

Earnings Presentation

First Half Ended August 31, 2021

CAREERLINK CO., LTD.



Stock Code : 6070
Tokyo Stock Exchange, First Section

October 22 (Fri.), 2021

President & Representative Director
President & Executive Office
Motoaki Narusawa

Precautions

Forecasts, plans and other forward-looking statements concerning Careerlink in this presentation are based on judgments using information that was available at the time of this presentation.

The outlook may differ significantly because of the COVID-19 crisis, changes in the economy and the human resources industry, the emergence of new technologies, and other events.

Consequently, there is a risk that Careerlink's actual performance and other aspects of operations may differ from the information in this presentation. An announcement will be made whenever there is a significant change.

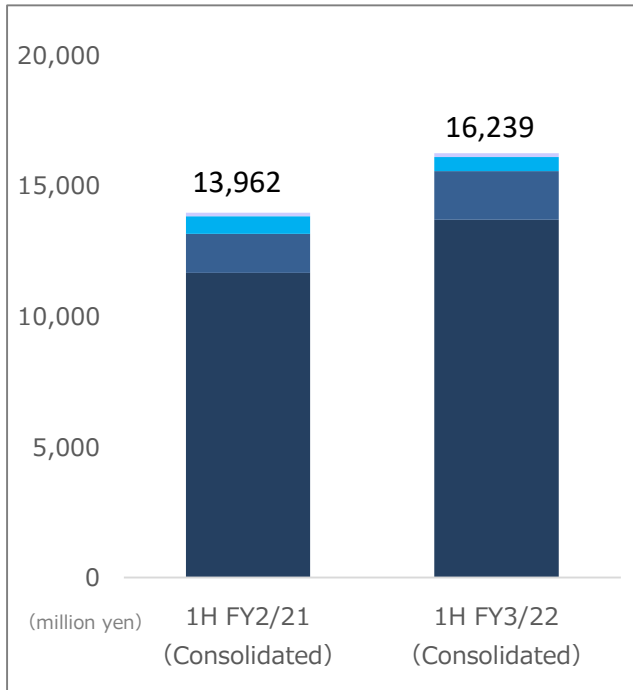
Agenda

- ❏ **I . Financial Highlights for the First Half of FY3/22**
- ❏ **II . Annual Plan for FY3/22**
- ❏ **III . Reference**

I . Financial Highlights for the First Half of FY3/22



Consolidated Financial Highlights (Sales)



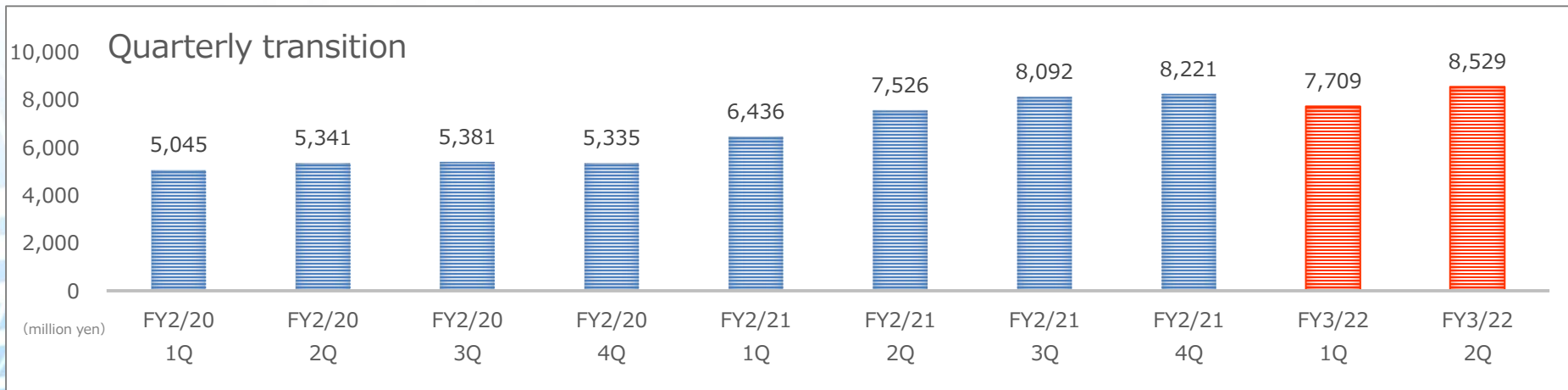
Main factors of increase / decrease

- In the clerical human resource services business, the volume of new BPO orders from the public sector, large BPO companies and other sources were higher than one year earlier and there were new orders for office services projects.
- In the manufacturing human resource services business, orders are recovering mainly at manufacturing and processing companies.
- In the sales human resource services business, repeated declarations of a state of emergency forced companies in the restaurant, retail and other sectors reduce operations, resulting in a decline in the level of business activities. The activities of this business were also restricted due to this situation as the difficult business climate continued.

➤ **Sales 16,239 million yen**

➤ **16.3% Up y-o-y**

(+7.2% VS. Initial plan)



Consolidated Financial Highlights (Profits)

