

## Summary of Consolidated Financial Results For the Third Quarter Ended November 30, 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 & Corporate Planning Department  
 Name: Hiroyoshi Fujieda  
 Phone: +81-(0)3-6311-7321  
 Date of quarterly securities report (tentative): January 14, 2021  
 Date of commencement of dividend payment (tentative): -  
 Quarterly earnings supplementary explanatory documents: No  
 Quarterly earnings presentation: No

(Yen in millions, rounded down)

### 1. Financial results for the first three quarters of the fiscal year ending February 2021 (March 1, 2020 – November 30, 2020)

(1) Result of operations (Consolidated, year-to-date) (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	%
First three quarters ended Nov. 2020	22,054	39.9	2,261	296.5	2,303	304.0	1,599	287.4
First three quarters ended Nov. 2019	15,768	14.1	570	-	570	387.0	413	851.0

Note: Comprehensive income: First three quarters of FY2/2021: 1,602 million yen (267.3%)  
 First three quarters of FY2/2020: 436 million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First three quarters ended Nov. 2020	133.44		132.81	
First three quarters ended Nov. 2019	33.71		33.64	

Note: Prior-year comparisons are not shown (-) for operating profit and comprehensive income for the first three quarters of FY2/2020 because the changes are more than 1,000%.

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2020	10,085		5,020		49.0	
As of February 29, 2020	7,480		3,840		50.3	

Reference: Shareholders' equity

As of November 30, 2020: 4,945 million yen As of February 29, 2020: 3,760 million yen

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2020	-	0.00	-	10.00	10.00
Fiscal year ending February 2021	-	0.00	-		
Fiscal year ending February 2021 (est.)			-	15.00	15.00

Note: Change in the estimation of dividend from the latest announcement: None

**Forecast for the fiscal year ending February 2021 (Consolidated, March 1, 2020 to 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
Full year	29,660	40.5	2,275	228.6	2,330	237.6	1,620	207.6	135.66

Note: Change in the forecast from the latest announcement: No

**\* Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Use of accounting methods specifically for the preparation of the quarterly financial statements: None
- (3) 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

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of November 30, 2020: 12,569,400 As of February 29, 2020: 12,555,800

(b) Treasury shares

As of November 30, 2020: 776,625 As of February 29, 2020: 299,855

(c) Average number of shares (first three quarters)

Period ended November 30, 2020: 11,990,242 Period ended November 30, 2019: 12,252,465

Note: The number of treasury shares includes stock held in a trust account of Custody Bank of Japan, Ltd. (trust account E) for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 47,800 shares in this trust account as of November 30, 2020 and 48,300 shares as of February 29, 2020. Shares in this trust account are included in treasury stock that is excluded from the average number of shares during the period. There were 48,024 shares in this trust account in the period ended November 30, 2020 and 51,780 shares in the period ended November 30, 2019.

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

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

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 (3) Forecast for the current fiscal year" on page 4.

## Index for Supplementary Information

<b>1. Results of Operations.....</b>	<b>2</b>
(1) Overview on business performance .....	2
(2) Overview of financial condition .....	4
(3) Forecast for the current fiscal year.....	4
<b>2. Quarterly Consolidated Financial Statements and Important Notes .....</b>	<b>5</b>
(1) Quarterly consolidated balance sheet.....	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income .....	6
Quarterly consolidated statements of income	
For the first three quarters .....	6
Quarterly consolidated statements of comprehensive income	
For the first three quarters .....	7
(3) Notes to quarterly consolidated financial statement .....	8
(Notes to going concern assumptions) .....	8
(Significant change in shareholders' equity).....	8
(Segment information, etc.).....	8

## 1. Results of Operations

### (1) Overview on business performance

In the first three quarters of the current fiscal year, there were big downturns in consumer spending and corporate earnings in Japan because of COVID-19. Although the Japanese government is implementing measures to support the economy, the recovery of economic activity following the end of the state of emergency in May was slow and the outlook for the Japanese economy is still unclear.

The outlook for the global economy is also uncertain. One reason is the increasing severity of the prolonged U.S.-China trade friction. In addition, there are still no signs of when the COVID-19 pandemic will end. Some major cities in Europe have imposed lockdowns again.

