



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2023 [Japanese GAAP]

August 10, 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

(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 Financial Statements Filing: August 10, 2023

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, 2024 (April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	11,410	7.6	826	(22.8)	831	(22.3)	529	(27.7)
Three months ended June 30, 2022	10,601	-	1,070	-	1,071	-	732	-

(Note) Comprehensive income: 1Q FY 3/2024: ¥540 million [(26.8)%] 1Q FY 3/2023: ¥738 million [-%]

* Year on year changes for the fiscal year ended March 31, 2023 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
Three months ended June 30, 2023	44.63	44.36
Three months ended June 30, 2022	62.02	61.72

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	18,869	12,764	67.0
As of March 31, 2023	21,809	13,526	61.5

(Reference) Equity capital: 1Q FY 3/2024: ¥12,637 million FY 3/2023: ¥13,404 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, 2023	-	0.00	-	110.00	110.00
Year ending March 31, 2024	-				
Year ending March 31, 2024 (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, 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

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

*** Notes**

- (1) Changes in significant subsidiaries 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, 2023	12,590,800 shares	As of March 31, 2023	12,590,800 shares
2) Number of treasury shares at end of term	As of June 30, 2023	728,929 shares	As of March 31, 2023	728,898 shares
3) Average number of outstanding shares during the period (during the quarter)	Three months ended June 30, 2023	11,861,890 shares	Three months ended June 30, 2022	11,807,996 shares

(Note) 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 outstanding shares during the period (1Q of the fiscal year ending March 31, 2024: 0 shares / 1Q of the fiscal year ended March 31, 2023: 46,823 shares) as a trust asset of the stock benefit trust (J-ESOP). The Company established an employee stock ownership plan (J-ESOP); however, the system has been terminated on February 28, 2023.

* Summary of financial results is out of scope of quarterly review 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. Qualitative Information (3) Explanation Regarding Future Forecast Information Including Forecast of Consolidated Financial Results" on page 4.

Table of contents of the appendix

1. Qualitative Information.....	2
(1) Explanation of Financial Results.....	2
(2) Explanation of Financial Position.....	3
(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 Relating to Going Concern Assumption)	8
(Notes on Significant Changes in Shareholders' Equity)	8
(Segment Information).....	8

1. Qualitative Information

(1) Explanation of Financial Results

In the first quarter of the term ending March 31, 2024, socioeconomic activity progressed towards normalization with the lifting of COVID-19-related movement restrictions due to the reclassification of the disease as a Class 5 infectious disease under the Infectious Diseases Act. However, the outlook remained uncertain, with concerns over the impact on business conditions of factors such as global monetary tightening, in addition to rising prices for food and daily necessities due to soaring energy and raw materials prices.

Although a recovery was apparent in economic activities, the outlook for the global economy remained uncertain due to concerns over an economic slowdown in China, in addition to soaring global prices for natural resources, supply-side constraints, and concerns of an economic slowdown due tighter monetary policy globally, especially in European countries and the United States, to combat the resultant inflation.

In this situation, the environment surrounding the Japanese human resource service industry saw an increase in new job openings, chiefly in the accommodation, food service, and telecommunications industries, with demand for increased hiring by businesses high in the context of a continued 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.

As a result, in the first quarter of the term ending March 31, 2024, net sales increased by 808,581 thousand yen (up 7.6%) year on year to 11,410,303 thousand yen, as the clerical human resource services business continued to receive robust levels of orders for BPO contract projects, focused mainly on social security and tax number projects, as well as benefit payment projects. In the manufacturing human resource services business, the recovery in personal consumption led to strong orders in the food processing category.

In terms of profit, operating profit decreased by 244,017 thousand yen (down 22.8%) year on year to 826,269 thousand yen, ordinary profit decreased by 239,371 thousand yen (down 22.3%) year on year to 831,761 thousand yen, and profit attributable to owners of parent decreased by 202,972 thousand yen (down 27.7%) year on year to 529,396 thousand yen. This was a result of the implementation of initiatives such as strengthening personnel and developing business processing systems to boost competitiveness for BPO contract projects and others currently under sales development, as well as actively strengthening personnel to reinforce capabilities in the customer relationship management section and the office services section.

Whereas, in the past, we disclosed segment information for the clerical human resource services business, the manufacturing human resources services business, the sales human resource services business, and other services, from the beginning of the first quarter of the term ending March 31, 2024, we have integrated the sales human resource services business into the business process outsourcing section of the clerical human resource services business. We now disclose segment information for the clerical human resource services business, the manufacturing human resources services business, and other services. Figures for the first quarter of the term ended March 31, 2023 have been presented after applying this new classification.