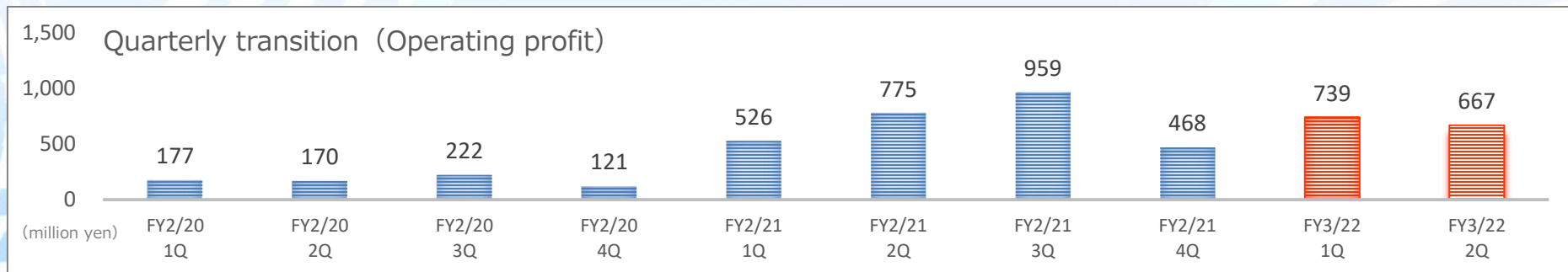
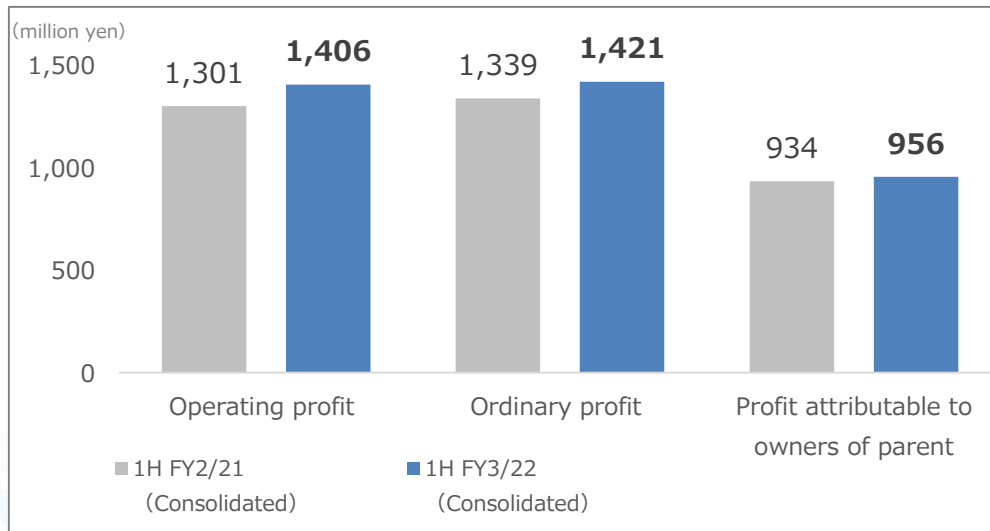
Main factors of increase / decrease

The gross profit increased along with sales growth but there were increases in expenses for recruiting temporary placement personnel due to the growth in sales and higher expenses for recruiting key personnel for upcoming business activities and for digital transformation (DX) initiatives.

➤ **Op P. 1,406 million yen**
 ➤ **8.1% Up y-o-y**
 (+27.9% VS. Initial plan)

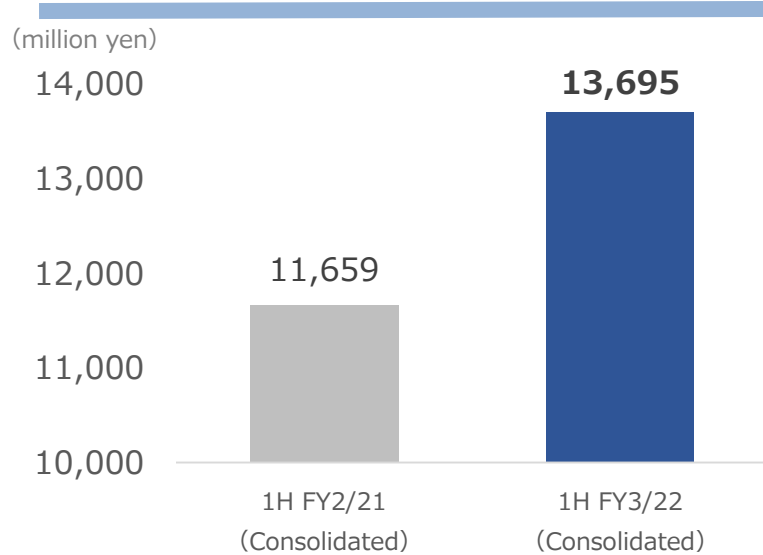
➤ **Ord. P 1,421 million yen**
 ➤ **6.1% Up y-o-y**
 (+27.5% VS. Initial plan)

➤ **Profit attributable to owners of parent 956 million yen**
 ➤ **2.4% Up y-o-y**
 (+21.8% VS. Initial plan)



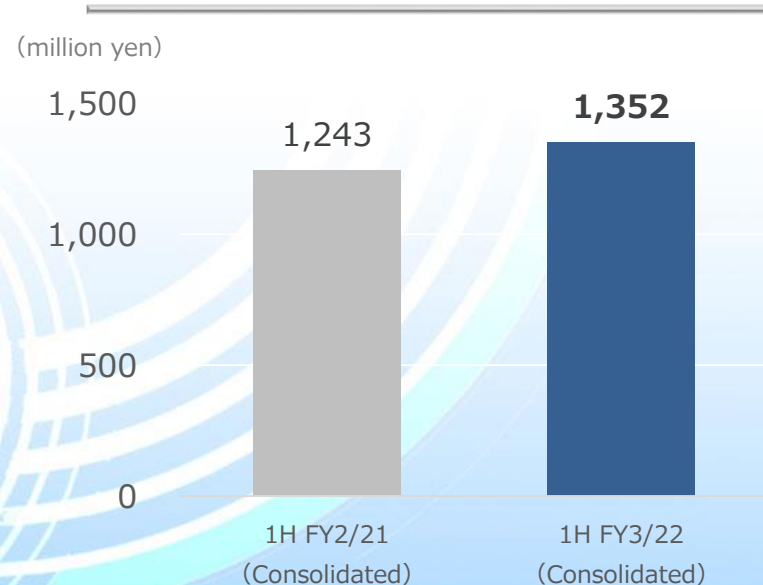
Segment Information (Clerical Human Resource Services)

【Clerical Human Resource Services(Sales・Profits)】



In the BPO category, the volume of new orders from the public sector, large BPO companies and other sources remained strong.