In the Japanese human resources industry, signs of a recovery are emerging in some sectors. However, the COVID-19 crisis is still holding down economic activity. According to the Ministry of Health, Labour and Welfare, jobs-to-applicants ratio continues to be low of 1.06 in November 2020, only 0.02 point higher than in October. As a result, the business climate for the human resources industry remains difficult because of weak demand in the hospitality, restaurant, service, wholesale and retail, and many other business sectors.

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.

During the first three quarters, market conditions were challenging for the Sales human resource services business because of COVID-19. In the Manufacturing human resource services business, there was a recovery in the volume of orders in the third quarter even as client companies remain cautious about COVID-19. In the Clerical human resource services business, activities to capture new orders primarily in the core BPO sector resulted in a larger than expected volume of orders that included large BPO projects.

Consequently, despite the negative effects of the COVID-19 crisis, sales in the first three quarters increased 6,286,650 thousand yen (+39.9%) to 22,054,850 thousand yen. This was mainly attributable to the recognition in March 2020 of the sales of a large BPO project that started in April 2019 and finished in March 2020, the receipt of a larger than expected number of large BPO orders, and the receipt of a larger volume of orders than expected in the office services sector.

The gross profit increased mainly because benefits of sales growth and the larger than expected number of large BPO projects with high profit margins more than offset higher recruiting expenses, IT system development expenses and other expenses associated with the growth in sales. Operating profit increased 1,690,735 thousand yen (+296.5%) to 2,261,034 thousand yen, ordinary profit increased 1,733,293 thousand yen (+304.0%) to 2,303,523 thousand yen, and profit attributable to owners of parent increased 1,186,908 thousand yen (+287.4%) to 1,599,955 thousand yen.

#### (Clerical human resource services)

BPO sales increased significantly mainly because of the recognition in March 2020 of sales of a large BPO project that started in April 2019 and finished in March 2020 and the receipt of a larger than expected number of orders from BPO companies and the public sector. In the customer relationship management sector, orders initially declined because of COVID-19 but have been recovering slowly after the end of the state of emergency in May. In the office services sector, although COVID-19 negatively affected orders from the public sector and companies other than financial institutions, there was a larger than expected volume of new orders after the state of emergency ended. As a result, segment sales increased 7,038,538 thousand yen (+61.2%) to 18,533,561 thousand yen. Earnings increased significantly for a number of reasons. The gross profit was higher even though there were increases in recruiting expenses for temporary placement personnel and administrative personnel because of sales growth and in IT system development expenses due to the receipt of orders for large BPO projects. Sales growth and the receipt of a larger than expected number of large BPO orders with high-profit margins and other orders were the main contributors to earnings. The result was a 1,673,324 thousand yen (+339.6%) increase in operating profit to 2,166,127 thousand yen.

#### (a) Business Process Outsourcing

Sales increased 6,170,636 thousand yen (+101.8%) to 12,234,279 thousand yen. The main reasons are the recognition in March 2020 of sales of a large BPO project that started in April 2019 and finished in March 2020 and the receipt of a larger than expected number of large orders from BPO companies and the public sector.

#### (b) Customer Relationship Management

Sales decreased 107,029 thousand yen (-3.9%) to 2,622,476 thousand yen primarily because of adjustments to working hours in order to prevent the spread of COVID-19. The volume of orders started to recover gradually following the end of Japan's state of emergency in May, although the pace of the recovery is stronger at some customers than at others. However, the pace of the recovery in the order backlog has been slow.

#### (c) Office Services

Sales increased 974,931 thousand yen (+36.1%) to 3,676,805 thousand yen. There was a decrease in new orders from the public sector and companies other than financial institutions because of COVID-19 and the working days of temporary placement personnel at ongoing projects were adjusted to prevent the spread of infections. These negative effects were more than offset by a larger than expected volume of new orders after the end of the state of emergency in May.

(Manufacturing human resource services)

Sales decreased 82,705 thousand yen (-3.4%) to 2,349,255 thousand yen as the COVID-19 crisis continued to hold down orders, mainly in the manufacturing and processing category, even after the end of the state of emergency in May.

