

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2022 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
 URL: <http://www.careerlink.co.jp/>
 Representative Title: President & Representative Director / President & Executive Officer
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 Regular general meeting of shareholders (tentative): June 24, 2022
 Date of securities report (tentative): June 24, 2022
 Date of commencement of dividend payment (tentative): June 27, 2022
 Supplementary explanatory documents: Yes
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended March 2022 (March 1, 2021 – March 31, 2022)**(1) Result of operations (Consolidated)**

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2022	43,100	-	4,423	-	4,441	-	3,114	-
Fiscal year ended Feb. 2021	30,276	43.5	2,729	294.3	2,772	301.7	2,053	289.9

Note: Comprehensive income: FY 3/2022: 3,137 million yen [-%], FY 2/2021: 2,065 million yen [284.6%]

* Year on year changes for fiscal year ended March 2022 are not presented because FY 3/22 was a 13-month period due to the change of the fiscal year end (from end of February to end of March).

	Earnings per share	Earnings per share fully diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 2022	263.89	262.71	45.4	31.6	10.3
Fiscal year ended Feb. 2021	171.95	171.14	44.8	29.2	9.0

Reference: Equity method income FY3/22: - million yen FY2/21: - million yen

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	16,543	8,404	50.2	703.27
As of February 28, 2021	11,523	5,483	46.9	458.36

Reference: Shareholders' equity

As of March 31, 2022: 8,303 million yen As of February 28, 2021: 5,405 million yen

(3) Cash flow position (Consolidated)

	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
	Million yen	Million yen	Million yen	Million yen
FY 3/22	976	(282)	(98)	7,031
FY 2/21	2,743	(48)	(177)	6,435

2. Dividends

	Dividend per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend-to- equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2/21	-	0.00	-	20.00	20.00	236	11.6	5.2
FY 3/22	-	0.00	-	40.00	40.00	474	15.2	6.9
FY 3/23 (Estimate)	-	0.00	-	50.00	50.00		18.6	

(Note) Total dividends for the fiscal years that ended in February 2021 and March 2022 include the following payments for Careerlink stock held by Custody Bank of Japan, Ltd. (Trust E Account): 948 thousand yen for 47,400 shares in the fiscal year ended February 2021 and 1,880 thousand yen for 47,000 shares in the fiscal year ended March 2022.

3. Forecast for the fiscal year ending March 2023 (Consolidated, April 1, 2022 - March 31, 2023)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,736	40.0	1,639	16.5	1,638	15.2	1,103	15.4	93.41
Full year	50,019	-	4,642	-	4,640	-	3,173	-	268.73

(Note) Year on year changes for full year are not presented because FY 3/22 was a 13-month period due to the change of the fiscal year end (from end of February to end of March).

* 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 principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares)

End of FY 3/22	12,583,400	End of FY 2/21	12,569,400
End of FY 3/22	775,825	End of FY 2/21	776,225
FY 3/22	11,804,126	FY 2/21	11,941,599

(b) Treasury shares

(c) Average number of shares during the period

(Note) The number of treasury shares at the end of the fiscal year includes shares held in Custody Bank of Japan, Ltd. (Trust E Account) for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 47,000 shares in this trust account at the end of March 2022 and 47,400 shares at the end of February 2021. Stock in this trust account is included in treasury shares that are excluded from the average number of shares in a fiscal year. There were 47,196 shares in this trust account in the fiscal year ended March 2022 and 47,921 shares in the fiscal year ended February 2021.

(Reference) Outline of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended March 2022 (March 1, 2021 – March 31, 2022)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2022	34,341	-	4,063	-	4,183	-	2,987	-
Fiscal year ended Feb. 2021	23,401	60.3	2,512	366.0	2,749	413.7	2,102	495.7

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended Mar. 2022	253.07		252.16	
Fiscal year ended Feb. 2021	176.09		175.34	

* Year on year changes for fiscal year ended March 2022 are not presented because FY 3/22 was a 13-month period due to the change of the fiscal year end (from end of February to end of March).