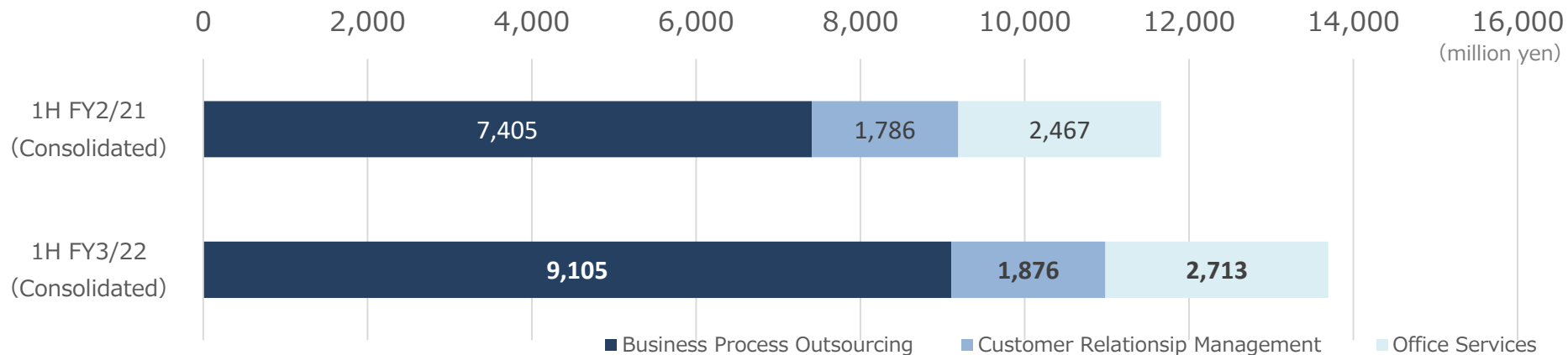
- **Sales 13,695 million yen**
- **17.5% Up y-o-y**



The gross profit increased along with sales growth but there were increases in expenses for recruiting temporary placement personnel due to the growth in sales and higher expenses for recruiting key personnel for upcoming business activities and for digital transformation (DX) initiatives.

- **Op. P 1,352 million yen**
- **8.8% Up y-o-y**

(Details) Clerical Human Resource Services Sales



Business Process Outsourcing

Activities to capture orders from new customers resulted in a large volume of new BPO orders from the public sector, large BPO companies and other sources.

- Sales **9,105** million yen
- **23.0%** Up y-o-y

Customer Relationship Management

Activities to add new customers and increase the share of business at current customers produced an upturn in sales, although the recovery did not return sales to the level prior to the pandemic.

- Sales **1,876** million yen
- **5.0%** Up y-o-y

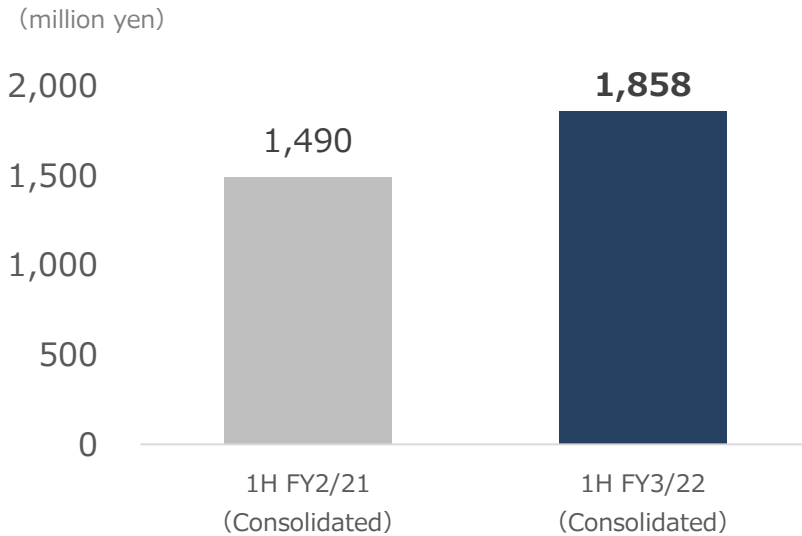
Office Services

Although orders from some customers have not recovered to the pre-pandemic level, there was a large volume of new orders from the public sector and demand at financial institutions for temporary staffing remained firm.

- Sales **2,713** million yen
- **9.9%** Up y-o-y

Segment Information (Manufacturing Human Resources Services)

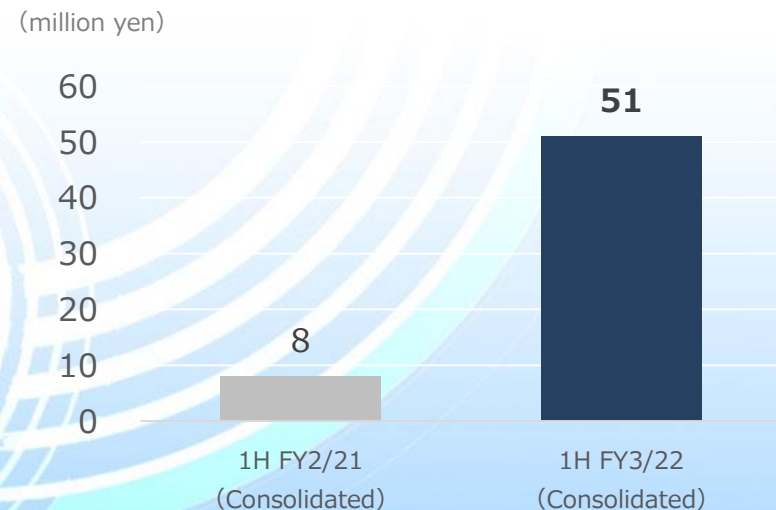
【 Manufacturing Human Resources Services(Sales・Profits) 】



In the manufacturing and processing sector, the volume of orders was higher than one year earlier at almost all customers and sales were higher than before the pandemic started.

