



Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2023 [Japan GAAP]

May 12, 2023

Name of Listed Company: CAREERLINK CO., LTD.

Stock Listing: TSE

Code Number: 6070

URL: <https://www.careerlink.co.jp/>

Representative: (Title) President, Representative Director, and Executive Officer
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Scheduled Date of Regular General Meeting of Shareholders: June 28, 2023

Scheduled Date of Dividend Payment Start: June 29, 2023

Scheduled Date of Filing Securities Report: June 28, 2023

Supplementary Materials for Financial Results: Yes

Investor Conference for Financial Results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Financial Results (Percentages indicate the change against the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2023	52,536	-	7,609	-	7,645	-	5,711	-
Fiscal Year ended March 31, 2022	43,100	-	4,423	-	4,441	-	3,114	-

(Note) Comprehensive income: FY 3/2023: ¥5,735 million [-%] FY 3/2022: ¥3,137 million [-%]

* Year on year changes for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2022 are not presented because FY 3/2022 was a 13-month period due to the change of the fiscal year end (from end of February to end of March).

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2023	483.41	481.01	52.6	39.9	14.5
Fiscal Year ended March 31, 2022	263.89	262.71	45.4	31.6	10.3

(Reference) Equity method income: FY 3/2023: ¥- million FY 3/2022: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	21,809	13,526	61.5	1,130.05
As of March 31, 2022	16,543	8,404	50.2	703.27

(Reference) Equity capital: FY 3/2023: ¥13,404 million FY 3/2022: ¥8,303 million

(3) Consolidated Cash flows

	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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2023	(1,209)	(319)	(405)	5,097
Fiscal Year ended March 31, 2022	976	(282)	(98)	7,031

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend-to- equity ratio (Consolidated)
	End of the 1Q	End of the 2Q	End of the 3Q	Year- end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	-	0.00	-	40.00	40.00	474	15.2	6.9
Year ended March 31, 2023	-	0.00	-	110.00	110.00	1,304	22.8	12.0
Year ending March 31, 2024 (Forecast)	-	0.00	-	120.00	120.00		29.7	

(Note) Total dividends for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023 include the following payments for Careerlink stock held by Custody Bank of Japan, Ltd. (Trust E Account): ¥1.88 million for 47,000 shares in the fiscal year ended March 31, 2022 and ¥0 million for 0 share in the fiscal year ended March 31, 2023.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate the change against the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	25,500	15.8	2,195	(16.5)	2,193	(17.2)	1,480	(18.4)	124.77
Full year	62,365	18.7	7,010	(7.9)	7,007	(8.4)	4,799	(16.0)	404.57

*** 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 policies, accounting estimates and restatements:

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards: | Yes |
| 2) Changes in accounting policies due to reasons other than above 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatements: | None |

(3) Number of issued shares (common stock)

1) Number of issued shares (including treasury shares) at end of term	As of March 31, 2023	12,590,800 shares	As of March 31, 2022	12,583,400 shares
2) Number of treasury shares at end of term	As of March 31, 2023	728,898 shares	As of March 31, 2022	775,825 shares
3) Average number of outstanding shares during the period	Year ended March 31, 2023	11,815,936 shares	Year ended March 31, 2022	11,804,126 shares

(Note) The shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) (the fiscal year ended March 31, 2023: 0 share / the fiscal year ended March 31, 2022: 47,000 shares) are included in the number of treasury shares at the end of the term as a trust asset of the stock benefit trust (J-ESOP). In addition, the shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) are included in the treasury shares to be deducted in the calculation of the average number of shares during the period (the fiscal year ended March 31, 2023: 44,226 shares / the fiscal year ended March 31, 2022: 47,196 shares).

(Reference) Outline of the Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (March 1, 2022 to March 31, 2023)

(1) Non-consolidated Financial Results (Percentages indicate the change against the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	43,089	-	7,222	-	7,388	-	5,587	-
Fiscal year ended March 31, 2022	34,341	-	4,067	-	4,183	-	2,987	-

* Year on year changes for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2022 are not presented because FY 3/2022 was a 13-month period due to the change of the fiscal year end (from end of February to end of March).

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2023	472.85	470.88
Fiscal year ended March 31, 2022	253.07	252.16

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	20,125	12,878	63.7	1,080.82
As of March 31, 2022	14,982	7,889	52.4	665.24

(Reference) Equity capital: FY 3/2023: ¥12,820 million FY 3/2022: ¥7,854 million

* Summary of financial results is out of scope of audit by certified public accountant or audit corporation.

* 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 currently available to the Company and assumptions that the Company 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 on the forecasts and cautions when using these forecasts, please see “1. Results of Operations (4) Outlook for the fiscal year ending in March 2024” on page 6.

