

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2024 [Japan GAAP]



May 14, 2024

Name of Listed Company: CAREERLINK CO., LTD.

Stock Listing: TSE

Code Number: 6070

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

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Scheduled Date of Regular General Meeting of Shareholders: June 26, 2024

Scheduled Date of Dividend Payment Start: June 27, 2024

Scheduled Date of Filing Securities Report: June 26, 2024

Supplementary Materials for Financial Results: Yes

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

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 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	%
Fiscal Year ended March 31, 2024	43,791	(16.6)	3,279	(56.9)	3,280	(57.1)	2,201	(61.5)
Fiscal Year ended March 31, 2023	52,536	-	7,609	-	7,645	-	5,711	-

(Note) Comprehensive income: FY 3/2024: ¥2,241 million [(60.9)%] FY 3/2023: ¥5,735 million [-%]

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

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2024	185.52	184.16	15.9	15.3	7.5
Fiscal Year ended March 31, 2023	483.41	481.01	52.6	39.9	14.5

(Reference) Equity method income: FY 3/2024: ¥- million FY 3/2023: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	21,209	14,475	67.6	1,207.92
As of March 31, 2023	21,809	13,526	61.5	1,130.05

(Reference) Equity capital: FY 3/2024: ¥14,334 million FY 3/2023: ¥13,404 million

(3) Consolidated Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2024	6,765	(614)	(1,320)	9,928
Fiscal Year ended March 31, 2023	(1,209)	(319)	(405)	5,097

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend-to- equity ratio (Consolidated)
	End of the 1Q	End of the 2Q	End of the 3Q	Year- end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	-	0.00	-	110.00	110.00	1,304	22.8	12.0
Year ended March 31, 2024	-	0.00	-	120.00	120.00	1,424	64.7	10.3
Year ending March 31, 2025 (Forecast)	-	0.00	-	120.00	120.00		59.6	

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

*** Notes**

(1) Changes in significant subsidiaries during the period (Change in specified subsidiary resulting in change in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatements:

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

(3) Number of issued shares (common stock)

1) Number of issued shares (including treasury shares) at end of term	As of March 31, 2024	12,596,200 shares	As of March 31, 2023	12,590,800 shares
2) Number of treasury shares at end of term	As of March 31, 2024	729,013 shares	As of March 31, 2023	728,898 shares
3) Average number of outstanding shares during the period	Year ended March 31, 2024	11,865,856 shares	Year ended March 31, 2023	11,815,936 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 (the fiscal year ended March 31, 2024: 0 shares / the fiscal year ended March 31, 2023: 44,226 shares). The Company established an employee stock ownership plan (J-ESOP); however, the system has been terminated on February 28, 2023.

(Reference) Outline of the Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	32,984	(23.4)	2,800	(61.2)	2,955	(60.0)	2,042	(63.4)
Fiscal year ended March 31, 2023	43,089	-	7,222	-	7,388	-	5,587	-

* 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
Fiscal year ended March 31, 2024	172.12	171.38
Fiscal year ended March 31, 2023	472.85	470.88

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	19,048	13,628	71.2	1,143.37
As of March 31, 2023	20,125	12,878	63.7	1,080.82

(Reference) Equity capital: FY 3/2024: ¥13,568 million FY 3/2023: ¥12,820 million

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

* Cautionary statement regarding forecasts of operating results and special notes

(Notes to the forward-looking statements, and others)

Forward-looking statements in these materials are based on information currently available to the Company and assumptions that the Company believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information on the forecasts and cautions when using these forecasts, please see "1. Results of Operations (4) Future Outlook" on page 6.

(To receive supplementary materials for financial results)

Supplementary materials for financial results will be posted promptly on the Company's website after the earnings presentation.

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1. Results of Operations

(1) Overview of Financial Results

In the current fiscal year, the Japanese economy was on the way toward its emergence from a period of persistent deflation, while socioeconomic activity significantly progressed toward normalization following the reclassification of COVID-19 as a Class 5 infectious disease under the Infectious Diseases Act in May 2023. Although the rate of inflation appeared to be slowing, it continued to exceed the growth of nominal disposable income. Due to this condition as well as the continuing trend of ever more businesses declaring bankruptcy, the outlook remained uncertain.

