



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2024 [Japanese GAAP]

August 14, 2024

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

(Name) Motoaki Narusawa

Contact Point: (Title) Director, Managing Executive Officer, and General Manager of Administration Division

(Name) Hiroyoshi Fujieda

Phone: +81-(0)3-6311-7321

Scheduled Date of Dividend Payment Start: -

Supplementary Materials for Financial Results: Yes

Investor Conference for Financial Results: No

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	10,201	(10.6)	826	0.0	827	(0.5)	564	6.7
Three months ended June 30, 2023	11,410	7.6	826	(22.8)	831	(22.3)	529	(27.7)

(Note) Comprehensive income: 1Q FY 3/2025: ¥579 million [7.3%] 1Q FY 3/2024: ¥540 million [(26.8)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2024	47.59	47.26
Three months ended June 30, 2023	44.63	44.36

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	19,149	13,634	70.4
As of March 31, 2024	21,209	14,475	67.6

(Reference) Equity capital: 1Q FY 3/2025: ¥13,486 million FY 3/2024: ¥14,334 million

2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	0.00	-	120.00	120.00
Year ending March 31, 2025	-	-	-	-	-
Year ending March 31, 2025 (Forecast)	-	0.00	-	120.00	120.00

(Note) Revision of forecast for dividends recently announced: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	22,527	1.3	1,154	1.5	1,151	0.9	790	8.3	66.57
Full year	48,000	9.6	3,495	6.6	3,490	6.4	2,389	8.5	201.31

(Note) Revision of forecast for consolidated financial results recently announced: No

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of the accounting procedures for producing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatements:
- 1) Changes in accounting policies due to revisions of accounting standards: None
 - 2) Changes in accounting policies due to reasons other than above 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of issued shares (including treasury shares) at end of term	As of June 30, 2024	12,596,200 shares	As of March 31, 2024	12,596,200 shares
2) Number of treasury shares at end of term	As of June 30, 2024	729,013 shares	As of March 31, 2024	729,013 shares
3) Average number of outstanding shares during the period (during the first three quarters)	Three months ended June 30, 2024	11,867,187 shares	Three months ended June 30, 2023	11,861,890 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: None

* 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 (3) Explanation Regarding Future Forecast Information Including Forecast of Consolidated Financial Results” on page 4.

(To receive supplementary materials for financial results)

Supplementary materials for financial results will be posted promptly on the Company’s website after the disclosure.

Table of contents of the appendix

1. Qualitative Information	2
(1) Overview of Financial Results.....	2
(2) Overview of Financial Position	4
(3) Explanation Regarding Future Forecast Information Including Forecast of Consolidated Financial Results	4
2. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Statements of Comprehensive Income.....	6
(3) Notes to Consolidated Financial Statements.....	8
(Notes on Segment Information)	8
(Notes on Significant Changes in Shareholders' Equity).....	9
(Notes Relating to Going Concern Assumption)	9
(Notes Relating to Statements of Cash Flows)	9

1. Qualitative Information

(1) Overview of Financial Results

In the first quarter of the term ending March 31, 2025, the Japanese economy made a moderately recovery although it appeared to be pausing. The average wage hike reached a 33-year high after the spring wage negotiations, and corporate profits continued to grow, whereas personal consumption remained weak because higher wages failed to keep pace with rising prices.

With the U.S. economy remaining strong, the European economy also saw a moderate recovery in personal consumption due to a slowdown in the inflation rate and rising real wages. However, the outlook of the global economy remained uncertain, with growing concerns over a slowdown in the Chinese economy due to the stagnant real estate market and a prolonged personal-consumption slump.

In this situation, the environment surrounding the Japanese human resource service industry remained firm, despite the impact of sluggish personal consumption due to rising prices. In general, demand for increasing hiring by businesses remained high in the context of higher wages and improved incomes, as well as strong capital investment by companies.

In such a business environment, we have continued with aggressive efforts to promote our businesses, primarily the business process outsourcing (BPO) section, which is our core business.

In the first quarter of the term ending March 31, 2025, in the BPO-related business, we proactively worked to develop new transactions with local governments that had not done business with us before, as well as to expand the area of the business. However, net sales decreased by 1,208,966 thousand yen (down 10.6%) year on year to 10,201,337 thousand yen. This was mainly due to the completion of large-scale BPO projects related to welfare services, which had been ordered in the fiscal year ended March 31, 2023 and in operation until the end of May of the previous fiscal year.