(2) Financial Position (Non-consolidated)

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2022	14,982		7,889		52.4		665.24	
As of February 28, 2021	10,347		5,118		49.2		431.89	

Reference: Shareholders' equity

As of March 31, 2022: 7,854 million yen As of February 28, 2021: 5,093 million yen

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

* 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 available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook for the fiscal year ending in March 2023" on page 4.

(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 business performance

Careerlink changed its fiscal year end from end of February to end of March by the resolution to change a part of the Article of Incorporation at the Annual General Meeting held on May 28, 2021. As a transitional measure, FY 3/22 was a 13-month period from March 1, 2021 to March 31, 2022. As a result, year on year changes for full year are not presented.

In the current fiscal year, outlook for the Japanese economy was still unclear, as impacts from COVID-19 lasted although the state of emergency and the semi-state of emergency had been implemented three times until they were finally lifted on September 30, 2021, and vaccination had spread thereafter, while personal consumption and corporate earnings were slow to recover because of soaring natural resource prices, including oil, and the depreciation of yen.

Outlook of the global economy is still uncertain, because of the soaring natural resource prices including oil, Russian invasion to Ukraine, negative impacts from lockdowns in China due to wide spread of the COVID-19 infections, although economy has been recovering from influences from the COVID-19 pandemic.

In the Japanese human resources industry, employment environment is still challenging because of impacts from the COVID-19 pandemic, soaring natural resource prices including oil and further depreciation of yen, despite some signs of improving in the jobs-to-applicants ratio.

The Careerlink Group continued to try to take large-scale orders from local governments and business process outsourcing (BPO) providers as well as to enlarge customer base and to capture new orders in the clerical human resource services business. In the manufacturing human resource services business, we aggressively promoted expansion of the operational base by establishing new business location in Kanto and Tokai areas.

In the clerical human resource services business, sales were strong in BPO, customer relationship management and office services categories, as a result of activities to enlarge customer base and capture new orders from local governments and large BPO providers. In the manufacturing human resource services business, sales were strong mainly from manufacturing and processing companies thanks to efforts to acquire new customers at the newly opened operational bases. In the sales human resource services business, sales activities faced challenges as businesses in restaurants and retailers were slow to recover even after the state of emergency and the semi-state of emergency were lifted.

Total sales were 43,100,558 thousand yen. In the clerical human resource services business, sales increased in each category mainly in the core BPO category as a result of active sales activities including enhancing order intake activities from local governments. In the manufacturing human resource services business, sales were strong due to aggressive promotion of expansion of sales base including increases of sales offices.

Gross profit increased in line with sales increases. We promoted aggressive hiring of full-time employees and introduction of BPO operating system using information technology to cope with higher orders. Operating profit were 4,423,845 thousand yen, ordinary profit were 4,441,111 thousand yen and profit attributable to owners of parent were 3,114,989 thousand yen.

Although FY 3/22 was a 13-month period, adjusting the period to 12 months (April 1, 2021 to March 31, 2022), sales and profit increased significantly over the same period year ago.

(Clerical human resource services)

Sales increased mainly in BPO category as we worked on the aggressive business development such as enhancing the ordering activities for local governments. Sales of customer relationship management recovered to pre-COVID-19 level because of higher share among existing customers such as telemarketing operators and higher orders for call center operations triggered by the order intake for BPO businesses. Orders of office services were strong as temporary staffing orders for financial institutions remained strong and orders, mainly new ones, from local governments were strong for the Individual Number related businesses and “Digital Utilization Supporters”, derived from the Individual Number scheme. Furthermore, in the office services, sales with most of existing customers recovered to pre-COVID-19 level. As a result, sales of clerical human resource services were 37,124,209 thousand yen. Operating profit were 4,252,278 thousand yen as the scale of the business expanded in line with the higher orders despite of the aggressive hiring of full-time employees and the introduction of the BPO operating system using information technology.