Although the U.S. economy remained strong, the outlook for the global economy remained uncertain due to the prolonged war between Russia and Ukraine and a stagnant European economy, exacerbated by concerns over tensions in the Middle East and a slowdown in the Chinese economy.

In this situation, the environment surrounding the Japanese human resource service industry remained robust in terms of the ratio of job openings to applicants, with demand for increased hiring by businesses high in the context of higher wages and other improvements to people's income on the back of the normalization of socioeconomic activity and comprehensive economic measures by the government, as well as in the context of increased investment in a broad range of business areas, including in property, plant and equipment and in human capital by businesses.

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 current fiscal year, in the BPO-related business, working on projects related to comprehensive economic measures, such as social security and tax number projects and benefit payment projects, we also proactively worked to develop new transactions with local governments that had not done business with us before, mainly in the Tokyo metropolitan area, Keihanshin area, Tohoku region, and Kyushu region, as well as to expand the scope of BPO operations with local governments. However, we were not able to achieve the level of orders we had anticipated at the beginning of the current fiscal year, because the scale of orders placement for social security and tax number projects was lower than envisaged at the beginning of the current fiscal year, and because, for some BPO contract projects for local governments, "general competitive tenders" (price competition formula) was adopted and we were unable to win those contracts. On the other hand, regarding the manufacturing human resource services business, orders remained strong, particularly in the food processing category, on the back of a recovery in personal consumption resulting from the normalization of socioeconomic activity and improved incomes, as well as strong capital investment by companies.

As a result, net sales for the current fiscal year decreased by 8,745,651 thousand yen (down 16.6%) year on year to 43,791,209 thousand yen, mainly because orders in the manufacturing human resource services business remained strong, particularly in the food processing category, despite decreases in the scale or completion of large scale projects, for which we had received orders in the previous fiscal year, and because we were not able to achieve the level of orders from local governments we had anticipated at the beginning of the current fiscal year, in the BPO-related business.

In terms of profit for the current fiscal year, operating profit decreased by 4,329,943 thousand yen (down 56.9%) year on year to 3,279,461 thousand yen, ordinary profit decreased by 4,364,799 thousand yen (down 57.1%) year on year to 3,280,944 thousand yen, and profit attributable to owners of parent decreased by 3,510,651 thousand yen (down 61.5%) year on year to 2,201,313 thousand yen. This was mainly a result of decreased sales caused by decreases in the scale or completion of large scale projects that had been ordered in the previous fiscal year and the fact that profit margins on project contracts won in "general competitive tenders" (price competition formula) were lower than expected. Other factors included the fact that we proactively hired highly specialized human resources in fields such as business construction and IT systems so as to improve our competitiveness, improved the efficiency of business processing operations in BPO contract projects, and made efforts to cut down the expenses for increasing registered staff workers and outsourcing of business.

Whereas, in the past, we disclosed segment information for the clerical human resource services business, the manufacturing human resource services business, the sales human resource services business, and other services, from the beginning of the current fiscal year, 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 previous fiscal year have been presented after applying this new classification.

(Clerical human resource services)

Despite proactive efforts in the business process outsourcing section to develop new transactions with local governments that had not done business with us before and to expand the scope of BPO operations with local governments, the scope of the orders received for social security and tax number projects, which we have been working on for a while, fell significantly below what we had initially anticipated at the beginning of the current fiscal year, even though the number of orders remained steady relative to the previous fiscal year. Moreover, for some BPO contract projects for local governments, for which we had expected to receive orders at the beginning of the current fiscal year, the “general competitive tenders” (price competition formula) was adopted in place of “proposal-based competitive tenders” (project competition formula) that we had expected, which meant that we were not able to obtain as many orders as we had anticipated and that the winning bid prices tended to be lower. All this resulted in a situation in which we were unable to obtain the level of orders we had anticipated at the beginning of the current fiscal year, even in light of the decreased scale or completion of projects, for which we had received orders in the previous fiscal year. In the customer relationship management section, despite the receiving orders for large scale new projects in the Tokyo metropolitan area and a steady stream of orders from existing clients in regions such as Sendai and Fukuoka, as well as from financial institutions, we were not able to recover from the decreased scale or completion of projects for which we had received orders from leading BPO business operators in the previous fiscal year, resulting again in a situation in which we were unable to achieve the level of orders we had anticipated at the beginning of the current fiscal year. In the office services section, even though we started projects from local governments, including new social security and tax number projects, and new projects from incorporated administrative agencies, and in spite of a steady flow of orders from leading BPO business operators, there was a reduction in the scale and completion of projects from existing clients for dispatching office workers to local governments and financial institutions. As a result of these and other factors, net sales of this business for the current fiscal year decreased by 10,077,056 thousand yen (down 21.6%) year on year to 36,682,526 thousand yen. In terms of profit, operating profit decreased by 4,398,878 thousand yen (down 59.6%) year on year to 2,980,637 thousand yen. This was mainly a result of our inability to achieve the anticipated level of orders in the BPO-related business and the fact that profit margins on BPO contract projects received were lower than expected, as well as the fact that we recruited human resources with the aim of responding to future business diversification and the regional expansion of the BPO-related business as well as to strengthen our competitiveness and systems for the “general competitive tenders” (price competition formula).

