

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2022
[Japanese GAAP]



February 13, 2023

Company name: JAC Recruitment Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2124
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 Scheduled date of Ordinary General Meeting of Shareholders: March 28, 2023
 Scheduled date of commencing dividend payments: March 29, 2023
 Scheduled date of filing securities report: March 28, 2023
 Availability of supplementary briefing material on annual financial results: Available

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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	%
Fiscal year ended December 31, 2022	30,435	22.5	7,044	21.0	7,052	21.3	5,029	29.5
December 31, 2021	24,852	15.0	5,822	13.3	5,813	11.9	3,882	111.6

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥5,173 million [29.6%]
 Fiscal year ended December 31, 2021: ¥3,991 million [133.7%]

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ratio of Ordinary Income to Total Assets	Operating Income Margin
Fiscal year ended	yen	yen	%	%	%
December 31, 2022	124.57	-	34.7	34.4	23.1
December 31, 2021	96.02	96.01	28.1	31.0	23.4

(Reference) Share of profit (loss) of entities accounted for using the equity method:

Fiscal year ended December 31, 2022: ¥ - million

Fiscal year ended December 31, 2021: ¥ - million

(Note) Diluted earnings per share for the fiscal year ended December 31, 2022 are not presented as there were no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
As of	million yen	million yen	%	yen
December 31, 2022	22,084	15,585	70.6	385.93
December 31, 2021	18,935	13,365	70.6	331.13

(Reference) Equity: As of December 31, 2022: ¥ 15,585 million
 As of December 31, 2021: ¥ 13,365 million

(3) Status of Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2022	5,913	(944)	(3,174)	14,879
December 31, 2021	5,091	(436)	(5,400)	12,932

2. Dividends

	Annual Dividends					Total Dividend Amount (Annual)	Dividend Payout Ratio (Consolidated)	Net Assets-to-Dividends Ratio (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Total			
Fiscal year ended December 31, 2021	yen -	yen 0.00	yen -	yen 73.00	yen 73.00	million yen 2,990	% 76.8	% 20.8
Fiscal year ended December 31, 2022	-	0.00	-	80.00	80.00	3,278	65.2	21.2
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	85.00	85.00		64.3	

(Note 1) Dividends for the Company's shares held in the Employee Stock Ownership Plan (ESOP) Trust Account are included in Total Dividend Amount. (Fiscal year ended December 31, 2021: ¥43 million, Fiscal year ended December 31, 2022: ¥48 million)

(Note 2) In calculating dividend payout ratio and net assets-to-dividends ratio, the Company's shares held in the Employee Stock Ownership Plan (ESOP) Trust Account are included in the number of shares and the amount of net assets.

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
First half (Cumulative)	17,852	20.4	4,314	10.3	4,331	10.3	3,010	10.2	74.43
Full year	36,651	20.4	7,770	10.3	7,783	10.4	5,417	7.7	133.88

*Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: –

Excluded: –

Notes on changes in significant subsidiaries during the period

- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Notes on changes in accounting policies, changes in accounting estimates and retrospective restatement

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

As of December 31, 2022: 41,389,300 shares

As of December 31, 2021: 41,389,300 shares

- 2) Total number of treasury shares at the end of the period:

As of December 31, 2022: 1,005,871 shares

As of December 31, 2021: 1,024,738 shares

- 3) Average number of shares during the period:

Fiscal year ended December 31, 2022: 40,375,077 shares

Fiscal year ended December 31, 2021: 40,429,828 shares

Notes on the total number of issued shares

*These financial results are outside the scope of audit procedures 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 “(4) Future Outlook” on page 5 of the attachment.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended December 31, 2022, while the impact of COVID-19 softened, the Bank of Japan's Tankan Survey released in December indicated that business sentiment among large companies fell for the fourth consecutive quarter with increasing uncertainty over the global economic outlook mainly in Europe and the United States due to factors such as the prolonged situation in Russia and Ukraine and global rise in prices followed by a credit crunch.

Under these circumstances, although some foreign companies started to show moves to refrain from hiring employees, in Japan, many companies were hiring employees for the regrowth of their businesses and securing of diverse human capital, and the jobs-to-applicants ratio remained robust. Due to this trend, the Domestic Recruitment Business continued to be solid, resulting in strong sales for the Group overall during the period under review.

In the Domestic Recruitment Business which accounts for about 90% of consolidated net sales, with a steady increase in the number of our consultants, net sales reached a record-high level during the period under review. As for the number of our consultants, we strengthened the team in charge of hiring as part of our important measures in 2022, and have successfully hired more than 20 consultants every month since past July. At the same time, we have formulated the "JAC Standard" that all consultants of the Group must achieve, and reformed our training program in line with the Standard. As a result, we achieved high productivity with a decreased turnover rate of consultants, successfully realizing a record-high increase in the number of consultants. Furthermore, we have continued to broadcast TV commercials that started in May, aiming to promote acquiring the target human resources and increase the recognition of our brand. As a result, the number of visits to our Web site and new registrations have increased, and we are beginning to see its effects in the increased recognition of the Company's name as well. Consequently, we started to run advertisements in trains and taxis in the Kanto area in October, in addition to the TV commercials. In addition, we started to broadcast TV commercials in the Kansai area as well, as our efforts to strengthen regional sites since 2022 have also been proceeding steadily. Meanwhile, since September, we have been participating in the IDEACTIVE JAPAN PROJECT, a business idea competition and hackathon event sponsored by Microsoft Japan Co., Ltd. and other companies, as a Global Human Resource Development Partner. This participation is part of our measures we are strengthening to acquire human resources in the digital tech field, who are now in high demand. We are working to increase the recognition in the IT and DX domains by holding seminars, workshops, and other events, in an effort to further expand our business.