(Clerical human resource services)

The business process outsourcing section received robust levels of orders for BPO contract projects focused mainly on social security and tax number projects and benefit payment projects from local governments and leading BPO business operators. The customer relationship management section received a steady stream of orders, including large new projects in the Tokyo metropolitan area and a range of new projects achieved through efforts in regional branches, particularly in Sendai and Fukuoka, to increase new clients. In the office services section, despite a reduction in the scale of existing transactions for dispatching office workers to local governments and financial institutions, the number of new transactions for dispatching office workers to local governments was strong. As a result, net sales of this business for the first quarter of the term ending March 31, 2024 increased by 576,318 thousand yen (up 6.2%) year on year to 9,862,835 thousand yen. In terms of profit, operating profit decreased by 231,602 thousand yen (down 22.9%) year on year to 779,858 thousand yen, mainly due to the implementation of initiatives such as strengthening personnel and developing business processing systems to boost competitiveness and reinforce capabilities.

(a) Business process outsourcing

Net sales of this section in the first quarter of the term ending March 31, 2024 increased by 452,566 thousand yen (up 6.5%) year on year to 7,422,643 thousand yen because of strong volumes of new BPO contract orders from local governments and leading BPO business operators, etc., for social security and tax number projects and benefit payment projects, although the projects from leading BPO business operators ordered in the previous fiscal year were scaled down or completed.

(b) Customer relationship management

Net sales of this section in the first quarter of the term ending March 31, 2024 increased by 149,011 thousand yen (up 14.5%) year on year to 1,173,437 thousand yen. As well as receiving orders from existing clients for the dispatch of workers at large-scale call centers in the Tokyo metropolitan area, we successfully received orders from new BPO business operator clients for public sector worker dispatch projects. In addition, we received a steady stream of orders from Internet-related service providers and telemarketing operators, in local branch offices focused mainly in Sendai and Fukuoka, for mail order sales and finance-related projects.

(c) Office services

Net sales of this section in the first quarter of the term ending March 31, 2024 decreased by 25,259 thousand yen (down 2.0%) year on year to 1,266,754 thousand yen due to a decrease in the scale of spot transactions with local governments and existing projects for financial institutions, although we received a strong stream of new orders from local governments for staffing across a broad range of business areas, including those related to general-related and resident-service related affairs.

(Manufacturing human resources services)

Net sales of this business in the first quarter of the term ending March 31, 2024 increased by 237,223 thousand yen (up 19.2%) year on year to 1,475,408 thousand yen. The recovery in personal consumption led to a favorable volume of orders from existing clients in the food processing category, primarily in ready-made side dishes and confectionery manufacturing. We also made aggressive efforts at each business location to develop new clients in the manufacturing and processing category. As a result, the volume of orders increased for transport machinery manufacturing, machinery manufacturing, housing equipment manufacturing, etc. In terms of profit, operating profit decreased by 13,881 thousand yen (down 27.8%) year on year to 36,032 thousand yen, mainly due to higher personnel expenses and expenses for increasing registered staff workers, as we actively endeavored to recruit new staff and grow the number of registered staff workers with the aim of expanding our operations in the future.

(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 in the first quarter of the term ending March 31, 2024 decreased by 4,960 thousand yen (down 6.4%) year on year to 72,059 thousand yen, while operating profit increased by 1,465 thousand yen (up 16.4%) year on year to 10,377 thousand yen due to our efforts to reduce selling, general and administrative expenses.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter of the term ending March 31, 2024 are 18,869,471 thousand yen, down 2,940,218 thousand yen from the end of the previous fiscal year. This is due mainly to a decrease of 8,654,100 thousand yen in “Notes and accounts receivable - trade, and contract assets”, although “Cash and deposits” increased by 5,626,377 thousand yen.

(Liabilities)

Total liabilities at the end of the first quarter of the term ending March 31, 2024 are 6,104,884 thousand yen, down 2,178,127 thousand yen from the end of the previous fiscal year. This is due mainly to decreases of 1,293,072 thousand yen in “Income taxes payable” and 1,020,341 thousand yen in “Accounts payable - other.”