In the food processing sector, the volume of orders has recovered to the pre-pandemic level, although orders from some customers are still lower.

➤ Sales **1,858** million yen
➤ **24.7%** Up y-o-y

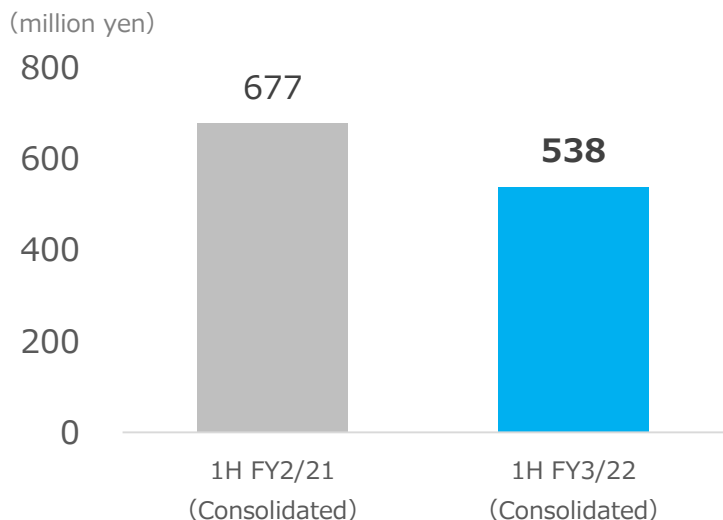


■ Mainly due to sales growth, operating profit increased.

➤ Op. P **51** million yen
➤ **513.2%** Up y-o-y

Segment Information (Sales Human Resources Services)

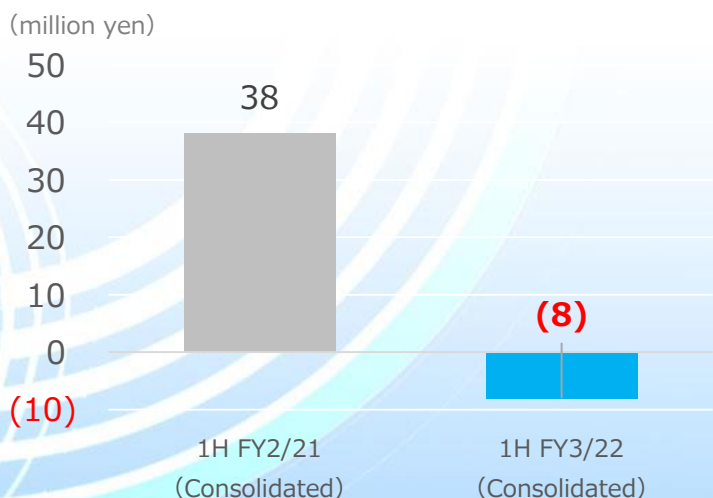
【 Sales Human Resources Services(Sales・Profits) 】



- Restaurants, retails and other businesses that are the main source of orders in this category were forced to reduce operations again because of state of emergency starting in July 2021 in the Tokyo area and Osaka. The activities of this business sector were also restricted as the difficult market conditions continued.

➤ Sales **538 million yen**

➤ **20.6% Down y-o-y**



- Severe situations such as restrictions on sales activities continue.
- Operating profit decreased despite cost-cutting and other measures in response to the downturn in sales.

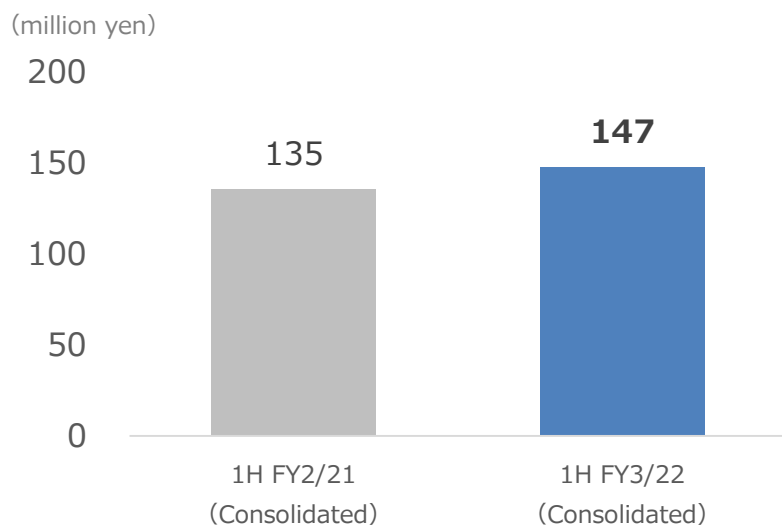
➤ Op. loss **△ 8 million yen**

(The 38 million yen operating profit in the first half of the previous fiscal year.)