(a) Business Process Outsourcing

Sales were 27,150,601 thousand yen as sales were strong mainly in the mainstay BPO category as we as we worked on the aggressive business development such as enhancing the BPO ordering activities for local governments.

(b) Customer Relationship Management

Sales were 4,210,864 thousand yen, as sales recovered to pre-COVID-19 level because of higher share among existing customers such as telemarketing operators and higher orders for call center operations triggered by the order intake for BPO businesses.

(c) Office Services

Sales were 5,762,743 thousand yen as temporary staffing orders for financial institutions remained strong and orders, mainly new ones, from local governments were strong for the Individual Number related businesses and “Digital Utilization Supporters”, derived from the Individual Number scheme. Furthermore, sales with most of existing customers recovered to pre-COVID-19 level.

(Manufacturing human resources services)

Sales were 4,590,593 thousand yen and operating profit were 156,751 thousand yen following the higher sales. Overall sales were strong as sales with manufacturing and processing companies increased as we promoted aggressive business expansion through establishing new business locations in Atsugi City, Kanagawa Prefecture, Chiba City, Chiba prefecture, Yokkaichi City, Mie Prefecture, Okazaki City, Aichi Prefecture, Kobe City Hyogo Prefecture and Fukuoka City, Fukuoka Prefecture.

(Sales human resource services)

Sales were 1,065,017 thousand yen as the business was impacted by the slow business recoveries in restaurants and retailers even after the state of emergency and the semi-state of emergency were lifted on September 30, 2021. Operating losses were 8,974 thousand yen because gross profit decreased in line with lower sales, despite of our efforts to reduce SG&A expenses.

(Other services business)

This business is the automobile management business of Tokyo Jidosha Kanri, a subsidiary of Japan Business Service. Sales were strong at 320,737 thousand yen. Operating profit were 23,789 thousand yen mainly because of increase in expenses for anti-COVID-19 measures.

(2) Overview of financial condition

(Assets)

Total assets were 16,543,988 thousand yen at the end of the fiscal year, 5,020,137 thousand yen more than at the end of the previous fiscal year. Major changes were a 389,385 thousand yen decrease in work in progress and increases of 4,607,645 thousand yen in notes and accounts receivable-trade and 596,233 thousand yen in cash and deposits.

(Liabilities)

Liabilities increased 2,098,717 thousand yen to 8,139,485 thousand yen at the end of the fiscal year. Major changes were a decrease of 109,058 thousand yen in accrued consumption taxes and increases of 996,688 thousand yen in accounts payable-other, 471,810 thousand yen in income taxes payable and 337,298 thousand yen in accrued expenses.

(Net assets)

Net assets increased 2,921,420 thousand yen to 8,404,503 thousand yen at the end of the fiscal year. The treasury shares deduction increased by 302 thousand yen and retained earnings increased 2,878,178 thousand yen (the difference between profit attributable to owners of parent of 3,114,989 thousand yen and dividend payments of 236,811 thousand yen).

(3) Cash flows

Cash and cash equivalents totaled 7,031,627 thousand yen at the end of the fiscal year, 596,233 thousand yen more than at the end of the previous fiscal year. The followings are summary of cash flows.

(Operating activities)

Net cash provided by operating activities decreased from 2,743,709 thousand yen in the previous fiscal year to 976,887 thousand yen. The major sources of cash were profit before income taxes of 4,441,111 thousand yen, a 1,030,664 thousand yen increase in accounts payable-other, and a 387,717 thousand yen decrease in inventories. Cash was used by a 4,607,645 thousand yen increase in trade receivables and a 109,058 thousand yen decrease in accrued consumption taxes.

(Investing activities)

Net cash used in investing activities increased from 48,004 thousand yen one year earlier to 282,055 thousand yen. There were proceeds of 166,277 thousand yen from proceeds from refund of leasehold and guarantee deposits and 100,000 thousand yen from withdrawal of time deposits and payments of 411,707 thousand yen for purchase of property, plant and equipment and purchase of intangible assets, and payments of 133,050 thousand yen for payments of leasehold and guarantee deposits.