In terms of profit, operating profit increased by 381 thousand yen (up 0.0%) year on year to 826,650 thousand yen. This was mainly due to a reduction in personnel expenses, as we focused on developing and training existing employees while curbing new hiring, with the aim of further strengthening our structure to increase the number of local governments with which we have transactions and to expand the area of the business, in preparation of the development of systems designed for DX promotion and other objectives. Further contributions were made by our efforts to improve business operations and business efficiency and manage other expenses more efficiently, such as those for outsourcing of business, increasing registered staff workers and recruiting new staff. Ordinary profit decreased by 3,921 thousand yen (down 0.5%) year on year to 827,840 thousand yen as 7,196 thousand yen was posted in the first quarter of the previous fiscal year as non-operating income, including compensation for forced relocation of the Ikebukuro branch of CAREERLINK FACTORY CO., LTD., a subsidiary of CAREERLINK CO., LTD., and subsidy for the temporary closure of elementary school due to COVID-19. Profit attributable to owners of parent increased by 35,406 thousand yen (up 6.7%) year on year to 564,802 thousand yen. Regarding valuation loss on shares of subsidiaries, we had revised the recording method and therefore reversed deferred tax assets in the first quarter of the previous year, but there was not such a revision in the current first quarter. As a result, the burden ratio of income taxes to profit before income taxes was reduced from the first quarter of the previous fiscal year.

(Clerical human resource services)

In the BPO-related business section, we proactively worked to develop new transactions with local governments that had not done business with us before, focused mainly on benefit payment projects and to expand the scope of business in terms of counter operations and other customer operations at local governments. In addition, we received a steady stream of orders from leading BPO business operators for projects involving, among others, central government agencies. In the customer relationship management section, we were unable to recover from the decreased scale of large scale projects for which we had received orders in the previous fiscal year, in the Tokyo metropolitan area and in local branch offices. In the office services section, in addition to a steady increase in new projects from local governments and leading BPO operators, orders remained steady for projects from existing clients for dispatching office workers to financial institutions. However, due to such factors as the completion of large-scale BPO projects related to welfare services, which had been in operation in the first quarter of the previous fiscal year, net sales in the first quarter of the term ending March 31, 2025 decreased by 1,470,017 thousand yen (down 14.9%) year on year, to 8,392,817 thousand yen. In terms of profit, operating profit decreased by 21,780 thousand yen (down 2.8%), to 758,078 thousand yen thanks to our efforts to reduce expenses by managing expenses more efficiently for outsourcing of business, although net sales decreased year on year.

(a) Business process outsourcing

Net sales of this section in the first quarter of the term ending March 31, 2025 decreased by 1,202,350 thousand yen (down 16.2%) year on year to 6,220,292 thousand yen. This was mainly due to the impact of the completion of large-scale BPO projects related to welfare services, which had been in operation in the first quarter of the previous fiscal year. In terms of social security and tax number projects, orders decreased year on year as operations to deal with new applications peaked out nationwide. However, these were offset by the fact that we proactively worked to increase the number of local governments with which we have transactions, focused mainly on benefit payment projects, resulting in the starting of new transitions of 12 local governments. This enabled us to increase the total of transactions with local governments to 158 when combined with those with which we have transactions, successfully expanding our foundations. Other contributions were made by steady orders from leading BPO operators for projects involving, among others, central government agencies.

(b) Customer relationship management

Net sales of this section in the first quarter of the term ending March 31, 2025 decreased by 407,453 thousand yen (down 34.7%) year on year to 765,984 thousand yen. This was mainly due to the decreased scale of projects ordered from existing clients in the previous fiscal year for the dispatch of workers at large-scale call centers in the Tokyo metropolitan area and Kansai region, as well as projects ordered from financial institutions in the previous fiscal year to dispatch office workers. However, this was offset by our focus on promoting the expansion of transactions with existing clients. In local branch offices in Sapporo, Sendai and Fukuoka, we received new orders from leading telemarketing businesses and other operators, which are our existing clients, for the dispatch of workers at large-scale call centers.

(c) Office services

Net sales of this section in the first quarter of the term ending March 31, 2025 increased by 139,786 thousand yen (up 11.0%) year on year to 1,406,541 thousand yen. Despite a year-on-year decrease in orders for social security and tax number projects for local governments, the volume of orders increased for various benefit payment projects and social insurance-related affairs from local governments. In addition, we developed new transactions with local government-related public corporations, and the volume of orders increased in the branch office in Okinawa due to such factors as the transfer of a leading BPO business operator's operations to its base in Okinawa. The volume of orders also increased from financial institutions due to new NISA projects and expansion of the scale of existing projects.