Adjustments to working hours of the temporary placement workforce also impacted sales. There was a temporary increase in the size of the sales downturn from one year earlier. In the third quarter, there were sales activities aimed at a recovery in the volume of orders in the food processing and the manufacturing and processing categories. Operating profit was up 21,378 thousand yen (+105.0%) to 41,734 thousand yen mainly because of measures to lower personnel and other expenses in response to the challenging business climate.

(Sales human resource services)

Sales decreased 669,670 thousand yen (-41.0%) to 962,349 thousand yen because of the suspension during the state of emergency of sales activities that involve visiting retail stores, restaurants and other businesses. Furthermore, the recovery in sales activities has been slow even after the state of emergency ended due to the COVID-19 crisis. Although there were activities to reduce personnel and other expenses, a decline in the gross profit resulting from lower sales caused operating profit to decrease 20,592 thousand yen (-37.0%) to 35,091 thousand yen.

(Other services business)

This segment is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service. Sales increased 488 thousand yen (+0.2%) to 209,683 thousand yen and the operating profit was 18,080 thousand yen, an improvement of 16,624 thousand yen from 1,456 thousand yen one year earlier because of activities to reduce personnel and other expenses.

(2) Overview of financial condition

(Assets)

Total assets were 10,085,112 thousand yen at the end of the third quarter, 2,604,566 thousand yen more than at the end of the previous fiscal year. Major changes were increases of 1,086,508 thousand yen in notes and accounts receivable-trade, 773,699 thousand yen in cash and deposits, 313,673 thousand yen in inventories, and 286,886 thousand yen in other current assets, which includes prepaid expenses and advances paid.

(Liabilities)

Liabilities increased 1,424,332 thousand yen to 5,064,711 thousand yen at the end of the third quarter. Major changes were decreases of 55,000 thousand yen in bonds payable (including the current portion) and 34,000 thousand yen in short-term borrowings, and increases of 501,538 thousand yen in income taxes payable, 414,852 thousand yen in other current liabilities, which includes accrued expenses and accrued consumption taxes, 364,443 thousand yen in long-term borrowings (including the current portion), and 291,993 thousand yen in accounts payable-other.

(Net assets)

Net assets increased 1,180,233 thousand yen to 5,020,401 thousand yen at the end of the third quarter. The treasury shares deduction increased 299,594 thousand yen and there was an 1,476,912 thousand yen increase in retained earnings (the difference between the profit attributable to owners of parent of 1,599,955 thousand yen and dividend payments of 123,042 thousand yen).

(3) Forecast for the current fiscal year

The forecast for the fiscal year ending in February 2021 is on the first page of this summary of consolidated financial results

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly consolidated balance sheet

(Thousand yen)

	Fiscal year ended February 2020 (As of February 29, 2020)	Third quarter ended November 2020 (As of November 30, 2020)
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,916,730	4,690,430
Notes and accounts receivable - trade	2,358,451	3,444,960
Securities	-	100,000
Inventories	248,052	561,726
Income taxes receivable	11,487	150
Other	134,627	421,513
Allowance for doubtful accounts	(841)	(1,244)
Total current assets	6,668,507	9,217,536
Non-current assets		
Property, plant and equipment	58,210	71,134
Intangible assets	55,136	54,352
Investments and other assets	698,690	742,090
Total non-current asset	812,037	867,576
Total assets	7,480,545	10,085,112
<b>LIABILITIES</b>		
Current liabilities		
Short-term borrowings	54,000	20,000
Current portion of bonds payable	65,000	50,000
Current portion of long-term borrowings	200,224	251,200
Accounts payable - other	1,467,883	1,759,877
Income taxes payable	183,756	685,295
Provision for bonuses	105,217	75,559
Other	1,139,847	1,554,700
Total current liabilities	3,215,930	4,396,633
Non-current liabilities		
Bonds payable	140,000	100,000
Long-term borrowings	157,381	470,848
Provision for share-based remuneration	13,668	14,816
Retirement benefit liability	14,259	6,586
Asset retirement obligations	46,946	47,133
Other	52,192	28,692
Total non-current liabilities	424,448	668,077
Total liabilities	3,640,378	5,064,711
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	388,005	392,204
Capital surplus	228,433	232,633
Retained earnings	3,330,756	4,807,669
Treasury shares	(179,743)	(479,337)
Total shareholders' equity	3,767,452	4,953,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,192)	(7,645)
Total accumulated other comprehensive income	(7,192)	(7,645)
Share acquisition rights	33,130	24,745
Non-controlling interests	46,776	50,131
Total net assets	3,840,167	5,020,401
Total liabilities and net assets	7,480,545	10,085,112

