

**Consolidated Financial Results**  
**for the Nine Months Ended September 30, 2023**  
**[Japanese GAAP]**



November 13, 2023

Company name: JAC Recruitment Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 2124  
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 Scheduled date of filing quarterly securities report: November 13, 2023  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Available

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)**

**(1) Consolidated Operating Results** (% indicates changes from the previous corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended September 30, 2023	26,495	15.6	6,823	13.7	6,824	13.5	4,922	15.1
September 30, 2022	22,918	23.4	6,000	18.2	6,013	18.5	4,276	26.3

(Note) Comprehensive income: Nine months ended September 30, 2023: ¥5,083 million [13.2%]  
 Nine months ended September 30, 2022: ¥4,488 million [30.5%]

	Earnings Per Share	Diluted Earnings Per Share
Nine months ended	yen	yen
September 30, 2023	123.18	-
September 30, 2022	105.92	-

(Note) Diluted earnings per share are not presented as there were no dilutive shares.

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio
As of	million yen	million yen	%
September 30, 2023	20,936	16,188	77.3
December 31, 2022	22,084	15,585	70.6

(Reference) Equity: As of September 30, 2023: ¥16,188 million  
 As of December 31, 2022: ¥15,585 million

**2. Dividends**

	Annual Dividends				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2022	-	0.00	-	80.00	80.00
Fiscal year ending December 31, 2023	-	0.00	-		
Fiscal year ending December 31, 2023 (Forecast)				90.00	90.00

(Note) Revision to the forecast for dividends announced most recently: Yes

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	34,600	13.7	8,050	14.3	8,050	14.2	5,750	14.3	143.95

(Note) Revision to the financial results forecast announced most recently: Yes

\*Notes:

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None  
New: –  
Excluded: –
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
As of September 30, 2023: 41,389,300 shares  
As of December 31, 2022: 41,389,300 shares
  - 2) Total number of treasury shares at the end of the period:  
As of September 30, 2023: 1,506,836 shares  
As of December 31, 2022: 1,005,871 shares
  - 3) Average number of shares during the period:  
Nine months ended September 30, 2023: 39,964,345 shares  
Nine months ended September 30, 2022: 40,373,459 shares

\*These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit firm.

#### \*Disclaimer Regarding the Use of the Financial Results Forecast and Other Special Notes

The financial results forecast and other forward-looking statements in this document are based on information currently available and certain assumptions the Company deems to be reasonable. Actual results may differ significantly from these forecasts due to a variety of factors. For the assumptions used for the financial results forecasts and the notes regarding the use thereof, please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attachment.

We will post supplementary briefing materials for quarterly financial results on our website immediately after disclosing this consolidated financial results.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended September 30, 2023, according to the Bank of Japan's Tankan Survey released in September, the Japanese economy saw two consecutive quarters of improvement in business conditions for large companies in the entire manufacturing industry and six consecutive quarters of improvement in those in the entire non-manufacturing industry, due to the normalization of economic activities such as recovery for vehicle manufacturing and sales in Japan on the back of an easing of semiconductor supply shortage. Meanwhile, the overseas economic outlook mainly in Europe, the United States and China remained uncertain, and the business sentiment continued to fall among the sectors such as production machinery, which was particularly affected by the uncertainty.

Under these circumstances, in Japan, companies with a focus on the regrowth of their businesses were highly motivated to hire employees, and the jobs-to-applicants ratio remained robust during the period under review. In addition, while "Employment Conditions" in the Bank of Japan's Tankan Survey released in September showed mainly medium-sized and small companies in the non-manufacturing industry suffered insufficient employment more strongly, some of the U.S.-based IT and consulting companies and leading Japanese IT companies continued to refrain from hiring employees since last autumn, which affected the digital divisions of the Domestic Recruitment Business, the Group's core operations. As a result, in the period under review, net sales of the entire Group were lower than planned at the beginning of the period, although they increased by 15.6% year on year.

During the nine months ended September 30, 2023, the Group's Domestic Recruitment Business added consultant staff as planned at the beginning of the period, which was vital to the growth of this Business, with the above-mentioned circumstances taken into account. With the prospect of future business expansion, we also improved organizational arrangements by adding executive employees at the Associate Director and the Head of department level including in the Administration Headquarters. In addition, we clearly defined in "Mission & Duty" each layer of the roles that all managers should play, and started to provide the training sessions for them in September to ensure they are fully aware of it. Through this initiative, we will enhance management ability across the entire organization and establish the framework in which we can share, at a high level and accurately, important know-how about increasing productivity, developing new hire consultants in an agile manner, reducing the turnover rate, etc. Furthermore, in the business related to executive and local markets, segments that we are reinforcing for the fiscal year ending December 31, 2023, we achieved a 22% growth year on year for each. The number of the core clients, for which we made over 20 successful placements, showed a progress with a growth of 15% year on year, owing to reinforced Account Management (management of major client companies in an organized way) effort. For these segments, we will continue our expansion efforts.