(a) Business process outsourcing

Net sales of this section in the current fiscal year decreased by 9,802,738 thousand yen (down 26.6%) year on year to 27,009,150 thousand yen. This was due mainly to the decreased scale or completion of large scale projects for which we had received orders in the previous fiscal year as well as a lack of success in tenders and lower winning bid prices as a result of the adoption of a “general competitive tenders” (price competition formula). However, this was offset by the fact that we received orders from local governments relating to social security and tax number projects and benefit payment projects, as well as orders from leading BPO operators for large scale projects involving, among others, central government agencies. Further contributions were made by the starting of new transactions with 46 local governments on the back of efforts to develop business with local governments that had not done business with us before and to expand the scope of BPO operations with local governments, increasing the total of transactions with local governments to 158 when combined with existing clients as well as by the expansion of our business to include working in general-related affairs.

(b) Customer relationship management

Net sales of this section in the current fiscal year decreased by 185,777 thousand yen (down 4.2%) year on year to 4,271,374 thousand yen. This was mainly due to the decreased scale or completion of projects for which we had received orders in the previous fiscal year from leading BPO business operators. However, this was offset by receiving orders from existing clients for the dispatch of workers at large-scale call centers in the Tokyo metropolitan area and Kansai region, as well as large projects for the public sector worker dispatch from leading BPO business operators in the Tokyo metropolitan area. Other contributions were made by steady orders from financial institutions as well as from Internet-related service providers in local branch offices in Sapporo, Sendai, and Fukuoka for finance-related projects, etc.

(c) Office services

Net sales of this section in the current fiscal year decreased by 88,539 thousand yen (down 1.6%) year on year to 5,402,001 thousand yen. This was mainly due to the decreased scale or completion of spot transactions with local governments for which we had received orders in the previous fiscal year and existing projects from financial institutions. However, this was offset by the development of new transactions with, among others, local governments in the Tokyo metropolitan area for social security and tax number projects and with incorporated administrative agencies. Further contributions were made by a steady stream of orders for public sector projects from leading BPO business operators at local branch offices.

(Manufacturing human resource services)

Net sales of this section in the current fiscal year increased by 1,335,459 thousand yen (up 24.4%) year on year to 6,818,635 thousand yen. The main contributions to net sales were the favorable volume of orders from existing clients in the food processing category, mainly for the processing of meat and seafood and manufacturing of confectionery and read-made side dishes. Further contributions were made in the manufacturing and processing category through an increase in orders for the industries such as housing equipment manufacturing and machinery manufacturing. In terms of profit, operating profit increased by 52,552 thousand yen (up 26.0%) year on year to 254,769 thousand yen, mainly due to our efforts to actively recruit new staff and manage expenses more efficiently in order to strengthen our foundations for 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 section in the current fiscal year decreased by 4,054 thousand yen (down 1.4%) year on year to 290,048 thousand yen, mainly due to the impact of the retirement of employees. In terms of profit, operating profit increased by 16,381 thousand yen (up 59.2%) year on year to 44,055 thousand yen, mainly as a result of our efforts to reduce personnel expenses and to more efficiently manage expenses.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the current fiscal year are 21,209,946 thousand yen, down 599,743 thousand yen from the end of the previous fiscal year. This is due mainly to a decrease of 6,048,298 thousand yen in “Notes and accounts receivable - trade, and contract assets”, although “Cash and deposits” and “Other”, including “Prepaid expenses”, increased by 4,830,574 thousand yen and 339,574 thousand yen, respectively.