(Manufacturing human resource services)

Net sales of this section in the first quarter of the term ending March 31, 2025 increased by 260,286 thousand yen (up 17.6%) year on year to 1,735,695 thousand yen. In the food processing category, despite sluggish personal consumption, the favorable volume of orders came from existing clients, primarily from industries such as food service-related products, lunch and delicatessen, and canned products. In the manufacturing and processing category, the volume of orders from some companies decreased due to yen depreciation. However, we focused our efforts on cultivating business relations not only with existing clients but also with new customers, resulting in an increase in orders for the industries housing equipment manufacturing, plant manufacturing and machinery manufacturing. In terms of profit, operating profit increased by 23,261 thousand yen (up 64.6%) year on year to 59,294 thousand yen through our efforts to manage selling, general and administrative expenses more efficiently as we implemented initiatives including reviewing the plan of new business locations and curbing new hiring accordingly.

(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 section in the first quarter of the term ending March 31, 2025 increased by 764 thousand yen (up 1.1%) year on year to 72,824 thousand yen. Operating profit decreased by 1,099 thousand yen (down 10.6%)

year on year to 9,278 thousand yen. This was mainly due to the implementation of initiatives such as strengthening personnel in response to the upper limits of overtime, which came into effect on April 1, 2024.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the first quarter of the term ending March 31, 2025 are 19,149,296 thousand yen, down 2,060,649 thousand yen from the end of the previous fiscal year. This is due mainly to decreases of 2,601,883 thousand yen in “Notes and accounts receivable - trade, and contract assets” and 316,605 thousand yen in other current assets, including “Prepaid expenses,” despite an increase of 1,024,456 thousand yen in “Cash and deposits.”

(Liabilities)

Total liabilities at the end of the first quarter of the term ending March 31, 2025 are 5,514,923 thousand yen, down 1,219,270 thousand yen from the end of the previous fiscal year. This is due mainly to decreases of 765,557 thousand yen in other current liabilities including “Accrued consumption taxes,” 212,427 thousand yen in “Accounts payable - other,” 163,572 thousand yen in “Provision for bonuses,” and 73,138 thousand yen in “Long-term borrowings.”

(Net assets)

Total net assets at the end of the first quarter of the term ending March 31, 2025 are 13,634,373 thousand yen, down 841,379 thousand yen from the end of the previous fiscal year. This is due mainly to a decrease of 859,260 thousand yen in “Retained earnings” (up 564,802 thousand yen in “Profit attributable to owners of parent” and down 1,424,062 thousand yen due to the payment of dividends).

(3) Explanation Regarding Future Forecast Information Including Forecast of Consolidated Financial Results

There are no revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2025 announced on May 14, 2024.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	9,928,521	10,952,978
Notes and accounts receivable - trade, and contract assets	8,620,110	6,018,226
Inventories	18,463	21,998
Other	847,033	530,428
Allowance for doubtful accounts	(3,013)	(2,081)
Total current assets	19,411,115	17,521,550
Non-current assets		
Property, plant and equipment	356,312	375,672
Intangible assets	325,375	266,357
Investments and other assets		
Other	1,120,480	986,853
Allowance for doubtful accounts	(3,337)	(1,137)
Total investments and other assets	1,117,143	985,716
Total non-current assets	1,798,831	1,627,746
Total assets	21,209,946	19,149,296
Liabilities		
Current liabilities		
Short-term borrowings	36,000	90,000
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	339,872	327,992
Accounts payable - other	2,964,789	2,752,361
Income taxes payable	99,007	36,343
Provision for bonuses	318,909	155,337
Asset retirement obligations	1,085	-
Other	2,086,033	1,320,476
Total current liabilities	5,865,695	4,702,510
Non-current liabilities		
Long-term borrowings	653,164	580,026
Retirement benefit liability	314	194
Asset retirement obligations	158,829	170,550
Other	56,189	61,641
Total non-current liabilities	868,497	812,412
Total liabilities	6,734,193	5,514,923
Net assets		
Shareholders' equity		
Share capital	405,967	405,967
Capital surplus	247,261	247,261
Retained earnings	14,085,010	13,225,750
Treasury shares	(443,764)	(443,764)
Total shareholders' equity	14,294,474	13,435,214
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,173	50,910
Total accumulated other comprehensive income	40,173	50,910
Share acquisition rights	59,720	62,910
Non-controlling interests	81,384	85,338
Total net assets	14,475,753	13,634,373
Total liabilities and net assets	21,209,946	19,149,296