(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 Financial Results

The Company changed its fiscal year end from the last day of February to March 31 by the resolution to change a part of the Articles of Incorporation at the annual general meeting held on May 28, 2021. As a transitional measure, fiscal year ended March 31, 2022 was a 13-month period from March 1, 2021 to March 31, 2022. Accordingly, the period comprising the current fiscal year (April 1, 2022 to March 31, 2023) is different from the period comprising the previous fiscal year. Therefore, year-on-year increase/decrease and their rates are not presented. In addition, we have been applying the “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020); hereinafter the “Revenue Recognition Accounting Standard, etc.” since the beginning of the first quarter of the current fiscal year. Accordingly, the figures for the current fiscal year are those after the application of the Revenue Recognition Accounting Standard, etc.

In the current fiscal year, although there were three outbreaks of COVID-19, the lack of a move to call a state of emergency or semi-state of emergency allowed socioeconomic activity to continue on a path to recovery. However, despite this trend for the domestic economy toward recovery, the outlook is uncertain as the impact of the weakening of the yen and the rising prices for daily necessities become apparent.

Although economic activities recovered, the outlook for the global economy remained uncertain due to soaring global prices for natural resources, supply-side constraints in the wake of Russia’s invasion of Ukraine, and concerns over inflation stemming from those.

In this situation, the environment surrounding the Japanese human resource service industry saw an upward trend in the ratio of job openings to applicants, with demand for increased hiring by businesses high in the context of a gradual recovery in consumer spending and strong corporate earnings.

In such a business environment, we have continued with aggressive efforts to promote our businesses, primarily the business process outsourcing section.

In the current fiscal year, the clerical human resource services business continued to receive strong levels of orders for BPO contract projects, focused mainly on social security and tax number projects, benefit payment projects, and welfare-related projects. Regarding the manufacturing human resource services business, orders steadily increased thanks to aggressive efforts to develop new clients and strengthen cooperation between business locations leading to increased volumes of business. Regarding the sales human resource services business, the majority of COVID-19-related movement restrictions have been abolished, and we worked to develop new clients and expand the share of existing clients, resulting in a recovery in the volume of orders.

As a result, net sales in the current fiscal year were 52,536,861 thousand yen, as the clerical human resources service business received strong levels of orders for BPO contract projects, including spot transactions, from local governments and BPO business operators. Further, the manufacturing human resource services business showed a steady increase in the volume of orders in both the manufacturing and processing category and the food processing category. The sales human resource services business also saw a recovery in the volume of orders.

In terms of profit for the current fiscal year, operating profit was 7,609,405 thousand yen, ordinary profit was 7,645,743 thousand yen, and profit attributable to owners of parent was 5,711,964 thousand yen, which was a result of the application of tax credits in accordance with “Tax Credits for Promotion of Salary Increases.” These figures are mainly due to net sales growth, improved efficiency of business processing operations in BPO contract projects, and making efforts to cut down the expenses for increasing registered staff workers and outsourcing of business.

As stated above, although FY 3/2022 was a 13-month period, adjusting the period to 12 months, in FY 3/2023, sales and profit increased significantly compared with the previous fiscal year with a 13-month period as described in 1.Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 on the top page.

(Clerical human resource services)

The business process outsourcing section received strong levels of orders for BPO contract projects, including spot transactions, focused mainly on social security and tax number projects, benefit payment projects, and welfare-related projects from local governments and leading BPO business operators. The customer relationship management section was

also able to secure orders for a range of new projects achieved through efforts in regional branches, particularly in Sapporo and Fukuoka, to increase new clients, and the Tokyo metropolitan area and Kansai region received a steady stream of orders from existing clients for both conventional and new business. In addition, in the office services section, the number of new transactions for dispatching office workers to local governments was strong, and the number of transactions for dispatching officer workers to financial institutions was steady. As a result, net sales of this business for the current fiscal year were 45,666,610 thousand yen. In terms of profit, operating profit was 7,381,712 thousand yen due to net sales growth, improved efficiency of business processing operations in BPO contract projects, and making efforts to cut down the expenses for increasing registered staff workers and outsourcing of business.

(a) Business process outsourcing

Net sales of this section in the current fiscal year were 35,718,916 thousand yen because of strong volumes of BPO contract orders, including spot transactions, from local governments and leading BPO business operators, etc., for social security and tax number projects, benefit payment projects, and welfare-related projects. Further contributions to net sales came through the starting of new transactions with 33 local governments on the back of efforts to develop business from local governments, increasing the total of transactions with local governments to 112 when combined with existing clients.

(b) Customer relationship management

Net sales of this section in the current fiscal year were 4,457,152 thousand yen thanks to a favorable number of orders from new telemarketing operators, in local branch offices focused mainly in Sapporo and Fukuoka, for welfare-related projects, mail order sales, and finance-related projects, in addition to steady orders from existing telemarketing operators in the Tokyo metropolitan area and Kansai area for finance-related and other conventional business, as well as new business from government agencies.

(c) Office services

Net sales of this section for the current fiscal year were 5,490,541 thousand yen as we successfully received new orders for staffing across a broad range of business areas, including those related to general-related and resident-service related affairs, from local governments, and steadily received orders for staffing from financial institutions.