(Net assets)

Total net assets at the end of the first quarter of the term ending March 31, 2024 are 12,764,586 thousand yen, down 762,091 thousand yen from the previous fiscal year. This is due mainly to a decrease of 775,413 thousand yen in “Retained earnings” (up 529,396 thousand yen in “Profit attributable to owners of parent” and down 1,304,809 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, 2024 announced on May 12, 2023.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	5,097,947	10,724,324
Notes and accounts receivable - trade, and contract assets	14,668,409	6,014,308
Inventories	9,793	11,339
Other	507,459	518,438
Allowance for doubtful accounts	(4,091)	(1,155)
Total current assets	20,279,517	17,267,255
Non-current assets		
Property, plant and equipment	299,843	337,641
Intangible assets	107,311	184,984
Investments and other assets	1,123,016	1,079,589
Total non-current assets	1,530,172	1,602,216
Total assets	21,809,690	18,869,471
Liabilities		
Current liabilities		
Short-term borrowings	36,000	90,000
Current portion of bonds payable	30,000	30,000
Current portion of long-term borrowings	286,704	284,202
Accounts payable - other	3,682,745	2,662,404
Income taxes payable	1,379,821	86,748
Provision for bonuses	313,016	158,420
Asset retirement obligations	21,310	-
Other	1,705,688	2,015,628
Total current liabilities	7,455,286	5,327,404
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	693,036	623,018
Retirement benefit liability	937	757
Asset retirement obligations	77,410	89,437
Other	36,341	44,266
Total non-current liabilities	827,725	777,479
Total liabilities	8,283,011	6,104,884
Net assets		
Shareholders' equity		
Share capital	400,567	400,567
Capital surplus	241,861	241,861
Retained earnings	13,188,505	12,413,092
Treasury shares	(443,448)	(443,531)
Total shareholders' equity	13,387,485	12,611,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,107	25,282
Total accumulated other comprehensive income	17,107	25,282
Share acquisition rights	58,248	60,947
Non-controlling interests	63,836	66,367
Total net assets	13,526,678	12,764,586
Total liabilities and net assets	21,809,690	18,869,471

(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, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Net sales	10,601,721	11,410,303
Cost of sales	8,324,737	8,900,045
Gross profit	2,276,984	2,510,258
Selling, general and administrative expenses	1,206,697	1,683,989
Operating profit	1,070,287	826,269
Non-operating income		
Interest income	2	1
Subsidy income	1,610	2,099
Compensation for forced relocation	-	4,990
Other	310	106
Total non-operating income	1,922	7,196
Non-operating expenses		
Interest expenses	994	1,418
Other	82	286
Total non-operating expenses	1,077	1,704
Ordinary profit	1,071,132	831,761
Profit before income taxes	1,071,132	831,761
Income taxes - current	166,365	91,729
Income taxes - deferred	168,435	208,104
Total income taxes	334,801	299,834
Profit	736,330	531,927
Profit attributable to non-controlling interests	3,962	2,531
Profit attributable to owners of parent	732,368	529,396

Consolidated Statements of Comprehensive Income
For the first quarter

(Unit: Thousands of yen)

	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Profit	736,330	531,927
Other comprehensive income		
Valuation difference on available-for-sale securities	1,808	8,174
Total other comprehensive income	1,808	8,174
Comprehensive income	738,139	540,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	734,176	537,570
Comprehensive income attributable to non-controlling interests	3,962	2,531

(3) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

None applicable

(Notes on Significant Changes in Shareholders' Equity)

None applicable

(Segment Information)

[Segment information]

I For the first quarter ended June 30, 2022 (April 1, 2022 - June 30, 2022)

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 resources services business	Manufacturing human resource services business	Total		
Net sales					
Dispatch of workers	5,381,212	1,234,783	6,615,995	-	6,615,995
Undertaking of tasks	3,888,921	-	3,888,921	77,019	3,965,941
Dispatch of workers to be employed as full-time employees	988	-	988	-	988
Introduction of workers	15,393	3,402	18,795	-	18,795
Revenues from contracts with customers	9,286,516	1,238,185	10,524,701	77,019	10,601,721
To outside customers	9,286,516	1,238,185	10,524,701	77,019	10,601,721
Intersegment sales and transfers	-	-	-	-	-
Total	9,286,516	1,238,185	10,524,701	77,019	10,601,721
Segment income	1,011,460	49,914	1,061,374	8,912	1,070,287

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 statement 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, 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 resources 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 statement of income.

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

None applicable

3. Items regarding the change in the reporting segments

As a result of a review of the classification of business segments to more appropriately disclose information on the Group's businesses and management status, we have integrated the former sales human resource services business into the business process outsourcing section of the clerical human resource services business from the beginning of the first quarter of the term ending March 31, 2024.

Segment information presented for the first quarter ended June 30, 2023 has been presented after applying this new classification.