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

Consolidated Statements of Income

For the first quarter

(Unit: Thousands of yen)

	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Net sales	11,410,303	10,201,337
Cost of sales	8,900,045	7,990,033
Gross profit	2,510,258	2,211,303
Selling, general and administrative expenses	1,683,989	1,384,652
Operating profit	826,269	826,650
Non-operating income		
Interest income	1	5
Subsidy income	2,099	-
Compensation for forced relocation	4,990	1,750
Other	106	1,102
Total non-operating income	7,196	2,858
Non-operating expenses		
Interest expenses	1,418	1,648
Other	286	20
Total non-operating expenses	1,704	1,668
Ordinary profit	831,761	827,840
Profit before income taxes	831,761	827,840
Income taxes - current	91,729	198,631
Income taxes - deferred	208,104	60,453
Total income taxes	299,834	259,084
Profit	531,927	568,756
Profit attributable to non-controlling interests	2,531	3,953
Profit attributable to owners of parent	529,396	564,802

Consolidated Statements of Comprehensive Income
For the first quarter

(Unit: Thousands of yen)

	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Profit	531,927	568,756
Other comprehensive income		
Valuation difference on available-for-sale securities	8,174	10,737
Total other comprehensive income	8,174	10,737
Comprehensive income	540,102	579,493
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	537,570	575,539
Comprehensive income attributable to non-controlling interests	2,531	3,953

(3) Notes to Consolidated Financial Statements

(Notes on Segment Information)

[Segment information]

I For the first quarter ended June 30, 2023 (April 1, 2023 – June 30, 2023)

1. Information about sales and income (loss) by reporting segment and information on breakdown of revenues

(Unit: Thousands of yen)

	Reporting segments			Other ^(Note 1)	Amount on the consolidated statement of income ^(Note 2)
	Clerical human resource services business	Manufacturing human resource services business	Total		
Net sales					
Dispatch of workers	4,868,192	1,469,862	6,338,055	-	6,338,055
Undertaking of tasks	4,965,505	-	4,965,505	72,059	5,037,565
Dispatch of workers to be employed as full-time employees	10,768	1,160	11,929	-	11,929
Introduction of workers	18,367	4,385	22,753	-	22,753
Revenues from contracts with customers	9,862,835	1,475,408	11,338,243	72,059	11,410,303
To outside customers	9,862,835	1,475,408	11,338,243	72,059	11,410,303
Intersegment sales and transfers	-	-	-	-	-
Total	9,862,835	1,475,408	11,338,243	72,059	11,410,303
Segment income	779,858	36,032	815,891	10,377	826,269

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

2. The segment income matches operating profit in the consolidated statements of income.

2. Information on impairment loss, goodwill, etc., in non-current assets by reporting segment

None applicable

II For the first quarter ended June 30, 2024 (April 1, 2024 – June 30, 2024)

1. Information about sales and income (loss) by reporting segment and information on breakdown of revenues

(Unit: Thousands of yen)

	Reporting segments			Other ^(Note 1)	Amount on the consolidated statement of income ^(Note 2)
	Clerical human resource services business	Manufacturing human resource services business	Total		
Net sales					
Dispatch of workers	4,218,991	1,721,769	5,940,761	-	5,940,761
Undertaking of tasks	4,147,422	-	4,147,422	72,824	4,220,246
Dispatch of workers to be employed as full-time employees	1,826	-	1,826	-	1,826
Introduction of workers	24,576	13,925	38,501	-	38,501
Revenues from contracts with customers	8,392,817	1,735,695	10,128,512	72,824	10,201,337
To outside customers	8,392,817	1,735,695	10,128,512	72,824	10,201,337
Intersegment sales and transfers	-	-	-	-	-
Total	8,392,817	1,735,695	10,128,512	72,824	10,201,337
Segment income	758,078	59,294	817,372	9,278	826,650

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

2. The segment income matches operating profit in the consolidated statements of income.

2. Information on impairment loss, goodwill, etc., in non-current assets by reporting segment

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable

(Notes Relating to Going Concern Assumption)

None applicable

(Notes Relating to Statements of Cash Flows)

The Company has not prepared quarterly consolidated Statements of Cash Flows for the first quarter ended June 30, 2024. Depreciation (including amortization related to intangible assets) for the first quarter ended June 23, 2023 and 2024 was as follows

	First quarter ended June 30, 2023 (April 1, 2023 – June 30, 2023)	First quarter ended June 30, 2024 (April 1, 2024 – June 30, 2024)
Depreciation	26,608 Thousand yen	81,901 Thousand yen