(Manufacturing human resources services)

Net sales of this business for the current fiscal year were 5,483,175 thousand yen, as we received a steady increase in the volume of orders in the manufacturing and processing category for machinery manufacturing, electrical machinery manufacturing, transport machinery manufacturing, etc., thanks to aggressive efforts by the seven locations established in the previous fiscal year, such as that in Yokkaichi City, Mie Prefecture, and by the existing business locations to develop new clients, as well as efforts to generally strengthen cooperation between business locations, which, in turn, led to increased volumes of business. Similarly, in the food processing category, orders for ready-made side dishes, frozen foods, and confectionery manufacturing were also increasing steadily. In terms of profit, operating profit was 202,216 thousand yen, in line with the increase in net sales.

we worked to develop new clients and expand the share of existing clients, resulting in a recovery in the volume of orders.

(Sales human resource services)

Net sales for this business for the current fiscal year were 1,092,971 thousand yen thanks to the fact that the majority of COVID-19-related movement restrictions have been abolished, and we worked to develop new clients and expand the share of existing clients, resulting in a recovery in the business results. In terms of profit, we continued to strive to reduce expenses for increasing registered staff workers, etc., but posted an operating loss of 2,196 thousand yen.

Further, as announced in the “Notice of Revisions to Forecast of Consolidated Financial Results and Forecast for Dividends (Increase) for the Fiscal Year Ending March 31, 2023 and Changes to Reportable Segments,” we will integrate this business into the business process outsourcing section under the clerical human resource services business from the beginning of the fiscal year ending March 31, 2024.

(Other services)

This business is the automobile management business of Tokyo Vehicle Management Co., Ltd., a subsidiary of Japan Business Service Co., Ltd. Net sales of this business for the current fiscal year were healthy and amounted to 294,102 thousand yen while operating profit was 27,673 thousand yen.

For reference, the following table shows figures for the previous fiscal year (March 2021 to March 2022) after adjusting them by one month so that they represent the figures for the period from April 2021 to March 2022 in line with the period of the current fiscal year (April 2022 to March 2023), compared with actual figures for the current fiscal year adjusted on an inspection basis by subtracting the amount impacted by revenue recognition (Adjusting both sets of figures to the same period (April-March), and two periods are compared on an inspection basis). For details in the application of the Revenue Recognition Accounting Standard, etc., see “3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial statements (Changes in Accounting Policies)”.

(Units: Thousands of yen, %)

	The same period of the previous term after adjustment (a) (April 2021 – March 2022) (Inspection basis)	Current fiscal year (April 2022 - March, 2023)			Increase amount and increase rate due to adjustment on an inspection basis	
		Performance (b) (Revenue Recognition Accounting Standard)	Amount impacted by revenue recognition (c)	Performance excluding the impact of revenue recognition (d) (b-c) (= Inspection basis)	Increase amount d- a	Increase rate (d - a) / a
Net sales	39,729,010	52,536,861	284,493	52,252,368	12,523,358	31.5
Operating profit	3,839,021	7,609,405	264,637	7,344,768	3,505,747	91.3
Ordinary profit	3,856,512	7,645,743	264,637	7,381,106	3,524,594	91.4
Profit attributable to owners of parent	2,696,143	5,711,964	183,605	5,528,359	2,832,216	105.0

(Note) The column of the above table “The same period of the previous term after adjustment” contains figures for the period from April 2021 to March 2022; however, the Revenue Recognition Accounting Standard was not applied during that term. Therefore, a comparison of both periods on an inspection basis has been made in the table above by subtracting the “Amount impacted by revenue recognition” from performance for the current fiscal year in order to unify the basis of net sales for that term and the current term.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the current fiscal year are 21,809,690 thousand yen, up 5,265,701 thousand yen from the end of the previous fiscal year. This is due mainly to an increase of 14,668,409 thousand yen in “Notes and accounts receivable - trade, and contract assets” (“Notes and accounts receivable - trade” at the end of the previous fiscal year), although “Notes and accounts receivable - trade” and “Cash and deposits” decreased by 7,962,411 thousand yen and 1,933,680 thousand yen, respectively.

(Liabilities)

Total liabilities at the end of the current fiscal year are 8,283,011 thousand yen, up 143,526 thousand yen from the end of the previous fiscal year. This is due mainly to increases of 353,642 thousand yen in “Accounts payable - other” and 228,368 thousand yen in “Income taxes payable,” despite a decrease of 478,105 thousand yen in “Accrued consumption taxes.”

(Net assets)

Total net assets at the end of the current fiscal year are 13,526,678 thousand yen, up 5,122,174 thousand yen from the previous fiscal year. This is due mainly to increases of 5,049,283 thousand yen in “Retained earnings” (up 5,711,964 thousand yen in “Profit attributable to owners of parent” and down 474,183 thousand yen due to the payment of dividends and down 188,498 thousand yen after the application of the Revenue Recognition Accounting Standard, etc.) and 35,284 thousand yen in “Treasury shares.”