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income  
 For the first three quarters

(Thousand yen)

	First three quarters ended Nov. 2019 (March 1, 2019 – November 30, 2019)	First three quarters ended Nov. 2020 (March 1, 2020 – November 30, 2020)
Net sales	15,768,199	22,054,850
Cost of sales	12,758,259	17,117,934
Gross profit	3,009,939	4,936,915
Selling, general and administrative expenses	2,439,640	2,675,881
Operating profit	570,299	2,261,034
Non-operating income		
Interest income	582	481
Dividend income	1,018	1,528
Gain on sales of investment securities	-	30,140
Other	2,925	16,031
Total non-operating income	4,526	48,182
Non-operating expenses		
Interest expenses	3,273	3,522
Amortization of bond issuance costs	954	-
Other	368	2,171
Total non-operating expenses	4,596	5,693
Ordinary profit	570,229	2,303,523
Profit before income taxes	570,229	2,303,523
Income taxes-current	172,596	771,975
Income taxes-deferred	(16,774)	(71,762)
Total income taxes	155,821	700,212
Profit	414,407	1,603,310
Profit attributable to non-controlling interests	1,361	3,354
Profit attributable to owners of parent	413,046	1,599,955



Quarterly consolidated statements of comprehensive income  
For the first three quarters

(Thousand yen)

	First three quarters ended Nov. 2019 (March 1, 2019 – November 30, 2019)	First three quarters ended Nov. 2020 (March 1, 2020 – November 30, 2020)
Profit	414,407	1,603,310
Other comprehensive income		
Valuation difference on available-for-sale securities	21,965	(452)
Total other comprehensive income	21,965	(452)
Comprehensive income	436,373	1,602,857
Comprehensive income attributable to owners of parent	435,012	1,599,502
Comprehensive income attributable to non-controlling interests	1,361	3,354

(3) Notes to quarterly consolidated financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Segment information, etc.)

[Segment information]

I For the first three quarters ended November 2019 (March 1, 2019 – November 30, 2019)

1. Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments				Other (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Clerical human resource services	Manufacturing human resource services	Sales human resource services	Total		
Net sales (of which to outside customers)	11,495,023	2,431,960	1,632,020	15,559,004	209,195	15,768,199
(of which intersegment)	-	-	-	-	-	-
Total	11,495,023	2,431,960	1,632,020	15,559,004	209,195	15,768,199
Segment income	492,802	20,355	55,684	568,842	1,456	570,299

Note 1: "Other" is the automobile management business of Tokyo Jidosha Kanri which is not a reportable segment.

2: The segment income (loss) matches operating profit in the consolidated income statement.

2. Information about impairment loss or goodwill etc. in non-current assets by reporting segments

None

II For the first three quarters ended November 2020 (March 1, 2020 – November 30, 2020)

1. Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments				Other (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Clerical human resource services	Manufacturing human resource services	Sales human resource services	Total		
Net sales (of which to outside customers)	18,533,561	2,349,255	962,349	21,845,166	209,683	22,054,850
(of which intersegment)	-	-	-	-	-	-
Total	18,533,561	2,349,255	962,349	21,845,166	209,683	22,054,850
Segment income	2,166,127	41,734	35,091	2,242,953	18,080	2,261,034

Note 1: "Other" is the automobile management business of Tokyo Jidosha Kanri which is not a reportable segment.

2: The segment income (loss) matches operating profit in the consolidated income statement.

2. Information about impairment loss or goodwill etc. in non-current assets by reporting segments

None