(Financing activities)

Net cash used in financing activities decreased from 177,041 thousand yen one year earlier to 98,598 thousand yen. There were proceeds of 500,000 thousand yen from long-term borrowings and payments of 283,734 thousand yen for the repayment of long-term borrowings, 236,937 thousand yen for dividends paid.

(4) Outlook for the fiscal year ending in March 2023

Although the current fiscal year was a 13-month period as we changed the fiscal year end from February to March, next fiscal year and beyond will be a 12-month period. While the outlook is expected to remain unclear because of the impacts from the COVID-19 pandemic and lengthening Russian invasion to Ukraine, we do not anticipate a significant negative impact on our performance in the fiscal year ending in March 2023 based on the impact of this crisis on results of operations in the fiscal year that ended in March 2022.

We forecast sales in the next fiscal year will surpass the current fiscal year with 13-month period as we are aggressively working to capture new BPO orders mainly from local governments in clerical human resource services business, orders are recovering in customer relationship management, and orders have been strong in office services.

We also forecast sales of manufacturing human resource services business and sales human resource services business to exceed the current fiscal year with a 13-month period, as is the case in clerical human resource services business. Orders are increasing in manufacturing human resource services business due to establishing new business location despite the potential negative impacts from soaring natural resource prices including oils, and we are taking orders from new customers in sales human resource services business.

Profit is also expected to surpass the current fiscal year with a 13-month period while expenses for hiring temporary placement personnel and full-time employees are expected to increase in line with higher sales as we will continue to conduct aggressive sales activities to capture orders from local governments and large BPO providers.

Based on this outlook, we forecast sales of 50,019,000 thousand yen, up 6,918,442 thousand yen, operating profit of 4,642,000 thousand yen, up 218,155 thousand yen, ordinary profit of 4,640,000 thousand yen, up 198,889 thousand yen, and profit attributable to owners of parent of 3,173,000 thousand yen, up 58,011 thousand yen, all from current fiscal year.

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 Important Notes

(1) Consolidated balance sheet

(Thousand yen)

	Fiscal year ended February 2021 (As of February 28, 2021)	Fiscal year ended March 2022 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	6,435,394	7,031,627
Notes and accounts receivable - trade	3,354,766	7,962,411
Work in process	389,385	-
Supplies	2,753	4,422
Income taxes receivable	221	-
Other	351,828	330,644
Allowance for doubtful accounts	(1,199)	(2,139)
Total current assets	10,533,149	15,326,967
Noncurrent assets		
Property, plant and equipment		
Buildings	144,704	275,873
Accumulated depreciation	(81,402)	(94,838)
Buildings, net	63,301	181,034
Vehicles	16,655	18,061
Accumulated depreciation	(13,716)	(13,569)
Vehicles, net	2,938	4,492
Tools, furniture and fixtures	253,059	265,104
Accumulated depreciation	(209,274)	(170,423)
Tools, furniture and fixtures, net	43,784	94,680
Total property, plant and equipment	110,025	280,207
Intangible assets	78,143	134,667
Investments and other assets		
Investment securities	44,375	59,289
Deferred tax assets	146,486	254,571
Other	611,671	488,286
Total investments and other assets	802,532	802,147
Total noncurrent asset	990,701	1,217,021
Total assets	11,523,851	16,543,988
Liabilities		
Current liabilities		
Short-term borrowings	74,000	36,000
Current portion of bonds payable	50,000	30,000
Current portion of long-term borrowings	228,447	284,960
Accounts payable-other	2,332,414	3,329,102
Accrued expenses	501,735	839,033
Income taxes payable	679,642	1,151,452
Accrued consumption taxes	1,325,956	1,216,897
Provision for bonuses	141,044	220,823
Provision for loss on orders received	-	117,249
Other	96,423	148,829
Total current liabilities	5,429,665	7,374,350
Noncurrent liabilities		
Bonds payable	90,000	50,000
Long-term borrowings	419,987	579,740
Provision for share awards	16,326	19,299
Retirement benefit liability	4,552	2,987
Asset retirement obligations	52,183	81,098
Other	28,052	32,008
Total noncurrent liabilities	611,102	765,134
Total liabilities	6,040,768	8,139,485