Regarding the Overseas Business, performance stayed stagnant in the Asian countries such as Singapore and Thailand, but we achieved a growth in earnings at the offices in Europe such as the UK and Germany, and Los Angeles in the U.S., a city where we opened an office this year, and also successfully expanded operations in India. Our Hong Kong (the Hong Kong Special Administrative Region) office, which had continued to underperform, ceased operating activities in September. We will strive to further improve our operations with an aim to shift to a highly profitable earnings structure by deploying staff in regions where earnings expansion is expected as well as reviewing the cost structure.

As for the Domestic Job Offer Advertising Business, while both net sales and profit decreased year on year due to the prolonged reduction in hiring by foreign companies, we are starting to see a recovery in earnings as we have enhanced sales efforts on Japanese companies' hiring bilingual human resources. In the future, with a view of expanding the business, we will work to improve earnings by focusing on operating the business effectively and in a manner that leverages our unique characteristics as a medium.

Selling, general and administrative expenses have been in line with what was planned at the beginning of the period, since we have continued cost reduction efforts as well as promoting the business process reengineering (BPR) for the core information systems, operational processes, etc. based on the results of the analysis of the current situations conducted in 2022.

As a result, for the nine months ended September 30, 2023, net sales reached ¥26,495 million (up 15.6% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥23,430 million (up 16.1% year on year), ¥242 million (down 10.1% year on year), and ¥2,822 million (up 14.2% year on year), respectively.

In terms of profit, operating income was ¥6,823 million (up 13.7% year on year), ordinary income was ¥6,824 million (up 13.5% year on year), and profit attributable to owners of parent was ¥4,922 million (up 15.1%

year on year). By segment, the Domestic Recruitment Business posted ¥6,711 million in profit (up 14.9% year on year). The Domestic Job Offer Advertising Business posted ¥24 million in profit (down 21.9% year on year), and the Overseas Business posted ¥87 million in profit (down 20.0% year on year).

The following is the sales performance by segment for the nine months ended September 30, 2023:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	23,430	116.1
Domestic Job Offer Advertising Business	242	89.9
Overseas Business	2,822	114.2
Total	26,495	115.6

(Note) Intersegment transactions were eliminated.

The following is the sales performance by segment and industry:

Segment/industry	Net sales (Million yen)	Year-on-year comparison (%)
1. Domestic Recruitment Business		
Electrical, machinery, chemical	8,376	121.4
Consumer goods, services	4,766	119.4
Medical, healthcare	3,725	116.6
IT, telecom	3,373	97.7
Consulting	1,902	129.4
Financial services	1,221	123.0
Other	65	36.5
Domestic Recruitment Business Total	23,430	116.1
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	242	89.9
3. Overseas Business		
Overseas Business Total	2,822	114.2
Total	26,495	115.6

(Note) Intersegment transactions were eliminated.

## (2) Explanation of Financial Position

Total assets at the end of the third quarter ended September 30, 2023 decreased by ¥1,147 million from the end of the previous fiscal year to ¥20,936 million. Cash and deposits decreased by ¥1,414 million as a result of dividend payments and purchase of treasury shares, and deferred tax assets decreased by ¥388 million, although accounts receivable - trade increased by ¥713 million.

Liabilities decreased by ¥1,750 million from the end of the previous fiscal year to ¥4,747 million. Accrued expenses decreased by ¥2,075 million and income taxes payable decreased by ¥650 million, although provision for bonuses increased by ¥954 million.

Net assets increased by ¥603 million from the end of the previous fiscal year to ¥16,188 million, and the equity ratio came out to be 77.3%. The Company paid dividends of surplus totaling ¥3,278 million, and treasury shares increased by ¥1,201 million, but we posted profit attributable to owners of parent of ¥4,922 million.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the Group's consolidated financial results for the nine months ended September 30, 2023, net sales were lower than the figure initially projected for the nine-month period, which had been used in compiling the full-year consolidated financial results forecast for the fiscal year ending December 31, 2023 in the Consolidated Financial Results for the Six Months Ended June 30, 2023 [Japanese GAAP] released on August 10, 2023. This is mainly because some of the U.S.-based IT and consulting companies and leading Japanese IT companies continued to refrain from hiring employees since last autumn, which affected the digital divisions of the Domestic Recruitment Business, the Group's core operations. In addition, given how the business is progressing and contracts are being concluded at present, this trend is expected to continue for the fourth quarter of the current fiscal year. On the other hand, regarding selling, general and administrative expenses, we reduced costs through continued efforts to increase operating effectiveness and cost control. As a result, operating income, ordinary income, and profit attributable to owners of parent reached the level exceeding the forecast, and for this reason we have revised the full-year forecast for the current fiscal year.