(Liabilities)

Total liabilities at the end of the current fiscal year are 6,734,193 thousand yen, down 1,548,818 thousand yen from the end of the previous fiscal year. This is due mainly to decreases of 1,280,814 thousand yen in “Income taxes payable,” 717,956 thousand yen in “Accounts payable - other,” and 468,633 thousand yen in “Accrued consumption taxes,” despite an increase of 1,007,222 thousand yen in “Deposits received.”

(Net assets)

Total net assets at the end of the current fiscal year are 14,475,753 thousand yen, up 949,075 thousand yen from the end of the previous fiscal year. This is due mainly to an increase of 896,504 thousand yen in “Retained earnings” (up 2,201,313 thousand yen in “Profit attributable to owners of parent” and down 1,304,809 thousand yen due to the payment of dividends).

(3) Overview of Cash Flows

Cash and cash equivalents totaled 9,928,521 thousand yen at the end of the current fiscal year, 4,830,574 thousand yen higher than at the end of the previous fiscal year. The following is a summary of cash flows and contributing factors.

(Operating activities)

Net cash provided by operating activities was 6,765,882 thousand yen compared to a negative cash flow of 1,209,361 thousand yen in the same period one year earlier.

Major sources of cash were a 6,048,298 thousand yen increase due to “Decrease in trade receivables and contract assets,” “Profit before income taxes” of 3,280,944 thousand yen, and a 1,007,222 thousand yen increase due to “Increase in deposits received.” A major use of cash was a 2,292,471 thousand yen decrease due to “Income taxes paid.”

(Investing activities)

Net cash used in investing activities was 614,741 thousand yen compared to a negative cash flow of 319,318 thousand yen in the same period one year earlier.

Major uses of cash were payments of 511,088 thousand yen for the “Purchase of property, plant and equipment and intangible assets” and 102,975 thousand yen for the “Purchase of investment securities.”

(Financing activities)

Net cash used in financing activities was 1,320,566 thousand yen compared to a negative cash flow of 405,000 thousand yen in the same period one year earlier.

A major source of cash was 300,000 thousand yen in “Proceeds from long-term borrowings.” Major uses of cash were 1,303,440 thousand yen in “Dividends paid” and 286,704 thousand yen in “Repayments of long-term borrowings.”

(4) Future Outlook

With regard to the future outlook for the Group, although there are downside risks with regard to the economies of China and other overseas economies and uncertainty in price behavior, the Japanese economy is expected to see private-sector led economic growth due to improvements in income, including wage growth accompanying the government's comprehensive economic measures, and strong demand for investment by businesses. As such, we do not forecast that there will be a significant impact on the Group's results with regard to the forecast for the next consolidated fiscal year.

With regard to net sales for the next fiscal year, in the BPO-related business in the clerical human resource services business, which is our mainstay, since the current fiscal year we have been working to develop transactions and expand the scale of business with local governments with whom we have not yet done business, as well as doing the same with private enterprises. As of the end of the current fiscal year, we have done business with 158 local governments, mainly in government ordinance designated cities. In the next fiscal year, we will continue to focus our efforts on developing new business partners and expanding the scale of business with both government agencies and private enterprises. In response to the new business areas for which we received orders in the current fiscal year under review, we will further strengthen our transaction base with those local governments. Moving forward, we will continue to refine our business operations by investing in human resources who are proficient in BPO operations with the aim of improving customer satisfaction and improving business operations and quality as we look to increase orders from those local governments in those new areas of business. In view of this, we have put in place a system that will enable us to increase the level of orders from the next fiscal year and beyond and which will allow us to level up our business operations. In the customer relation management section, we expect to see an increase in the volume of orders for private sector-led projects from leading BPO business operators and private telemarketing businesses in line with the projected private sector-led economic growth of the economy. In the office services section, despite the impact of factors such as the completion of spot transactions during the current fiscal year, the volume of orders for dispatch projects to local governments and other government agencies remained steady. Based on the above, we forecast that net sales for the next fiscal year in the clerical human resource services business to exceed that for the current fiscal year.