(3) Overview of Cash Flows

Cash and cash equivalents totaled 5,097,947 thousand yen at the end of the current fiscal year, 1,933,680 thousand yen lower than at the end of the previous fiscal year. The following is a summary of cash flows and contributing factors.

(Operating activities)

Net cash used in operating activities was 1,209,361 thousand yen compared to a positive cash flow of 976,887 thousand yen in the same period one year earlier. Major sources of cash were “Profit before income taxes” of 7,645,743 thousand yen and a 312,023 thousand yen increase in “Accounts payable-other.” Major uses of cash were a decrease of 6,977,687 thousand yen in “Increase in trade receivables and contract assets” and a decrease of 1,791,777 thousand yen in “Income taxes paid.”

(Investing activities)

Net cash used in investing activities was 319,318 thousand yen compared to a negative cash flow of 282,055 thousand yen in the same period one year earlier.

A major source of cash was 58,141 thousand yen in “Proceeds from lease and guarantee deposits,” while major uses of cash were payments of 195,022 thousand yen for the “Purchase of property, plant and equipment and intangible assets,” and 167,416 thousand yen for “Payments of leasehold and guarantee deposits.”

(Financing activities)

Net cash used in financing activities was 405,000 thousand yen compared to a negative cash flow of 98,598 thousand yen in the same period one year earlier.

A major source of cash was 400,000 thousand yen in “Proceeds from long-term borrowings,” while major uses of cash were 473,594 thousand yen in “Dividends paid” and 284,960 thousand yen in “Repayments of long-term borrowings.”

(4) Future Outlook

With regard the future outlook for the Group, we anticipate Russia's invasion of Ukraine to be prolonged, that there will be a weakening of the yen, and that there will be concerns over inflation. However, we also expect to see a gradual recovery in consumer spending and strong corporate earnings in Japan. As such, we do not forecast that there will be a significant impact on the Group's results with regard the forecast for the next consolidated fiscal year.

With regard to net sales for the next fiscal year, we are prioritizing the placement of work-ready full-time employees in the orders promotion section and the contract project operation section, the numbers of which have been bolstered through mid-career recruitment activities, by the business process outsourcing business under the clerical human resource services business. As of the current fiscal year, we are already focusing on increasing new transactions with regional governments, expanding the share of orders from existing regional government clients, and increasing the volume of orders from BPO business operators, all with the aim of achieving the plan for the next fiscal year. In the next fiscal year, we forecast that we will be able to secure a volume of orders exceeding that of the current fiscal year, and that we will be able to successfully execute business operations for contract projects. We also expect to increase the volume of orders in the customer relationship management section in line with a future recovery in economic activity. Also, the volume of orders in the office services section for dispatching office workers to financial institutions and local governments is expected to remain steady. Based on the above, we forecast that net sales for the next fiscal year in the clerical human resource services business to exceed that for the current fiscal year.

As with the clerical human resource services business, we also forecast that net sales for the manufacturing human resource services business for the next fiscal year will exceed that of the current fiscal year due to the on-going increase in the volume of orders from newly established business locations and existing business locations, as well as COVID-19 being reclassified as a class 5 infectious disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases despite the potential negative impacts from soaring natural resource prices, including oils, and the weakening yen.

We forecast profit for the next fiscal year to fall slightly below that of the current fiscal year with expenses for increasing registered staff workers expected to increase along with the numbers of employees at the company brought about by higher recruitment of mid-career hire full-time employees, both in line with the forecasted increases in net sales in the next fiscal year relative to the current fiscal year. In addition, from the next fiscal year and on, we expect an increase in costs for the development of systems aimed at further increasing the volume of new local government clients, increasing the share of orders from existing local government clients, and increasing the volume of orders from BPO business operators.

Based on this outlook, we forecast net sales for the next fiscal year of 62,365,000 thousand yen, (up 18.7% year on year), operating profit of 7,010,000 thousand yen, (down 7.9% year on year), ordinary profit of 7,007,000 thousand yen, (down 8.4% year on year), and profit attributable to owners of parent of 4,799,000 thousand yen, (down 16.0% year on year), not accounting for the application of tax credits in accordance with "Tax Credits for Promotion of Salary Increases" as it has not been possible at this point to determine the applicability of said tax credits.