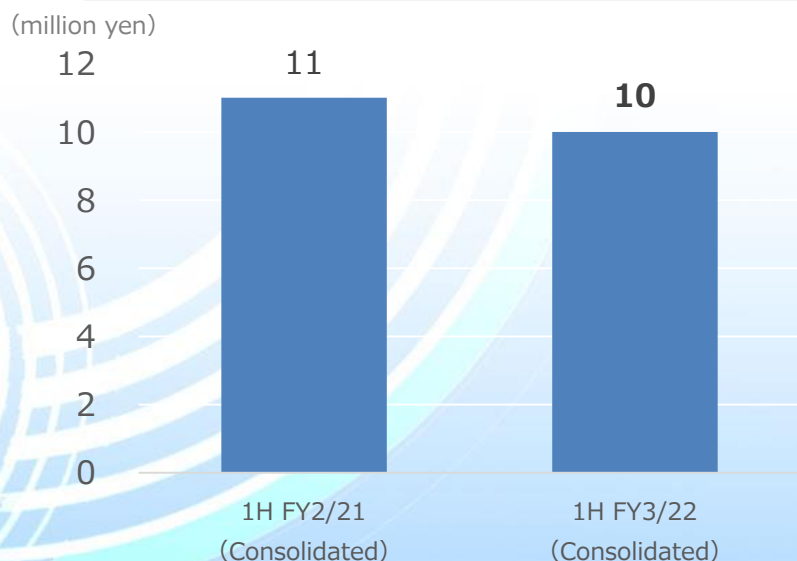
Segment Information (Others)

【 Others(Sales・Profits) 】

This segment is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service.



- Sales **147** million yen
- **8.8%** Up y-o-y



- Because of higher personnel expenses caused by an increase in the number of drivers.
- Op. P **10** million yen
- **1.5%** Down y-o-y

Statements of Income

	Actual 1H FY2/20 (Consolidated)	Actual 1H FY2/21 (Consolidated)	Actual 1H FY3/22 (Consolidated)	
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Year On Year Increase / decrease (Million yen / %)
Net sales	10,386	13,962	16,239	2,276 16.3
Clerical Human Resources Services (Sales Composition)	7,472 71.9%	11,659 83.5%	13,695 84.3%	2,035 17.5
BPO (Sales Composition)	3,855 37.1%	7,405 53.0%	9,105 56.1%	1,700 23.0
CRM (Sales Composition)	1,832 17.6%	1,786 12.8%	1,876 11.6%	90 5.0
Offices Services (Sales Composition)	1,783 17.2%	2,467 17.7%	2,713 16.7%	245 9.9
Manufacturing Human Resources Services (Sales Composition)	1,619 15.6%	1,490 10.7%	1,858 11.4%	368 24.7
Sales Human Resources Services (Sales Composition)	1,155 11.1%	677 4.9%	538 3.3%	△ 139 △ 20.6
Others (Sales Composition)	139 1.3%	135 1.0%	147 0.9%	11 8.8
Operating Profit (Operating profit to Sales)	347 3.3%	1,301 9.3%	1,406 8.7%	105 8.1
Ordinary Profit (Ordinary profit to Sales)	346 3.3%	1,339 9.6%	1,421 8.8%	82 6.1
Profit attributable to owners of parent (Profit to Sales)	253 2.4%	934 6.7%	956 5.9%	21 2.4

Financial Condition

		End of FY2/21 (Consolidated)	1H FY3/22(Consolidated)		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	10,533 91.4%	11,037 92.1%	504	Cash and deposits Δ 1,621 Notes and accounts receivable-trad +1,151 Inventories +1,022
	Non-current assets	990 8.6%	943 7.9%	-46	
	Total assets	11,523 100.0%	11,981 100.0%	457	
	Current liabilities	5,429 47.1%	5,080 42.4%	-349	long-term borrowings (including the current portion) +71 Income taxes payable Δ 203 Other current liabilities, which includes advances received and accrued consumption taxes Δ 108 Accounts payable - other Δ 50
	Non-current liabilities	611 5.3%	669 5.6%	58	
	Total liabilities	6,040 52.4%	5,750 48.0%	-290	
	Total net assets	5,483 47.6%	6,231 52.0%	748	Retained earnings +719 Share acquisition rights +9
	Total liabilities and net assets	11,523 100.0%	11,981 100.0%	457	

Cash Flows

		FY2/21	FY3/22	
		Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
Operating activities		50	△ 1,396	Profit before income taxes + 1,421
				Increase in advances received + 920
Investing activities		88	△ 50	Depreciation + 55
				Increase in trade receivables △1,135
				Increase in inventories △1,022
				Decrease in accrued consumption taxes △816
				Income taxes paid △647
				Proceeds from refund of leasehold and guarantee deposits + 166
	Purchase of property, plant and equipment			
	Purchase of intangible assets △175			
	Payments of leasehold and guarantee deposits △40			
Free cash flow		138	△ 1,446	
Financing activities		11	△ 174	Proceeds from long-term borrowings + 200
				Proceeds from issuance of share acquisition rights + 20
				Dividends paid △236
				Repayment of long-term borrowings △128
				Redemption of bonds △30
Net increase (decrease) in cash and cash equivalents		149	△ 1,621	
Cash and cash equivalents at beginning of period		3,916	6,435	
Cash and cash equivalents at end of period		4,066	4,813	

II. Forecast for FY3/22



Revised Annual Plan for FY3/22 (consolidated)

Business results for the second quarter exceeded the initial forecast plan. However, the impact of The COVID-19 on the economy is uncertain, and we anticipate that the content and volume of the work we receive will change, so we have left our earnings forecast unchanged.

	FY2/21 Actual		FY3/22 Plan	
	Amount (Million yen)	VS.FY2/20	Amount (Million yen)	VS.FY2/21
Net sales	30,276	43.5%	39,000	28.8%
Operating Profit (% to Sales)	2,729 [9.0%]	294.3%	2,830 [7.3%]	3.7%
Ordinary Profit (% to Sales)	2,772 [9.2%]	301.7%	2,840 [7.3%]	2.4%
Profit attributable to owners of parent (% to Sales)	2,053 [6.8%]	289.9%	2,080 [5.3%]	1.3%

※Reprinted from the previous financial results briefing materials.

※Breakdown by segments is expected to be changed from the beginning of the fiscal year, and has been omitted.