As with the clerical human resource services business, we also forecast that net sales for the manufacturing human resource services business for the next fiscal year will exceed that of the current fiscal year due to the on-going increase in the volume of orders from existing clients in the food processing category. The same also applies to orders in the manufacturing and processing category, primarily for housing equipment manufacturing and machinery manufacturing, even though there are some differences depending on the industry of the client. We are also continuing to see the development of new business with clients in other industries.

We forecast profit for the next fiscal year to increase above that of the current fiscal year thanks to improvements in business operations and business efficiency in the current fiscal year, despite expenses for increasing registered staff workers expected to increase along with the numbers of employees at the company brought about by higher recruitment of mid-career hire full-time employees and with systems development expenses as part of the DX promotion also expected to increase as we look to increase efficiency and improve quality.

Based on this outlook, we forecast net sales for the next fiscal year of 48,000,000 thousand yen (up 9.6% year on year), operating profit of 3,495,000 thousand yen (up 6.6% year on year), ordinary profit of 3,490,000 thousand yen (up 6.4% year on year), and profit attributable to owners of parent of 2,389,000 thousand yen (up 8.5% year on 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 Notes

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	5,097,947	9,928,521
Notes and accounts receivable - trade, and contract assets	14,668,409	8,620,110
Work in process	3,712	10,383
Supplies	6,080	8,079
Other	507,459	847,033
Allowance for doubtful accounts	(4,091)	(3,013)
Total current assets	20,279,517	19,411,115
Non-current assets		
Property, plant and equipment		
Buildings	376,055	474,026
Accumulated depreciation	(186,142)	(218,182)
Buildings, net	189,912	255,844
Vehicles	24,367	29,617
Accumulated depreciation	(21,450)	(27,755)
Vehicles, net	2,916	1,861
Tools, furniture and fixtures	336,074	353,141
Accumulated depreciation	(229,060)	(254,535)
Tools, furniture and fixtures, net	107,014	98,605
Total property, plant and equipment	299,843	356,312
Intangible assets	107,311	325,375
Investments and other assets		
Investment securities	76,436	214,681
Deferred tax assets	425,916	278,218
Other	620,663	627,581
Allowance for doubtful accounts	-	(3,337)
Total investments and other assets	1,123,016	1,117,143
Total non-current assets	1,530,172	1,798,831
Total assets	21,809,690	21,209,946

(Unit: Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Short-term borrowings	36,000	36,000
Current portion of bonds payable	30,000	20,000
Current portion of long-term borrowings	286,704	339,872
Accounts payable - other	3,682,745	2,964,789
Accrued expenses	713,463	416,401
Income taxes payable	1,379,821	99,007
Accrued consumption taxes	738,792	270,158
Contract liabilities	15,681	194,482
Deposits received	191,281	1,198,503
Provision for bonuses	313,016	318,909
Provision for bonuses for directors (and other officers)	13,120	-
Asset retirement obligations	21,310	1,085
Other	33,350	6,487
Total current liabilities	7,455,286	5,865,695
Non-current liabilities		
Bonds payable	20,000	-
Long-term borrowings	693,036	653,164
Retirement benefit liability	937	314
Asset retirement obligations	77,410	158,829
Other	36,341	56,189
Total non-current liabilities	827,725	868,497
Total liabilities	8,283,011	6,734,193
Net assets		
Shareholders' equity		
Share capital	400,567	405,967
Capital surplus	241,861	247,261
Retained earnings	13,188,505	14,085,010
Treasury shares	(443,448)	(443,764)
Total shareholders' equity	13,387,485	14,294,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,107	40,173
Total accumulated other comprehensive income	17,107	40,173
Share acquisition rights	58,248	59,720
Non-controlling interests	63,836	81,384
Total net assets	13,526,678	14,475,753
Total liabilities and net assets	21,809,690	21,209,946