We have also revised the year-end dividend forecast for the current fiscal year by comprehensively considering our shareholder return policy and other factors since we are expecting upward revision of profit associated with the revision of financial results forecast.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	14,879	13,464
Accounts receivable - trade	2,244	2,958
Supplies	7	1
Prepaid expenses	413	476
Other	283	150
Allowance for doubtful accounts	(7)	(29)
<b>Total current assets</b>	<b>17,820</b>	<b>17,021</b>
Non-current assets		
Property, plant and equipment		
Buildings	421	519
Accumulated depreciation	(220)	(226)
Buildings, net	201	292
Machinery and equipment	66	66
Accumulated depreciation	(35)	(43)
Machinery and equipment, net	30	23
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	383	423
Accumulated depreciation	(237)	(271)
Tools, furniture and fixtures, net	145	152
Leased assets	4	4
Accumulated depreciation	(2)	(2)
Leased assets, net	2	1
Construction in progress	0	4
Other	401	453
Accumulated depreciation	(36)	(76)
Other, net	364	376
<b>Total property, plant and equipment</b>	<b>745</b>	<b>851</b>
Intangible assets		
Goodwill	814	758
Software	617	550
Software in progress	100	192
<b>Total intangible assets</b>	<b>1,532</b>	<b>1,501</b>
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	969	938
Claims provable in bankruptcy, claims provable in rehabilitation and other	13	10
Long-term prepaid expenses	27	24
Deferred tax assets	988	600
Long-term accounts receivable - other	2	7
Allowance for doubtful accounts	(16)	(18)
<b>Total investments and other assets</b>	<b>1,985</b>	<b>1,562</b>
<b>Total non-current assets</b>	<b>4,263</b>	<b>3,914</b>
<b>Total assets</b>	<b>22,084</b>	<b>20,936</b>

(Million yen)

	As of December 31, 2022	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	590	512
Accrued expenses	2,995	920
Income taxes payable	1,207	557
Accrued consumption taxes	659	674
Deposits received	242	340
Unearned revenue	93	56
Provision for bonuses	–	954
Provision for bonuses for directors (and other officers)	–	13
Provision for stocks payment	170	159
Refund liabilities	74	78
Other	128	186
Total current liabilities	6,161	4,455
Non-current liabilities		
Lease obligations	1	0
Deferred tax liabilities	–	5
Other	335	286
Total non-current liabilities	337	292
<b>Total liabilities</b>	<b>6,498</b>	<b>4,747</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,514	1,514
Retained earnings	15,022	16,666
Treasury shares	(1,793)	(2,994)
Total shareholders' equity	15,415	15,859
Accumulated other comprehensive income		
Foreign currency translation adjustment	169	329
Total accumulated other comprehensive income	169	329
<b>Total net assets</b>	<b>15,585</b>	<b>16,188</b>
<b>Total liabilities and net assets</b>	<b>22,084</b>	<b>20,936</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net sales	22,918	26,495
Cost of sales	1,778	2,005
Gross profit	21,140	24,489
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	551	535
Salaries and allowances	7,641	8,962
Legal welfare expenses	1,091	1,310
Retirement benefit expenses	278	347
Provision for bonuses	875	954
Provision for bonuses for directors (and other officers)	26	13
Provision for share awards	130	158
Provision of allowance for doubtful accounts	0	25
Rent expenses on land and buildings	852	964
Depreciation	327	395
Amortization of goodwill	85	88
Advertising expenses	1,123	1,214
Other	2,155	2,694
Total selling, general and administrative expenses	15,140	17,665
Operating income	6,000	6,823
Non-operating income		
Interest income	2	7
Gain on cancellation of leases	6	17
Other	19	11
Total non-operating income	28	35
Non-operating expenses		
Interest expenses	15	17
Loss on cancellation of rental contracts	–	13
Other	0	3
Total non-operating expenses	15	34
Ordinary income	6,013	6,824
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Impairment losses	27	–
Loss on valuation of investment securities	0	–
Total extraordinary losses	29	1
Profit before income taxes	5,984	6,823
Income taxes - current	1,409	1,506
Income taxes - deferred	298	394
Total income taxes	1,707	1,900
Profit	4,276	4,922
Profit attributable to owners of parent	4,276	4,922