Identifying market demand after the last half of TY3/22

Since the impact of the COVID-19 on economic activities is unclear, we will keep an accurate grasp on the market needs and lead to the expansion of business performance and the next growth strategy.

Impact of the COVID-19

Re-expansion phase



- ✓ Public sector core business
- ✓ Individual Number business·
Individual number card point business
- ✓ Private companies core business
- ✓ Finance business
- ✓ Public sector spot project



Market demand
Accurately capture

Impact of the COVID-19

convergence·post-covid



- ✓ Public sector core business
- ✓ Individual Number business·
Individual number card point business
- ✓ Private companies core business
- ✓ Finance business
- ✓ Public sector spot project

Revival of business that was sluggish in the COVID-19.
Sales support, CRM, manufacturing

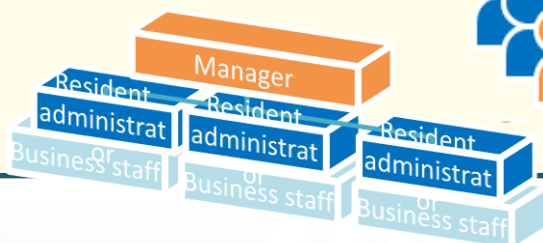
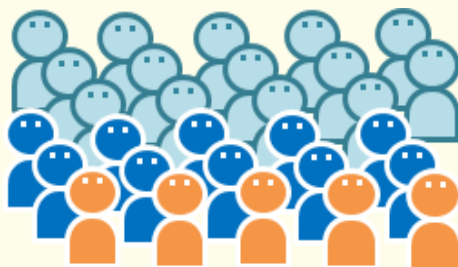
- ✓ New orders of public sector projects
- ✓ Medium- to long-term permanent projects

Business expansion + Next growth strategy

Active relocation of large spot project resources

- We will proactively relocate people with experience in business operations and know-how resources in ordinance-designated cities and large-scale BPO spot projects to core city and local government projects.

<Ordinance-designated city>
<Large scale BPO project>
<Central government ministries and agencies>



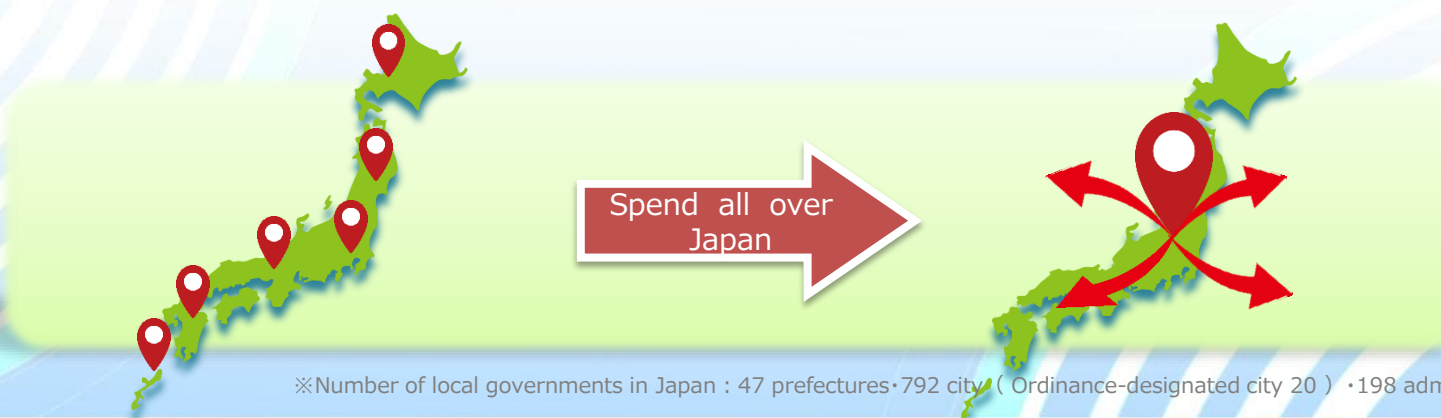
<Core city>
<Local public bodies>
<Medium-sized BPO project>



<Local government>
<Small BPO project>



Achieve vertical launch of new projects based on experience.



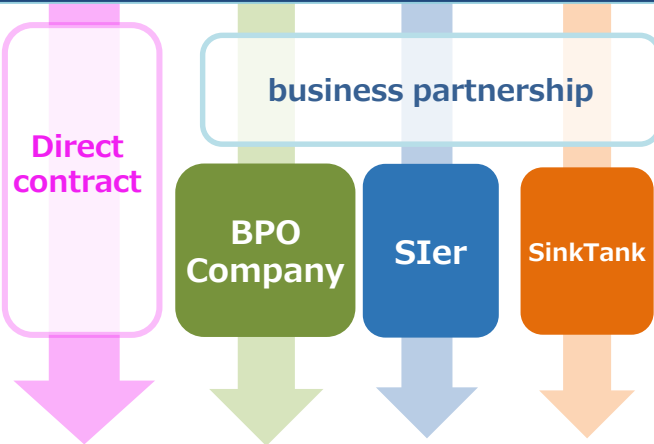
※Number of local governments in Japan : 47 prefectures・792 city (Ordinance-designated city 20) ・198 administrative district

Direction of medium-term strategy for post-pandemic

Strengths as a “ platformer ”

Deepen and expand the strengths as a “ platformer ” to achieve of the medium-term plan

Public sector office · Private enterprises
· Financial institution



- ✓ Individual Number business
· Individual number card point business
- ✓ Public sector spot project business
- ✓ Public sector core business
- ✓ Private companies core business
- ✓ Finance business

<Promoted as a medium-term strategy>

Expanding business partners and strengthening relationships

Promotion of Digital transformation

Core human resources

<Expected achievement>

- Business expansion by expanding project consignment channels
- Acquisition of new customers such as central government ministries and agencies
- Combination of BPO business and IT field
- Development of new fields and new themes
- Promotion of attracting staff in new areas
- Strengthening the foundation for an increase in entrusted projects

III. Reference

Company Overview

CAREERLINK Co., Ltd.