(Thousand yen)

	Fiscal year ended February 2021 (As of February 28, 2021)	Fiscal year ended March 2022 (As of March 31, 2022)
Net assets		
Shareholders' equity		
Share capital	392,204	397,601
Capital surplus	232,633	238,029
Retained earnings	5,261,044	8,139,222
Treasury shares	(479,035)	(478,733)
Total shareholders' equity	5,406,846	8,296,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,296)	7,775
Total accumulated other comprehensive income	(1,296)	7,775
Share acquisition rights	24,745	34,265
Non-controlling interests	52,787	66,342
Total net assets	5,483,082	8,404,503
Total liabilities and net assets	11,523,851	16,543,988

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Thousand yen)

	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)	Fiscal year ended March 2022 (March 1, 2021 - March 31, 2022)
Net sales	30,276,465	43,100,558
Cost of sales	23,761,617	33,644,373
Gross profit	6,514,847	9,456,185
Selling, general and administrative expenses	3,785,237	5,032,339
Operating profit	2,729,610	4,423,845
Non-operating income		
Interest income	781	559
Dividend income	2,044	1,079
Gain on sales of investment securities	30,140	939
Subsidy income	7,803	20,537
Surrender value of insurance policies	7,570	-
Other	1,307	1,091
Total non-operating income	49,648	24,208
Non-operating expenses		
Interest expenses	4,586	4,231
Loss on sales of investment securities	758	-
Commission expenses	899	-
Miscellaneous losses	-	2,179
Other	621	531
Total non-operating expenses	6,867	6,941
Ordinary profit	2,772,391	4,441,111
Profit before income taxes	2,772,391	4,441,111
Income taxes-current	759,168	1,423,146
Income taxes-deferred	(46,117)	(110,579)
Total income taxes	713,050	1,312,567
Profit	2,059,340	3,128,544
Profit attributable to non-controlling interests	6,010	13,554
Profit attributable to owners of parent	2,053,329	3,114,989

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)	Fiscal year ended March 2022 (March 1, 2021 - March 31, 2022)
Profit	2,059,340	3,128,544
Other comprehensive income		
Valuation difference on available-for-sale securities	5,895	9,072
Total other comprehensive income	5,895	9,072
Comprehensive income	2,065,236	3,137,616
Comprehensive income attributable to owners of parent	2,059,225	3,124,062
Comprehensive income attributable to non-controlling interests	6,010	13,554

(3) Consolidated statement of changes in equity
 Previous fiscal year (March 1, 2020 - February 28, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	388,005	228,433	3,330,756	(179,743)	3,767,452
Changes during period					
Dividends of surplus			(123,042)		(123,042)
Profit attributable to owners of parent			2,053,329		2,053,329
Purchase of treasury shares				(299,971)	(299,971)
Disposal of treasury shares				679	679
Issuance of share acquisition rights					-
Exercise of share acquisition rights	4,199	4,199			8,398
Net changes in items other than shareholders' equity					
Total changes during period	4,199	4,199	1,930,287	(299,292)	1,639,393
Balance at end of period	392,204	232,633	5,261,044	(479,035)	5,406,846

	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	(7,192)	(7,192)	33,130	46,776	3,840,167
Changes during period					
Dividends of surplus					(123,042)
Profit attributable to owners of parent					2,053,329
Purchase of treasury shares					(299,971)
Disposal of treasury shares					679
Issuance of share acquisition rights					-
Exercise of share acquisition rights			(8,385)		13
Net changes in items other than shareholders' equity	5,895	5,895		6,010	11,906
Total changes during period	5,895	5,895	(8,385)	6,010	1,642,915
Balance at end of period	(1,296)	(1,296)	24,745	52,787	5,483,082

Current fiscal year (March 1, 2021 - March 31, 2022)

(Thousand 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
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
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
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
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