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

Consolidated Statements of Income

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
Net sales	52,536,861	43,791,209
Cost of sales	38,125,050	34,662,260
Gross profit	14,411,811	9,128,949
Selling, general and administrative expenses	6,802,405	5,849,487
Operating profit	7,609,405	3,279,461
Non-operating income		
Interest income	65	259
Dividend income	1,273	1,388
Subsidy income	27,931	4,800
Compensation for forced relocation	-	4,990
Penalty income	-	2,200
Settlement income	13,271	-
Other	1,315	359
Total non-operating income	43,857	13,997
Non-operating expenses		
Interest expenses	3,574	4,824
Miscellaneous losses	3,000	1,313
Loss on termination of ESOP trust	-	5,541
Other	944	836
Total non-operating expenses	7,519	12,515
Ordinary profit	7,645,743	3,280,944
Profit before income taxes	7,645,743	3,280,944
Income taxes - current	2,008,821	914,389
Income taxes - deferred	(89,366)	147,693
Total income taxes	1,919,455	1,062,083
Profit	5,726,288	2,218,861
Profit attributable to non-controlling interests	14,323	17,547
Profit attributable to owners of parent	5,711,964	2,201,313

Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
Profit	5,726,288	2,218,861
Other comprehensive income		
Valuation difference on available-for-sale securities	9,331	23,065
Total other comprehensive income	9,331	23,065
Comprehensive income	5,735,620	2,241,927
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,721,296	2,224,379
Comprehensive income attributable to non-controlling interests	14,323	17,547

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (April 1, 2022 – March 31, 2023)

(Unit: Thousands of yen)

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

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

Current fiscal year (April 1, 2023 - March 31, 2024)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	400,567	241,861	13,188,505	(443,448)	13,387,485
Changes during period					-
Dividends of surplus			(1,304,809)		(1,304,809)
Profit attributable to owners of parent			2,201,313		2,201,313
Purchase of treasury shares				(315)	(315)
Disposal of treasury shares					-
Issuance of share acquisition rights					-
Exercise of share acquisition rights	5,400	5,400			10,800
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	5,400	5,400	896,504	(315)	906,989
Balance at end of period	405,967	247,261	14,085,010	(443,764)	14,294,474

	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	17,107	17,107	58,248	63,836	13,526,678
Changes during period					-
Dividends of surplus					(1,304,809)
Profit attributable to owners of parent					2,201,313
Purchase of treasury shares					(315)
Disposal of treasury shares					-
Issuance of share acquisition rights			12,266		12,266
Exercise of share acquisition rights			(10,794)		5
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity	23,065	23,065		17,547	40,613
Total changes during period	23,065	23,065	1,472	17,547	949,075
Balance at end of period	40,173	40,173	59,720	81,384	14,475,753

(4) Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,645,743	3,280,944
Depreciation	262,498	252,917
Increase (decrease) in allowance for doubtful accounts	1,952	2,258
Increase (decrease) in provision for bonuses	92,192	5,893
Increase (decrease) in retirement benefit liability	(2,049)	(622)
Increase (decrease) in provision for loss on orders received	(117,249)	-
Increase (decrease) in provision for share awards	(19,299)	-
Interest and dividend income	(1,339)	(1,647)
Interest expenses	3,574	4,824
Decrease (increase) in trade receivables and contract assets	(6,977,687)	6,048,298
Decrease (increase) in inventories	(5,371)	(8,669)
Increase (decrease) in advances received	1,569	(2,292)
Increase (decrease) in accounts payable - other	312,023	(655,108)
Increase (decrease) in accrued expenses	(125,570)	(297,061)
Increase (decrease) in accrued consumption taxes	(478,105)	(468,633)
Increase (decrease) in deposits received	49,822	1,007,222
Increase (decrease) in contract liabilities	15,681	178,801
Other, net	(75,380)	(293,737)
Subtotal	583,006	9,053,386
Interest and dividends received	1,339	1,647
Interest paid	(3,989)	(5,118)
Income taxes paid	(1,791,777)	(2,292,471)
Income taxes refund	2,060	8,438
Net cash provided by (used in) operating activities	(1,209,361)	6,765,882
Cash flows from investing activities		
Purchase of investment securities	(2,878)	(102,975)
Purchase of property, plant and equipment	(138,165)	(131,117)
Purchase of intangible assets	(56,857)	(379,970)
Payments for asset retirement obligations	(12,142)	(21,310)
Payments of leasehold and guarantee deposits	(167,416)	(41,803)
Proceeds from lease and guarantee deposits	58,141	62,435
Net cash provided by (used in) investing activities	(319,318)	(614,741)
Cash flows from financing activities		
Proceeds from long-term borrowings	400,000	300,000
Repayments of long-term borrowings	(284,960)	(286,704)
Redemption of bonds	(30,000)	(30,000)
Purchase of treasury shares	(191)	(315)
Dividends paid	(473,594)	(1,303,440)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(15,962)	-
Other, net	(291)	(106)
Net cash provided by (used in) financing activities	(405,000)	(1,320,566)
Net increase (decrease) in cash and cash equivalents	(1,933,680)	4,830,574
Cash and cash equivalents at beginning of period	7,031,627	5,097,947
Cash and cash equivalents at end of period	5,097,947	9,928,521

