasury shares with a book value of 36,458 thousand yen, and at the end of the current fiscal year, the trust held 47,400 shares of treasury shares with a book value of 35,778 thousand yen.

(Effect of the COVID-19 pandemic)

As it is impossible to predict when the COVID-19 pandemic will end, estimates for determining the likelihood of recovering deferred tax assets are based on information that is currently available. The COVID-19 pandemic is expected to have only a negligible effect on the Careerlink Group’s financial position and results of operations in the fiscal year ending in March 2022.

(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.

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.

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

For the previous 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.

For the current fiscal year ended February 2021 (March 1, 2020 – February 28, 2021)

(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	25,517,133	3,225,199	1,251,708	29,994,041	282,423	30,276,465	-	30,276,465
	-	-	-	-	-	-	-	-
Total	25,517,133	3,225,199	1,251,708	29,994,041	282,423	30,276,465	-	30,276,465
Segment income	2,628,977	74,077	5,006	2,708,061	21,548	2,729,610	-	2,729,610
Segment assets	4,632,420	825,466	262,791	5,720,678	216,785	5,937,464	5,586,386	11,523,851
Other items								
Depreciation	68,542	1,909	2,550	73,002	1,886	74,889	-	74,889
Increase in property, plant and equipment and intangible assets	144,423	-	2,751	147,175	2,549	149,724	-	149,724

(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 assets is elimination of receivables and payables of negative 2,929 thousand yen and a 5,589,316 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 2020 (March 1, 2019 - February 29, 2020)	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)
	Yen	Yen
Net assets per share	306.81	458.36
Earnings per share	42.98	171.95
Earnings per share fully diluted	42.89	171.14

- (Notes) 1. Treasury shares held in a trust account of Custody Bank of Japan, Ltd. (Trust E Account) are excluded from the average number of shares during the period used to calculate earnings per share and earnings per share fully diluted 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 during the period used to calculate earnings per share and earnings per share fully diluted is 51,048 shares for the previous fiscal year and 47,921 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 48,300 shares for the previous fiscal year and 47,400 shares for the current fiscal year.
2. The basis for calculating earnings per share and earnings per share fully diluted is as follows.

	Fiscal year ended February 2020 (Mar. 1, 2019 - Feb. 29, 2020)	Fiscal year ended February 2021 (Mar. 1, 2020 - Feb. 28, 2021)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	526,655	2,053,329
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent available to common shareholders (thousand yen)	526,655	2,053,329
Average number of common shares during the period (shares)	12,253,197	11,941,599
Earnings per share fully diluted		
Adjustment to profit attributable to owners of parent (thousand yen)	(249)	(955)
of which adjustment of dilutive shares held by subsidiary (thousand yen)	(249)	(955)
Increase in common shares (shares)	21,370	50,802
of which share acquisition rights (shares)	21,370	50,802
Non-dilutive common shares equivalents not included in calculation of earnings per share fully diluted (shares)	-	-

3. The basis for calculating net assets per share is as follows.

	Fiscal year ended February 2020 (As of February 29, 2020)	Fiscal year ended February 2021 (As of February 28, 2021)
Total net assets (thousand yen)	3,840,167	5,483,082
Deducted amount from total net assets (thousand yen)	79,907	77,532
of which share acquisition rights (thousand yen)	33,130	24,745
of which non-controlling interests (thousand yen)	46,776	52,787
Net assets at end of period attributable to common shares (thousand yen)	3,760,260	5,405,550
Number of common shares at end of period used for calculation of net asset per share (shares)	12,255,945	11,793,175

4. Other information

(1) Change in directors (Planned for May 28, 2021)

1) Representative director (current position in parentheses)
Motoaki Narusawa (President and Representative Director, President and Executive Officer) Re-election

2) Other directors (current position in parentheses)

(a) Director candidates (except directors who are members of the Audit and Supervisory Committee)

Taketo Shima Director, Managing Executive Officer, General Manager of Sales Division, Sales Planning and Sales Development Department Re-election

Hiroyoshi Fujieda Director, Managing Executive Officer, General Manager of Administration Division and Corporate Planning Department Re-election

Natsumi Morimura Director, Executive Officer, Manager of Training Department Re-election

Masaharu Kishimoto Director, In charge of the Human Resources Department and Training Department Re-election

Naofumi Maeda Director Re-election

Satoko Kitamura Outside director New post

(Note) Ms. Satoko Kitamura is a candidate as an outside director who meets the outside director requirements stipulated in the Companies Act.

(b) Director to be resigned

Takehiro Hiramatsu (Director and Vice President)

* 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).