Head Office

Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo

Representative

President & Representative Director: Motoaki Narusawa

Established

October 1st, 1996

(Careerlink Group)

Clerical Human Resource Service Business

- Business Process Outsourcing
- Customer Relationship Management
- Office Services

Manufacturing Human Resource Service Business

Sales Human Resource Service Business

Other Service business

Main Corporate Activities

Stated Capital

392,204,950 yen

Employees

596 (Consolidated 798) (As of Aug 31, 2021)

Accounting Period

March

Stock Exchange Listing

Tokyo Stock Exchange, First Section

(Stock Code: 6070)

Group Companies

CAREERLINKFACTORY CO., LTD.

- Manufacturing human resource business

Japan Business Service Co., Ltd.

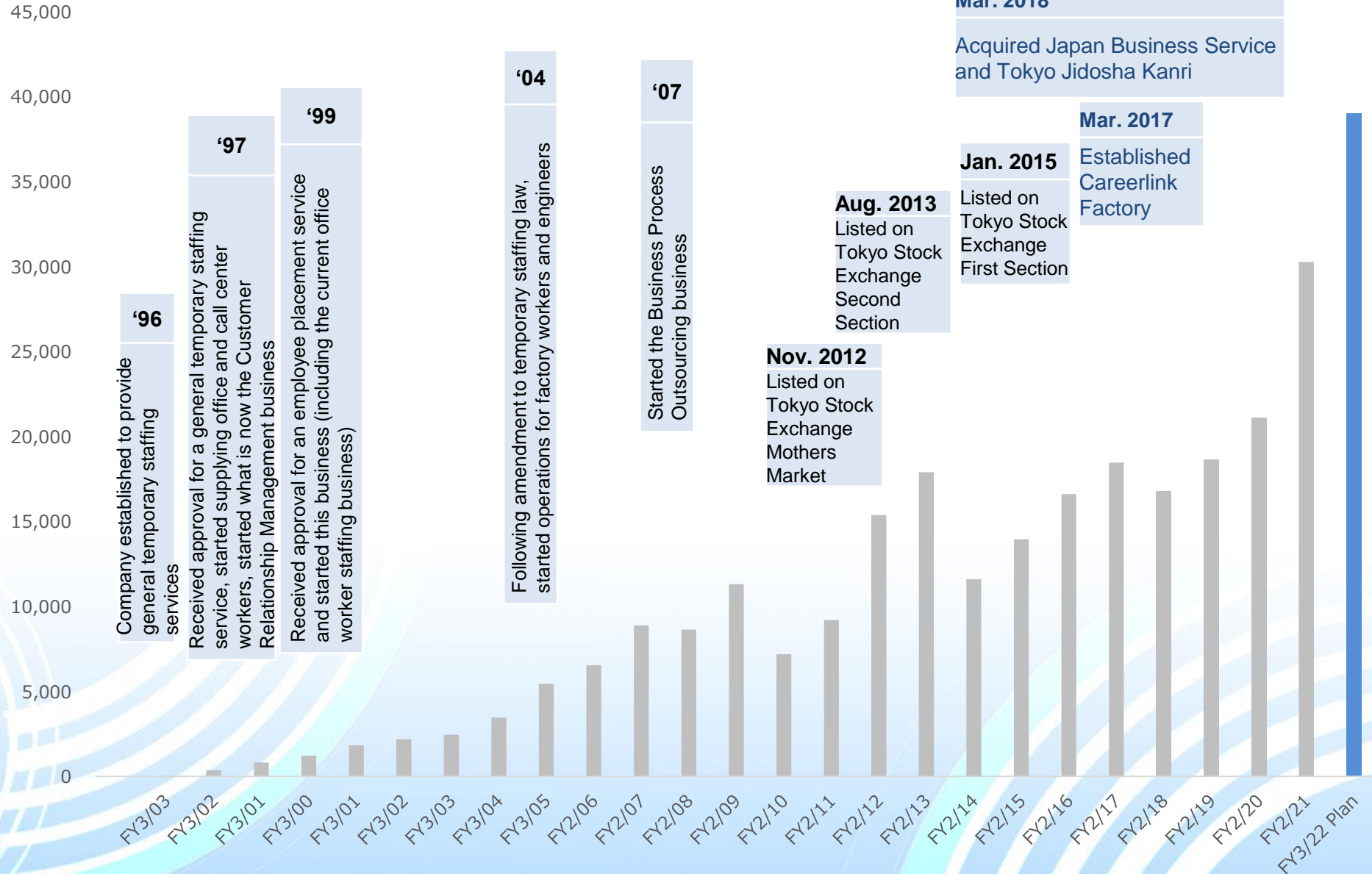
- Clerical human resource service

Tokyo Jidosha Kanri Co., Ltd.

- Automobile management business

Significant Events and Sales Growth

(Million yen)



About Careerlink Group's destination

"We believe the joy of work"

BPO service industry trend

Outsourcing of public business

Outsource congratulatory work to concentrate management resources on core businesses

➔ Coexist with COVID-19/After COVID-19
Acceleration & progress

Sustainable growth of Clerical Human Resource Services

Manufacturing Human Resources Services
Sales Human Resources Services

Work style reform

Lifestyle changes in the COVID-19 calamity

➔ **New business opportunity**

Challenge to new fields, Cultivating new customers

Promotion of digital transformation

Own business Model building

Business Activities (1)

< Office personnel service business >

① Business Process Outsourcing

Business **P**rocess **O**utsourcing

Outsourcing part of the business process of government offices, local governments, companies, etc., including the planning and design of business to implementation.