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 Notes

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,031,627	5,097,947
Notes and accounts receivable - trade	7,962,411	-
Notes and accounts receivable - trade, and contract assets	-	14,668,409
Work in process	-	3,712
Supplies	4,422	6,080
Other	330,644	507,459
Allowance for doubtful accounts	(2,139)	(4,091)
Total current assets	15,326,967	20,279,517
Non-current assets		
Property, plant and equipment		
Buildings	275,873	376,055
Accumulated depreciation	(94,838)	(186,142)
Buildings, net	181,034	189,912
Vehicles	18,061	24,367
Accumulated depreciation	(13,569)	(21,450)
Vehicles, net	4,492	2,916
Tools, furniture and fixtures	265,104	336,074
Accumulated depreciation	(170,423)	(229,060)
Tools, furniture and fixtures, net	94,680	107,014
Total property, plant and equipment	280,207	299,843
Intangible assets	134,667	107,311
Investments and other assets		
Investment securities	59,289	76,436
Deferred tax assets	254,571	425,916
Other	488,286	620,663
Total investments and other assets	802,147	1,123,016
Total non-current assets	1,217,021	1,530,172
Total assets	16,543,988	21,809,690

(Unit: Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Short-term borrowings	36,000	36,000
Current portion of bonds payable	30,000	30,000
Current portion of long-term borrowings	284,960	286,704
Accounts payable - other	3,329,102	3,682,745
Accrued expenses	839,033	713,463
Income taxes payable	1,151,452	1,379,821
Contract liabilities	-	15,681
Accrued consumption taxes	1,216,897	738,792
Provision for bonuses	220,823	313,016
Provision for bonuses for directors (and other officers)	-	13,120
Asset retirement obligations	-	21,310
Other	266,079	224,631
Total current liabilities	7,374,350	7,455,286
Non-current liabilities		
Bonds payable	50,000	20,000
Long-term borrowings	579,740	693,036
Provision for share awards	19,299	-
Retirement benefit liability	2,987	937
Asset retirement obligations	81,098	77,410
Other	32,008	36,341
Total non-current liabilities	765,134	827,725
Total liabilities	8,139,485	8,283,011
Net assets		
Shareholders' equity		
Share capital	397,601	400,567
Capital surplus	238,029	241,861
Retained earnings	8,139,222	13,188,505
Treasury shares	(478,733)	(443,448)
Total shareholders' equity	8,296,120	13,387,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,775	17,107
Total accumulated other comprehensive income	7,775	17,107
Share acquisition rights	34,265	58,248
Non-controlling interests	66,342	63,836
Total net assets	8,404,503	13,526,678
Total liabilities and net assets	16,543,988	21,809,690

(2) Consolidated Statements of Income and Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2022 (March 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Net sales	43,100,558	52,536,861
Cost of sales	33,644,373	38,125,050
Gross profit	9,456,185	14,411,811
Selling, general and administrative expenses	5,032,339	6,802,405
Operating profit	4,423,845	7,609,405
Non-operating income		
Interest income	559	65
Dividend income	1,079	1,273
Gain on sale of investment securities	939	-
Subsidy income	20,537	27,931
Settlement income	-	13,271
Other	1,091	1,315
Total non-operating income	24,208	43,857
Non-operating expenses		
Interest expenses	4,231	3,574
Miscellaneous losses	2,179	3,000
Other	531	944
Total non-operating expenses	6,941	7,519
Ordinary profit	4,441,111	7,645,743
Profit before income taxes	4,441,111	7,645,743
Income taxes - current	1,423,146	2,008,821
Income taxes - deferred	(110,579)	(89,366)
Total income taxes	1,312,567	1,919,455
Profit	3,128,544	5,726,288
Profit attributable to non-controlling interests	13,554	14,323
Profit attributable to owners of parent	3,114,989	5,711,964

Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2022 (March 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Profit	3,128,544	5,726,288
Other comprehensive income		
Valuation difference on available-for-sale securities	9,072	9,331
Total other comprehensive income	9,072	9,331
Comprehensive income	3,137,616	5,735,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,124,062	5,721,296
Comprehensive income attributable to non-controlling interests	13,554	14,323

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (March 1, 2021 – March 31, 2022)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	392,204	232,633	5,261,044	(479,035)	5,406,846
Cumulative effects of changes in accounting policies					
Restated balance	392,204	232,633	5,261,044	(479,035)	5,406,846
Changes during period					
Dividends of surplus			(236,811)		(236,811)
Profit attributable to owners of parent			3,114,989		3,114,989
Purchase of treasury shares					
Disposal of treasury shares				302	302
Issuance of share acquisition rights					
Exercise of share acquisition rights	5,396	5,396			10,793
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	5,396	5,396	2,878,178	302	2,889,273
Balance at end of period	397,601	238,029	8,139,222	(478,733)	8,296,120

	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	(1,296)	(1,296)	24,745	52,787	5,483,082
Cumulative effects of changes in accounting policies					
Restated balance	(1,296)	(1,296)	24,745	52,787	5,483,082
Changes during period					
Dividends of surplus					(236,811)
Profit attributable to owners of parent					3,114,989
Purchase of treasury shares					
Disposal of treasury shares					302
Issuance of share acquisition rights			20,300		20,300
Exercise of share acquisition rights			(10,779)		14
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity	9,072	9,072		13,554	22,626
Total changes during period	9,072	9,072	9,520	13,554	2,921,420
Balance at end of period	7,775	7,775	34,265	66,342	8,404,503