(5) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

None applicable

(Changes in Presentation Method)

(Consolidated Balance Sheets)

As “Deposits received,” which had been included in “Other” under “Current liabilities” in the previous fiscal year, has exceeded 5% of the total liabilities and net assets, it has been presented separately from the current fiscal year. The figures in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change.

As a result, the 224,631 thousand yen presented in “Other” under “Current liabilities” in the consolidated balance sheet for the previous fiscal year has been reclassified as the 191,281 thousand yen of “Deposits received” and the 33,350 thousand yen of “Other.”

(Consolidated Statements of Cash Flows)

As “Increase (decrease) in deposits received,” which had been included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year, has increased in monetary importance, it has been presented separately from the current fiscal year. The figures in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change.

As a result, the (25,557) thousand yen presented in “Other, net” under “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified as the 49,822 thousand yen of “Increase (decrease) in deposits received” and the (75,380) thousand yen of “Other, net.”

(Segment Information)

[Segment information]

1. Reportable segments

Reportable segments of the Careerlink Group are the constituent business units of the group for which separate financial information can be obtained and for which periodic examinations are performed to allow the Board of Directors to allocate resources and evaluate performance.

We are operating clerical human resource services business mainly for BPO and manufacturing human resource services business mainly for food processing. Accordingly, there are two reportable segments: Clerical human resource services business and Manufacturing human resource services business.

(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 in the current fiscal year.

Segment information presented for the previous fiscal year has been presented after applying this new classification method.

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 segment and information on breakdown of revenues

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

(Unit: Thousands of yen)

	Reporting segments			Other ^(Note 1)	Total	Adjustment ^(Note 2)	Amount on the consolidated financial statements ^(Note 3)
	Clerical human resource services business	Manufacturing human resource services business	Subtotal				
Net sales							
Dispatch of workers	20,974,726	5,472,388	26,447,114	-	26,447,114	-	26,447,114
Undertaking of tasks	25,732,680	-	25,732,680	294,102	26,026,783	-	26,026,783
Dispatch of workers to be employed as full-time employees	4,490	-	4,490	-	4,490	-	4,490
Introduction of workers	47,685	10,787	58,473	-	58,473	-	58,473
Revenues from contracts with customers	46,759,582	5,483,175	52,242,758	294,102	52,536,861	-	52,536,861
To outside customers	46,759,582	5,483,175	52,242,758	294,102	52,536,861	-	52,536,861
Intersegment sales and transfers	-	-	-	-	-	-	-
Total	46,759,582	5,483,175	52,242,758	294,102	52,536,861	-	52,536,861
Segment income	7,379,515	202,216	7,581,732	27,673	7,609,405	-	7,609,405
Segment assets	15,606,822	1,319,494	16,926,316	225,011	17,151,328	4,658,361	21,809,690
Other items							
Depreciation	258,622	2,046	260,669	1,829	262,498	-	262,498
Increase in property, plant and equipment and intangible assets	262,015	3,477	265,493	-	265,493	-	265,493

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

2. The adjustment in segment assets is elimination of receivables and payables of negative 3,135 thousand yen and a 4,661,497 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposits 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 2024 (April 1, 2023 – March 31, 2024)

(Unit: Thousands of yen)