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	4,276	4,922
Other comprehensive income		
Foreign currency translation adjustment	212	160
Total other comprehensive income	212	160
Comprehensive income	4,488	5,083
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,488	5,083
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

In accordance with the resolution of the Board of Directors meeting held on February 20, 2023, the Company purchased 600,000 treasury shares. As a result, treasury shares increased by ¥1,368 million during the nine months ended September 30, 2023, standing at ¥2,994 million as of the end of the period.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

The Company calculates the tax expenses of some of its subsidiaries in the quarterly consolidated financial statements by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the third quarter ended September 30, 2023, and by multiplying the profit before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment information]

For the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

1. Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue

(Million yen)

	Reportable segment			Segment total	Adjustment	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Net sales						
Goods transferred at a point in time	19,807	168	1,764	21,739	–	21,739
Goods transferred over time	369	101	707	1,179	–	1,179
Revenue from contracts with customers	20,176	269	2,472	22,918	–	22,918
Net sales to outside customers	20,176	269	2,472	22,918	–	22,918
Intersegment net sales or transfers	17	13	16	46	(46)	–
Total	20,193	282	2,489	22,965	(46)	22,918
Segment profit	5,844	31	108	5,984	–	5,984

(Notes) 1. Segment profit is consistent with the profit before income taxes in the quarterly consolidated statements of income.

2. The figures for the Domestic Recruitment Business reportable segment and the Overseas Business reportable segment include amortization of goodwill of ¥55 million and ¥30 million, respectively.

2. Information on impairment losses on non-current assets and goodwill by reportable segment  
(Significant impairment losses on non-current assets)

The Overseas Business reportable segment posted impairment losses of ¥27 million for the nine months ended September 30, 2022.

For the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue

(Million yen)

	Reportable segment			Segment total	Adjustment	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Net sales						
Goods transferred at a point in time	23,000	164	2,041	25,206	–	25,206
Goods transferred over time	429	78	780	1,288	–	1,288
Revenue from contracts with customers	23,430	242	2,822	26,495	–	26,495
Net sales to outside customers	23,430	242	2,822	26,495	–	26,495
Intersegment net sales or transfers	13	19	12	45	(45)	–
Total	23,443	261	2,835	26,540	(45)	26,495
Segment profit	6,711	24	87	6,823	–	6,823

(Notes) 1. Segment profit is consistent with the profit before income taxes in the quarterly consolidated statements of income.

2. The figures for the Domestic Recruitment Business reportable segment and the Overseas Business reportable segment include amortization of goodwill of ¥55 million and ¥33 million, respectively.

(Significant subsequent events)

(Stock split and partial amendments to the Articles of Incorporation due to the stock split)

The Company resolved at its Board of Directors meeting held on November 13, 2023 to authorize a stock split and partial amendments to the Articles of Incorporation due to the stock split.

#### 1. Purpose of the stock split

The purpose is to reduce the minimum investment price through the stock split, thereby creating an environment where it is easier to invest in the Company's shares, increasing the liquidity of the Company's shares and further expanding the Company's investor base.

#### 2. Overview of the stock split

##### (1) Stock split method

The record date for the stock split will be December 31, 2023. Each share of the Company's common stock held by shareholders who are registered or recorded in the final shareholder registry as of the record date will be split into four shares.

##### (2) Increase in the number of shares as a result of the stock split

1) Total number of issued shares prior to the stock split	41,389,300 shares
2) Increase in the number of shares as a result of the stock split	124,167,900 shares
3) Total number of issued shares after the stock split	165,557,200 shares
4) Total number of authorized shares after the stock split	576,000,000 shares

##### (3) Stock split schedule

1) Date of public notice of the record date	December 16, 2023
2) Record date	December 31, 2023
3) Effective date	January 1, 2024

##### (4) Effect on per share information

Per share information on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2022 is as follows:

Item	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Earnings per share	26.48 yen	30.80 yen

The amount of diluted earnings per share is not provided because there were no dilutive shares.

#### 3. Partial amendments to the Articles of Incorporation

##### (1) Reason for amendments

Due to the stock split described above, the Company will amend a part of its Articles of Incorporation effective January 1, 2024, in accordance with the resolution of the Board of Directors pursuant to Article 184, Paragraph 2 of the Companies Act.

##### (2) Details of amendments

The details of the amendments to the Articles of Incorporation are as follows:

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Articles of Incorporation after amendments
(Total number of authorized shares) Article 6. The total number of authorized shares of the Company shall be <u>144,000,000</u> shares.	(Total number of authorized shares) Article 6. The total number of authorized shares of the Company shall be <u>576,000,000</u> shares.

#### 4. Others

##### Change in capital stock

The Company's capital stock will not change due to the stock split described above.