Current fiscal year (April 1, 2022 - March 31, 2023)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	397,601	238,029	8,139,222	(478,733)	8,296,120
Cumulative effects of changes in accounting policies			(188,498)		(188,498)
Restated balance	397,601	238,029	7,950,724	(478,733)	8,107,621
Changes during period					
Dividends of surplus			(474,183)		(474,183)
Profit attributable to owners of parent			5,711,964		5,711,964
Purchase of treasury shares				(191)	(191)
Disposal of treasury shares				35,476	35,476
Issuance of share acquisition rights					
Exercise of share acquisition rights	2,965	2,965			5,931
Change in ownership interest of parent due to transactions with non-controlling interests		866			866
Net changes in items other than shareholders' equity					
Total changes during period	2,965	3,831	5,237,781	35,284	5,279,863
Balance at end of period	400,567	241,861	13,188,505	(443,448)	13,387,485

	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	7,775	7,775	34,265	66,342	8,404,503
Cumulative effects of changes in accounting policies					(188,498)
Restated balance	7,775	7,775	34,265	66,342	8,216,005
Changes during period					
Dividends of surplus					(474,183)
Profit attributable to owners of parent					5,711,964
Purchase of treasury shares					(191)
Disposal of treasury shares					35,476
Issuance of share acquisition rights			29,906		29,906
Exercise of share acquisition rights			(5,923)		7
Change in ownership interest of parent due to transactions with non-controlling interests					866
Net changes in items other than shareholders' equity	9,331	9,331		(2,505)	6,826
Total changes during period	9,331	9,331	23,982	(2,505)	5,310,673
Balance at end of period	17,107	17,107	58,248	63,836	13,526,678

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2022 (March 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	4,441,111	7,645,743
Depreciation	182,339	262,498
Increase (decrease) in allowance for doubtful accounts	939	1,952
Increase (decrease) in provision for bonuses	79,778	92,192
Increase (decrease) in retirement benefit liability	(1,564)	(2,049)
Increase (decrease) in provision for loss on orders received	117,249	(117,249)
Increase (decrease) in provision for share awards	2,972	(19,299)
Interest and dividend income	(1,639)	(1,339)
Interest expenses	4,231	3,574
Loss (gain) on sale of investment securities	(939)	-
Decrease (increase) in trade receivables	(4,607,645)	-
Decrease (increase) in trade receivables and contract assets	-	(6,977,687)
Decrease (increase) in inventories	387,717	(5,371)
Increase (decrease) in advances received	-	1,569
Increase (decrease) in accounts payable - other	1,030,664	312,023
Increase (decrease) in accrued expenses	337,298	(125,570)
Increase (decrease) in accrued consumption taxes	(109,058)	(478,105)
Increase (decrease) in contract liabilities	-	15,681
Other, net	118,043	(25,557)
Subtotal	1,981,497	583,006
Interest and dividends received	1,639	1,339
Interest paid	(4,483)	(3,989)
Income taxes paid	(1,001,986)	(1,791,777)
Income taxes refund	221	2,060
Net cash provided by (used in) operating activities	976,887	(1,209,361)
Cash flows from investing activities		
Purchase of investment securities	(2,843)	(2,878)
Proceeds from sale of investment securities	1,550	-
Purchase of property, plant and equipment	(276,461)	(138,165)
Purchase of intangible assets	(135,245)	(56,857)
Payments for asset retirement obligations	(3,282)	(12,142)
Proceeds from withdrawal of time deposits	100,000	-
Proceeds from collection of loans receivable from employees	1,000	-
Payments of leasehold and guarantee deposits	(133,050)	(167,416)
Proceeds from lease and guarantee deposits	166,277	58,141
Net cash provided by (used in) investing activities	(282,055)	(319,318)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(38,000)	-
Proceeds from long-term borrowings	500,000	400,000
Repayments of long-term borrowings	(283,734)	(284,960)
Redemption of bonds	(60,000)	(30,000)
Purchase of treasury shares	-	(191)
Proceeds from disposal of treasury shares	151	-
Proceeds from issuance of share acquisition rights	20,300	-
Dividends paid	(236,937)	(473,594)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(15,962)
Other, net	(378)	(291)
Net cash provided by (used in) financing activities	(98,598)	(405,000)
Net increase (decrease) in cash and cash equivalents	596,233	(1,933,680)
Cash and cash equivalents at beginning of period	6,435,394	7,031,627
Cash and cash equivalents at end of period	7,031,627	5,097,947

- (5) Notes to Consolidated Financial Statements
(Notes Relating to Going Concern Assumption)
None applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company adopted the “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc.,” at the beginning of the fiscal year ended March 31, 2023. In order to recognize the amount expected to be received in exchange for the promised goods or services as revenue when the control of the promised goods or services is transferred to a customer, the Company has changed its method so that we estimate the degree of completion related to fulfillment of performance obligations and recognize revenue over a certain period based on such degree of completion.

Specifically, the Company previously recognized the amount after inspection by a customer as revenue. However, from the beginning of the fiscal year ended March 31, 2023, the Company will primarily recognize revenue for each month by prorating the contract amount by the number of months of the entire contract period.