Business content

- ◆ Business processing by our company alone or through a BPO vendor.
- ◆ Personnel dispatch / business contract with business process restructuring proposal
- ◆ Business contract for business processes of government offices and companies

Benefits of using our company

- Improve business efficiency and quality by proposing business process restructuring.
- Launch a business center in a short period of time even for mass processing projects.

Business Activities (2)

② Customer Relationship Management

The use of data systems at contact centers and other locations to establish long-term relationships with customers

Activities

- ◆ Temporary staffing and permanent placement services for telemarketing companies
- ◆ Temporary staffing and permanent placement services for contact centers of companies and other organizations
- ◆ Contracted CRM services using Careerlink contact centers

Benefits of Using Careerlink

- ◆ Access to Careerlink's extensive knowledge concerning recruiting, training and the operation of contact centers
- ◆ Ability to utilize Careerlink's advanced data equipment and a team of highly skilled professionals

③ Office Services

Activities

- ◆ Speedy temporary staffing and permanent placement services for all types of office workers, from specialists to other employees

<Sales Human Resource Services>

Activities

- ◆ Temporary staffing in sales business and contracted business

<Manufacturing Human Resource Services>

Activities

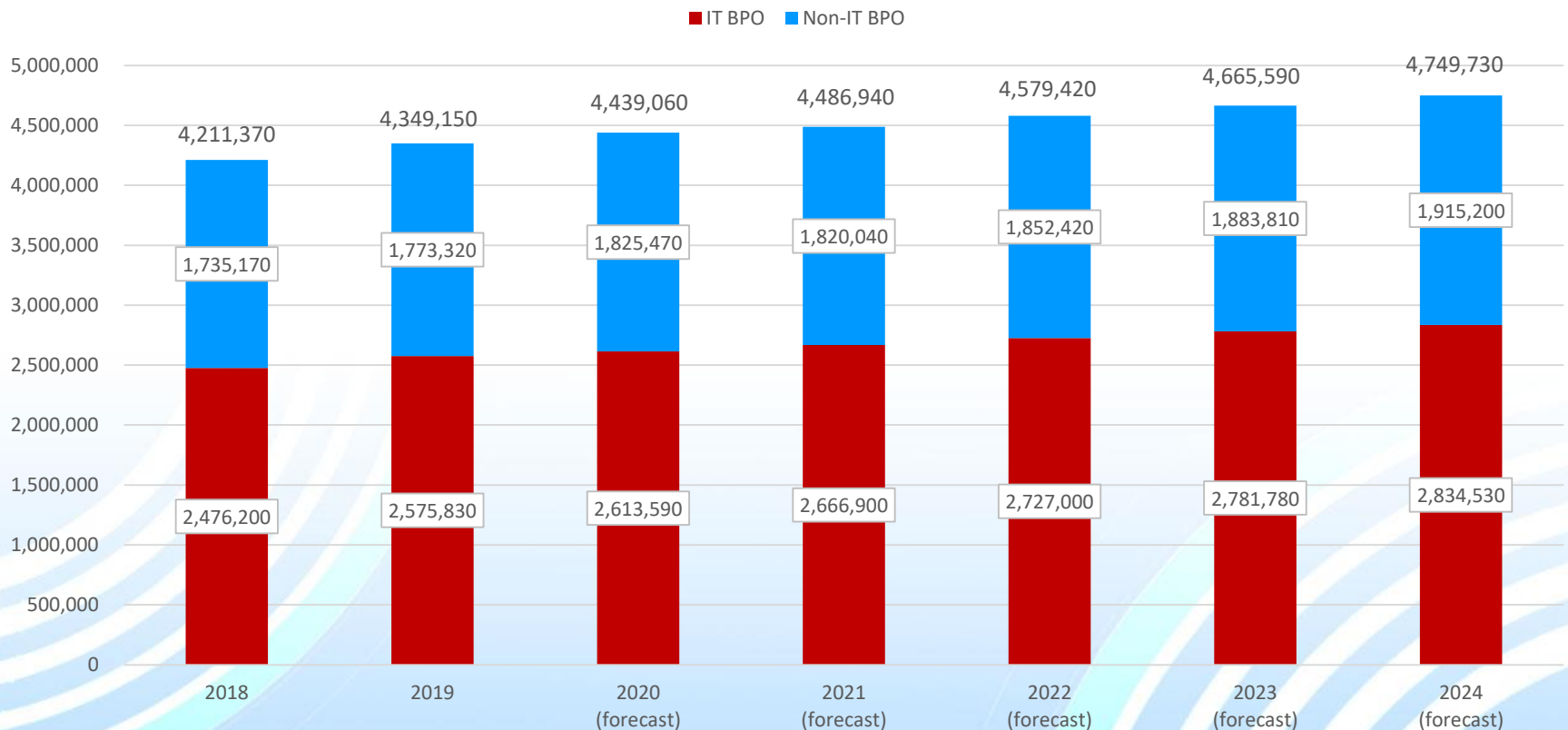
- ◆ Temporary staffing, temporary-to-permanent employment and permanent placement services for food companies; temporary staffing, temporary-to-permanent employment, permanent placement services and subcontracting for manufacturing, packaging, shipping and other tasks involving manufacturing and other industries

BPO service industry trends

The overall market size of BPO services in FY2020 is 4,439,060 million yen, up 2.1% from the previous year on a business sales basis.

Looking at the breakdown, the IT-related BPO market size is up 1.5% year-on-year.

Positive growth is expected to continue, with a total of 613,590 million yen and a non-IT BPO market size of 1,825,470 million yen, up 2.9% year-on-year.



Source:Yano Research institute Ltd.

Dedicated to sincerity and excellence for human resource services



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

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Shinjuku Ward, Tokyo**

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