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)	Fiscal year ended March 2022 (March 1, 2021 - March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,772,391	4,441,111
Depreciation	74,889	182,339
Increase (decrease) in allowance for doubtful accounts	358	939
Increase (decrease) in provision for bonuses	35,826	79,778
Increase (decrease) in retirement benefit liability	(9,706)	(1,564)
Increase (decrease) in provision for loss on orders received	-	117,249
Increase (decrease) in provision for share awards	2,658	2,972
Interest and dividend income	(2,826)	(1,639)
Interest expenses	4,586	4,231
Loss (gain) on sales of investment securities	(29,381)	(939)
Decrease (increase) in trade receivables	(996,314)	(4,607,645)
Decrease (increase) in inventories	(144,086)	387,717
Increase (decrease) in advances received	(257,027)	-
Increase (decrease) in accounts payable - other	797,271	1,030,664
Increase (decrease) in accrued expenses	303,473	337,298
Increase (decrease) in accrued consumption taxes	674,382	(109,058)
Other, net	(204,387)	118,043
Subtotal	3,022,107	1,981,497
Interest and dividends received	2,826	1,639
Interest paid	(4,854)	(4,483)
Income taxes paid	(290,472)	(1,001,986)
Income taxes refund	14,103	221
Net cash provided by (used in) operating activities	2,743,709	976,887
Cash flows from investing activities		
Purchase of investment securities	(3,044)	(2,843)
Proceeds from sales of investment securities	104,872	1,550
Purchase of property, plant and equipment	(50,813)	(276,461)
Purchase of intangible assets	(26,661)	(135,245)
Payments for asset retirement obligations	-	(3,282)
Proceeds from withdrawal of time deposits	100,000	100,000
Loan advances to employees	(1,000)	-
Proceeds from collection of loans receivable from employees	-	1,000
Proceeds from cancellation of insurance funds	22,710	-
Payments of leasehold and guarantee deposits	(197,333)	(133,050)
Proceeds from refund of leasehold and guarantee deposits	3,265	166,277
Net cash provided by (used in) investing activities	(48,004)	(282,055)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,000	(38,000)
Proceeds from long-term borrowings	600,000	500,000
Repayments of long-term borrowings	(309,171)	(283,734)
Redemption of bonds	(65,000)	(60,000)
Purchase of treasury shares	(299,971)	-
Proceeds from disposal of treasury shares	604	151
Proceeds from issuance of share acquisition rights	-	20,300
Dividends paid	(122,962)	(236,937)
Other, net	(539)	(378)
Net cash provided by (used in) financing activities	(177,041)	(98,598)
Net increase (decrease) in cash and cash equivalents	2,518,663	596,233
Cash and cash equivalents at beginning of period	3,916,730	6,435,394
Cash and cash equivalents at end of period	6,435,394	7,031,627

(5) Notes to consolidated financial statement

(Notes to going concern assumptions)

None

(Accounting standards not applied)

1. Accounting standard for revenue recognition

- Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021)

(1) Outline

This is a comprehensive accounting standard for revenue recognition. Revenue is recognized in the following 5 steps

Step 1 – Identify the contract with a customer.

Step 2 – Identify the performance obligations in the contract.

Step 3 – Determine the transaction price.

Step 4 – Allocate the transaction price to the performance obligation in the contract.

Step 5 – Recognize revenue when or as performance obligation is satisfied.

(2) Application schedule

From the beginning of the fiscal year ending March 2023

(3) Impact of the application of the above standards

The impact of the application of the Accounting Standard for Revenue Recognition on the consolidated financial statements is currently being evaluated.

2. Accounting standard for fair value measurement

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019).
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments. (ASBJ Guidance No. 19, March 31, 2020)

(1) Outline

Accounting Standard for Fair Value Measurement and Implementation Guidance on Accounting Standard for Fair Value Measurement (hereafter Fair Value Measurement Standards) were developed and guidances for fair value measurements were drawn to improve comparability with the provisions of international accounting standards. Fair Value Measurement standards are applied to the fair value for the following assets:

- Financial instruments falling under the Accounting Standard for Financial Instruments
- Inventories held for trading falling under Accounting Standard for Measurement of Inventories

Also, notes on breakdown by fair value hierarchy of financial instruments (Revised Implementation Guidance on Disclosures about Fair Value of Financial Instruments) have been issued.