As for the application of the Revenue Recognition Accounting Standard, etc., in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the fiscal year ended March 31, 2023, and the new accounting policies were applied to the beginning balance of the current fiscal year. However, the new accounting policies were not applied retrospectively to contract projects for which almost all revenues were recognized in accordance with the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard. In addition, the Company has applied the method prescribed in Paragraph 86, Item (1) of the Revenue Recognition Accounting Standard, and conducted accounting for changes in contracts made prior to the beginning of the fiscal year ended March 31, 2023 based on the contract terms after reflecting all contract changes, and the cumulative effect of such changes has been reflected in retained earnings at the beginning of the fiscal year ended March 31, 2023.

As a result of the application of the new accounting policies from the beginning of the fiscal year ended March 31, 2023, net sales increased 284,493 thousand yen, operating profit and ordinary profit increased 264,637 thousand yen, and profit attributable to owners of parent increased 183,605 thousand yen for the fiscal year ended March 31, 2023. The application of the new accounting policies resulted in a decrease of 188,498 thousand yen in retained earnings at the beginning of the fiscal year ended March 31, 2023.

The impact on per share information is described in the relevant sections.

Due to the application of the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable - trade,” which was included in the “Current assets” section in the consolidated balance sheet for the previous fiscal year, is included in “Notes and accounts receivable - trade, and contract assets” from the fiscal year ended March 31, 2023. In addition, “Decrease (increase) in trade receivables” which was included in the “Cash flows from operating activities” section in the consolidated statements of cash flows for the previous fiscal year, is included in “Decrease (increase) in trade receivables and contract assets” from the fiscal year ended March 31, 2023, and “Increase (decrease) in advances received” is presented separately in “Increase (decrease) in contract liabilities” and “Increase (decrease) in advances received.” In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made for the previous consolidated fiscal year using the new presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 89-3 of the “Revenue Recognition Accounting Standard,” information that breaks down revenue from contracts with customers for the previous fiscal year is not presented.

(Application of Accounting Standard for Fair Value Measurement)

The “Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc., has been applied since the beginning of the fiscal year ended March 31, 2023, and the Company has decided to prospectively apply the new accounting policies prescribed by the Fair Value Measurement Accounting Standard, etc., in accordance with the transitional treatment prescribed by Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019).”

In addition, the “Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021)”; hereinafter the “Guidance on Accounting Standard for Fair Value Measurement,” has been applied since the beginning of the fiscal year ended March 31, 2023, and the Company has decided to apply the new accounting policies prescribed by the Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement.

This change has no impact on the consolidated financial statements.

(Additional Information)

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

The Company established an employee stock ownership plan (J-ESOP) as an incentive plan for employees including executive officers (the employees). As the plan achieved its prescribed target, the Company terminated the system on February 28, 2023.

(Segment Information)

[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.

We are operating clerical human resource services business mainly for BPO, manufacturing human resource services business mainly for food processing, and sales human resource services business mainly contracting for cashless payment solution. Accordingly, there are three reportable segments: Clerical human resource services business, Manufacturing human resource services business and Sales human resource services business.

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.

As described in “Changes in Accounting Policies,” the Company applied the Revenue Recognition Standard, etc. from the beginning of the fiscal year ended March 31, 2023, and changed the accounting method for revenue recognition. Accordingly, the Company also changed the method for calculating segment profit or loss for business segments.

Due to these changes in the clerical human resource services business, net sales increased 284,493 thousand yen and segment income increased 264,637 thousand yen, compared with the previous method, for the fiscal year ended March 31, 2023.

3. Information about sales, income (loss), assets, liabilities and other items by reporting segment and information on breakdown of revenues

For the previous fiscal year ended March 2022 (March 1, 2021 – March 31, 2022)

(Unit: Thousands of yen)

	Reporting segments				Other ^(Note 1)	Total	Adjustment ^(Note 2)	Amount on the consolidated statement of income (Note 3)
	Clerical human resources services business	Manufacturing human resource services	Sales human resource services business	Subtotal				
Net sales								
To outside customers	37,124,209	4,590,593	1,065,017	42,779,820	320,737	43,100,558	-	43,100,558
Intersegment sales and transfers	-	-	-	-	-	-	-	-
Total	37,124,209	4,590,593	1,065,017	42,779,820	320,737	43,100,558	-	43,100,558
Segment income (loss)	4,252,278	156,751	(8,974)	4,400,055	23,789	4,423,845	-	4,423,845
Segment assets	8,723,654	1,128,722	212,788	10,065,165	245,539	10,310,704	6,233,284	16,543,988
Other items								
Depreciation	175,970	1,738	2,549	180,258	2,081	182,339	-	182,339
Increase in property, plant and equipment and intangible assets	388,496	3,589	14,773	406,860	3,462	410,322	-	410,322

Notes: 1. “Other” is the automobile management business of Tokyo Vehicle Management Co., Ltd., which is not a reporting segment.