	Reporting segments			Other ^(Note 1)	Total	Adjustment ^(Note 2)	Amount on the consolidated financial statements ^(Note 3)
	Clerical human resource services business	Manufacturing human resource services business	Subtotal				
Net sales							
Dispatch of workers	16,953,629	6,781,942	23,735,572	-	23,735,572	-	23,735,572
Undertaking of tasks	19,651,819	-	19,651,819	290,048	19,941,867	-	19,941,867
Dispatch of workers to be employed as full-time employees	26,236	3,097	29,334	-	29,334	-	29,334
Introduction of workers	50,840	33,595	84,435	-	84,435	-	84,435
Revenues from contracts with customers	36,682,526	6,818,635	43,501,161	290,048	43,791,209	-	43,791,209
To outside customers	36,682,526	6,818,635	43,501,161	290,048	43,791,209	-	43,791,209
Intersegment sales and transfers	-	-	-	-	-	-	-
Total	36,682,526	6,818,635	43,501,161	290,048	43,791,209	-	43,791,209
Segment income	2,980,637	254,769	3,235,406	44,055	3,279,461	-	3,279,461
Segment assets	9,597,544	1,715,889	11,313,434	282,278	11,595,713	9,614,233	21,209,946
Other items							
Depreciation	249,114	2,392	251,506	1,410	252,917	-	252,917
Increase in property, plant and equipment and intangible assets	525,651	750	526,401	2,185	528,586	-	528,586

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

2. The adjustment in segment assets is elimination of receivables and payables of negative 2,517 thousand yen and a 9,616,750 thousand yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily cash and deposits and investment securities etc. of the consolidated-financial statement-submitting companies.

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

(Per Share Information)

	Fiscal year ended March 2023 (April 1, 2022 - March 31,2023)	Fiscal year ended March 2024 (April 1, 2023 - March 31,2024)
	Yen	Yen
Net assets per share	1,130.05	1,207.92
Earnings per share	483.41	185.52
Earnings per share fully diluted	481.01	184.16

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 44,226 shares for the previous fiscal year and 0 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 0 for the current fiscal year. Further, the Company had established stock benefit trust (J-ESOP); however, this system has been terminated as of February 2023.

2. The basis for calculating earnings per share and earnings per share fully diluted is as follows.

	Fiscal year ended March 2023 (April 1, 2022 - March 31, 2023)	Fiscal year ended March 2024 (April 1, 2023 - March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	5,711,964	2,201,313
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common shares (thousand yen)	5,711,964	2,201,313
Average number of common shares during the period (shares)	11,815,936	11,865,856
Earnings per share fully diluted		
Adjustment to profit attributable to owners of parent (thousand yen)	(4,588)	(6,773)
of which adjustment of dilutive shares held by subsidiary (thousand yen)	(4,588)	(6,773)
Increase in common shares (shares)	49,471	50,739
of which share acquisition rights (shares)	49,471	50,739
Non-dilutive common shares equivalents not included in calculation of earnings per share fully diluted (shares)	-	-

3. The basis for calculating net assets per share is as follows.

	Fiscal year ended March 2023 (As of March 31, 2023)	Fiscal year ended March 2024 (As of March 31, 2024)
Total net assets (thousand yen)	13,526,678	14,475,753
Deducted amount from total net assets (thousand yen)	122,085	141,105
of which share acquisition rights (thousand yen)	58,248	59,720
of which non-controlling interests (thousand yen)	63,836	81,384
Net assets at end of period related to common shares (thousand yen)	13,404,593	14,334,648
Number of common shares at end of period used for calculation of net asset per share (shares)	11,861,902	11,867,187

(Significant Subsequent Events)

None applicable

4. Other information

(1) Change in directors (Planned for June 26, 2024)

- 1) Representative director (current position in parentheses)
Motoaki Narusawa (President and Representative Director, President and Executive Officer) Re-election
- 2) Other directors (current position in parentheses)
 - (a) Director candidates (except directors who are members of the Audit and Supervisory Committee)

Taketo Shima	(Director, Managing Executive Officer, General Manager of Sales Division and Sales Planning Office)	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) Candidates for Directors who are members of the Audit and Supervisory Committee

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

(Note) Mr. Kesao Endo and Mr. Iwao Hasegawa are candidates as outside directors who are members of the Audit and Supervisory Committee and meet the outside director requirements stipulated in the Companies Act.
 - (c) Candidate for Director who is a substitute member of the Audit and Supervisory Committee
Shin Kawano Election

(Note) Mr. Shin Kawano is a candidate as an outside director who is a substitute member of the Audit and Supervisory Committee and meets the outside director requirements stipulated in the Companies Act.

* Information about the proposed new composition of directors is in the release dated today titled "Notice concerning Directors" (Japanese).