(2) Application schedule

From the beginning of the fiscal year ending March 2023

(3) Impact of the application of the above standards

The impact of the application of the Accounting Standard for Fair Value Measurement and other accounting standards on the consolidated financial statements is currently being evaluated.

(Change in presentation method)

(Consolidated balance sheet)

In the consolidated balance sheet for the fiscal year that ended in February 2021, “Inventories” within “Current assets” included “Work in process” and “Supplies”. To increase clarity, they have been changed to separate items beginning with the fiscal year that ended in March 2022. To reflect this change, consolidated financial statements for the previous fiscal year have been restated.

As a result, a 392,139 thousand yen of “Inventories” under “Current assets” in the balance sheet of the previous fiscal year was restated to a 389,385 thousand yen of “Work in process” and a 2,753 thousand yen of “Supplies”.

In the consolidated balance sheet for the fiscal year that ended in February 2021, “Other” within “Current liabilities” included “Accrued expenses”. Due to the greater monetary significance of this item, “Accrued expenses” has been changed to separate item beginning with the fiscal year that ended in March 2022. To reflect this change, consolidated financial statements for the previous fiscal year have been restated.

As a result, a 598,159 thousand yen of “Other” under “Current liabilities” in the balance sheet of the previous fiscal year was restated to a 501,735 thousand yen of “Accrued expenses” and a 96,423 thousand yen of “Other”.

(Supplementary information)

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

(1) Summary

Careerlink has established an employee stock ownership plan (J-ESOP) as an incentive plan for employees including executive officers (the employees). The J-ESOP is structured to distribute Careerlink stock, based on stock distribution rules determined by Careerlink in advance, to the employees who fulfill certain requirements.

The employees receive points that are based on their contributions to the company’s performance. Once an employee obtains the right to receive stock by meeting the requirements, Careerlink stock is distributed in proportion to the number of points the employee has received. The stock to be distributed is purchased in advance by a trust established for this purpose and the stock is managed separately as trust assets until distribution.

(2) Accounting treatment for the distribution of stock using the J-ESOP trust

The accounting treatment for the distribution of stock using the trust is based on Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts (ASBJ PITF No. 30, March 26, 2015).

(3) Item concerning Careerlink stock held by the J-ESOP trust

Careerlink stock held by the trust is shown as treasury shares in net assets and valued by using the trust’s book value (excluding associated expenses). At the end of the previous fiscal year, the trust held 47,400 shares of treasury shares with a book value of 35,778 thousand yen, and at the end of the current fiscal year, the trust held 47,000 shares of treasury shares with a book value of 35,476 thousand yen.

(Effect of the COVID-19 pandemic)

As it is impossible to predict when the COVID-19 pandemic will end, estimates for determining the likelihood of recovering deferred tax assets are based on information that is currently available. The COVID-19 pandemic is expected to have only a negligible effect on the Careerlink Group’s financial position and results of operations in the fiscal year ending in March 2023.

(Segment information, etc.)

[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.

3. Information about sales, income (loss), assets, liabilities and other items by reporting segments

For the previous fiscal year ended February 2021 (March 1, 2020 – February 28, 2021)

	Reporting segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated statement of income (Note 3)
	Clerical human resources services	Manufacturing human resource services	Sales human resource services business	Total				
Net sales of which to outside customers of which intersegment internal sales and transfers	25,517,133	3,225,199	1,251,708	29,994,041	282,423	30,276,465	-	30,276,465
	-	-	-	-	-	-	-	-
Total	25,517,133	3,225,199	1,251,708	29,994,041	282,423	30,276,465	-	30,276,465
Segment income	2,628,977	74,077	5,006	2,708,061	21,548	2,729,610	-	2,729,610
Segment assets	4,632,420	825,466	262,791	5,720,678	216,785	5,937,464	5,586,386	11,523,851
Other items								
Depreciation	68,542	1,909	2,550	73,002	1,886	74,889	-	74,889
Increase in property, plant and equipment and intangible assets	144,423	-	2,751	147,175	2,549	149,724	-	149,724