2. The adjustment in segment assets is elimination of receivables and payables of negative 1,538 thousand yen and a 6,234,822 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposit and investment securities, etc. of the consolidated-financial statement-submitting companies.

3. The segment income (loss) matches operating profit in the consolidated statement of income.

For the current fiscal year ended March 2023 (March 1, 2022 – March 31, 2023)

(Unit: Thousands of yen)

	Reporting segments				Other ^(Note 1)	Total	Adjustment ^(Note 2)	Amount on the consolidated statement of income ^(Note 3)
	Clerical human resources services business	Manufacturing human resource services business	Sales human resource services business	Subtotal				
Net sales								
Dispatch of workers	20,940,988	5,472,388	33,737	26,447,113	-	26,447,113	-	26,447,113
Undertaking of tasks	24,673,446	-	1,059,233	25,732,679	294,102	26,026,781	-	26,026,781
Dispatch of workers to be employed as full-time employees	4,490	-	-	4,490	-	4,490	-	4,490
Introduction of workers	47,685	10,787	-	58,472	-	58,472	-	58,472
Revenues from contracts with customers	45,666,610	5,483,175	1,092,971	52,242,758	294,102	52,536,861	-	52,536,861
To outside customers	45,666,610	5,483,175	1,092,971	52,242,758	294,102	52,536,861	-	52,536,861
Intersegment sales and transfers	-	-	-	-	-	-	-	-
Total	45,666,610	5,483,175	1,092,971	52,242,758	294,102	52,536,861	-	52,536,861
Segment income (loss)	7,381,712	202,216	(2,196)	7,581,732	27,673	7,609,405	-	7,609,405
Segment assets	15,291,375	1,319,494	315,446	16,926,316	225,011	17,151,328	4,658,361	21,809,690
Other items								
Depreciation	254,306	2,046	4,316	260,669	1,829	262,498	-	262,498
Increase in property, plant and equipment and intangible assets	250,067	3,477	11,948	265,493	-	265,493	-	265,493

Notes: 1. “Other” is the automobile management business of Tokyo Vehicle Management Co., Ltd., which is not a reporting segment.

2. The adjustment in segment assets is elimination of receivables and payables of negative 3,135 thousand yen and a 4,661,497 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposit and investment securities etc. of the consolidated-financial statement-submitting companies.

3. The segment income (loss) matches operating profit in the consolidated statement of income.

(Per Share Information)

	Fiscal year ended March 2022 (March 1, 2021 – March 31, 2022)	Fiscal year ended March 2022 (March 1, 2022 - March 31, 2023)
	Yen	Yen
Net assets per share	703.27	1,130.05
Earnings per share	263.89	483.41
Earnings per share fully diluted	262.71	481.01

- 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 47,196 shares for the previous fiscal year and 44,226 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 47,000 for the previous fiscal year. Further, the Company had established stock benefit trust (J-ESOP); however, this system has been terminated as of February 2023.
2. As described in “Changes in Accounting Policies,” the Company applied the Revenue Recognition Accounting Standard, etc., from the beginning of the fiscal year ended March 31, 2023. Accordingly, the impact on “Net assets per share,” “Net income per share,” and “Diluted net income” will be immaterial.
3. The basis for calculating earnings per share and earnings per share fully diluted is as follows.

	Fiscal year ended March 2022 (Mar. 1, 2021 - Mar. 31, 2022)	Fiscal year ended March 2023 (Mar. 1, 2022 - Mar. 31, 2023)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	3,114,989	5,711,964
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common shares (thousand yen)	3,114,989	5,711,964
Average number of common shares during the period (shares)	11,804,126	11,815,936
Earnings per share fully diluted		
Adjustment to profit attributable to owners of parent (thousand yen)	(2,849)	(4,588)
of which adjustment of dilutive shares held by subsidiary (thousand yen)	(2,849)	(4,588)
Increase in common shares (shares)	42,364	49,471
of which share acquisition rights (shares)	42,364	49,471
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 March 2022 (As of March 31, 2022)	Fiscal year ended March 2023 (As of March 31, 2023)
Total net assets (thousand yen)	8,404,503	13,526,678
Deducted amount from total net assets (thousand yen)	100,607	122,085
of which share acquisition rights (thousand yen)	34,265	58,248
of which non-controlling interests (thousand yen)	66,342	63,836
Net assets at end of period related to common shares (thousand yen)	8,303,895	13,404,593
Number of common shares at end of period used for calculation of net asset per share (shares)	11,807,575	11,861,902

(Significant Subsequent Events)

None applicable

4. Other information

(1) Change in directors (Planned for June 28, 2023)

- 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 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, Deputy General Manager of Administration Division and Manager of Training Department)	Re-election
Naofumi Maeda	(Director)	Re-election
Satoko Kitamura	(Outside director)	Re-election

(Note) Ms. Satoko Kitamura is a candidate as an outside director who 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).