(Notes)

1. The "other" category is the automobile management business of Tokyo Jidosha Kanri Co., Ltd. which is not included in reportable segment.
2. The adjustment in segment assets is elimination of receivables and payables of negative 2,929 thousand yen and a 5,589,316 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 matches operating profit in the consolidated statement of income.

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

(Thousand yen)

	Reporting segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated statement of income (Note 3)
	Clerical human resources services	Manufacturing human resource services	Sales human resource services business	Total				
Net sales of which to outside customers of which intersegment internal sales and transfers	37,124,209	4,590,593	1,065,017	42,779,820	320,737	43,100,558	-	43,100,558
	-	-	-	-	-	-	-	-
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. The "other" category is the automobile management business of Tokyo Jidosha Kanri Co., Ltd. which is not included in reportable 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 (losses) matches operating profit in the consolidated statement of income.

(Per share information)

	Fiscal year ended February 2021 (March 1, 2020 - February 28, 2021)	Fiscal year ended March 2022 (March 1, 2021 - March 31, 2022)
	Yen	Yen
Net assets per share	458.36	703.27
Earnings per share	171.95	263.89
Earnings per share fully diluted	171.14	262.71

- (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 47,921 shares for the previous fiscal year and 47,196 shares 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 47,400 shares for the previous fiscal year and 47,000 shares for the current fiscal year.
2. The basis for calculating earnings per share and earnings per share fully diluted is as follows.

	Fiscal year ended February 2021 (Mar. 1, 2020 - Feb. 28, 2021)	Fiscal year ended March 2022 (Mar. 1, 2021 - Mar. 31, 2022)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	2,053,329	3,114,989
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common shares (thousand yen)	2,053,329	3,114,989
Average number of common shares during the period (shares)	11,941,599	11,804,126
Earnings per share fully diluted		
Adjustment to profit attributable to owners of parent (thousand yen)	(955)	(2,849)
of which adjustment of dilutive shares held by subsidiary (thousand yen)	(955)	(2,849)
Increase in common shares (shares)	50,802	42,364
of which share acquisition rights (shares)	50,802	42,364
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 February 2021 (As of February 28, 2021)	Fiscal year ended March 2022 (As of March 31, 2022)
Total net assets (thousand yen)	5,483,082	8,404,503
Deducted amount from total net assets (thousand yen)	77,532	100,607
of which share acquisition rights (thousand yen)	24,745	34,265
of which non-controlling interests (thousand yen)	52,787	66,342
Net assets at end of period related to common shares (thousand yen)	5,405,550	8,303,895
Number of common shares at end of period used for calculation of net asset per share (shares)	11,793,175	11,807,575

4. Other information

(1) Change in directors (Planned for June 24, 2022)

- 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, Sales Development Department and Manager of Sales department V)	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.
 - (b) Director candidates to serve as an Audit & Supervisory Committee Member

Yasuyuki Kuwada		New post
Kesao Endo		Re-election
Iwao Hasegawa		Re-election

(Note) Mr. Kesao Endo and Mr. Iwao Hasegawa are candidates as outside directors to serve as Audit & Supervisory Committee Member who meet the outside director requirements stipulated in the Companies Act.
 - (c) Director to be resigned

Masaharu Kishimoto	(Director, In charge of the Human Resources Department and Training Department)	
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 - (d) Director serving as Full-time Audit and Supervisory Committee Member to be resigned

Yasutaro Nakagawa	(Outside Director)	
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 - (e) Director candidates to serve as a substitute Audit & Supervisory Committee Member

Shin Kono		Appointed
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(Note) Mr. Kono is a candidate as an outside director to serve as substitute Audit & Supervisory Committee Member 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).