Regarding the Overseas Business, despite the impact of COVID-19 still remaining in China, an earnings recovery is underway in the regions including Europe, Singapore, Malaysia, and Indonesia, and we recorded profit during the period under review.

In addition, as for the Domestic Job Offer Advertising Business, management strategies that revamped its business model contributed to the improved profitability. As a result, the Company succeeded in recording profit during the period under review.

While selling, general and administrative expenses landed almost in line with the forecasts, since April, they have increased due to an increase in provision for bonuses reflecting strong business results, in addition to the increased hiring of consultants, investment in hiring and education, and the broadcasting of the TV commercials.

As a result, for the fiscal year ended December 31, 2022, net sales reached ¥30,435 million (up 22.5% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥26,726 million (up 20.0% year on year), ¥356 million (up 44.8% year on year), and ¥3,351 million (up 43.7% year on year), respectively.

In terms of profit, operating income was ¥7,044 million (up 21.0% year on year), ordinary income was ¥7,052 million (up 21.3% year on year), and profit attributable to owners of parent was ¥5,029 million (up 29.5% year on year). By segment, the Domestic Recruitment Business posted ¥6,872 million in profit (up 17.3% year on year). The Domestic Job Offer Advertising Business posted ¥43 million in profit (compared with a loss of ¥73 million a year earlier), and the Overseas Business posted ¥95 million in profit (compared with a loss of ¥9 million a year earlier).

1) Analysis of net sales

Net sales in the Domestic Recruitment Business increased by 20.0% year on year to ¥26,726 million, due to an increase in the number and improved productivity of consultants.

Net sales in the Domestic Job Offer Advertising Business increased by 44.8% year on year to ¥356 million, due to successfully shifting from prepayment to success-based fees.

Net sales in the Overseas Business increased by 43.7% year on year to ¥3,351 million, due to progress in the recovery of earnings mainly in Europe and Singapore.

As a result, net sales for the fiscal year ended December 31, 2022 increased by 22.5% year on year to ¥30,435 million.

2) Analysis of operating income

Due to the increase in net sales in the Domestic Recruitment Business and others, gross income for the fiscal year ended December 31, 2022 increased by 21.9% year on year to ¥28,043 million, and the gross income margin was 92.1%.

Selling, general and administrative expenses increased by 22.2% year on year to ¥20,999 million, due to an increase in personnel expenses owing to increased number of personnel and strong performance, as well as strategic investment in advertising and investment in IT.

As a result, operating income for the fiscal year ended December 31, 2022 increased by 21.0% year on year to ¥7,044 million, and the operating income margin decreased by 0.3 points year on year to 23.1%, remaining almost flat.

3) Analysis of non-operating income and loss

Non-operating income for the fiscal year ended December 31, 2022 increased by 160% year on year to ¥39 million, due to the posting of items such as reversal of allowance for loan losses and gain on cancellation of leases. Non-operating expenses increased by 28.1% year on year to ¥30 million, due to the posting of items such as interest expenses and foreign exchange losses.

4) Analysis of profit before income taxes and profit attributable to owners of parent

Profit before income taxes for the fiscal year ended December 31, 2022 increased by 13.7% year on year to ¥41 million, despite the posting of extraordinary losses such as impairment losses. Total of income taxes - current and income taxes - deferred increased only by 4.6% year on year to ¥1,981 million due to tax credit based on the Tax Credit System for Promotion of Securing Human Resources.

As a result, profit attributable to owners of parent for the fiscal year ended December 31, 2022 increased by 29.5% year on year to ¥5,029 million.

The following is the sales performance by segment for the fiscal year ended December 31, 2022:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	26,726	120.0
Domestic Job Offer Advertising Business	356	144.8
Overseas Business	3,351	143.7
Total	30,435	122.5

(Notes) 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	9,148	128.4
Consumer goods, services	5,188	110.4
IT, telecom	4,499	108.7
Medical, healthcare	4,268	115.6
Financial services	3,392	138.5
Other	229	134.7
Domestic Recruitment Business Total	26,726	120.0
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	356	144.8
3. Overseas Business		
Overseas Business Total	3,351	143.7
Total	30,435	122.5

(Notes) Intersegment transactions were eliminated.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year ended December 31, 2022 increased by ¥3,148 million from the end of the previous fiscal year to ¥22,084 million. Cash and deposits increased by ¥1,946 million, accounts receivable - trade increased by ¥443 million, and property, plant and equipment increased by ¥326 million.

Liabilities increased by ¥929 million from the end of the previous fiscal year to ¥6,498 million. Accrued expenses increased by ¥420 million, non-current liabilities increased by ¥192 million, and provision for stocks payment increased by ¥170 million.

Net assets increased by ¥2,219 million from the end of the previous fiscal year to ¥15,585 million, and the equity ratio came out to be 70.6%. The Company posted profit attributable to owners of parent of ¥5,029 million, but paid dividends of surplus totaling ¥2,990 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

The balance of cash and cash equivalents at the end of the fiscal year ended December 31, 2022 increased by ¥1,946 million from the end of the previous fiscal year to ¥14,879 million. The following is a summary of cash flow activities.

(Million yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Changes
Net cash provided by (used in) operating activities	5,091	5,913	822
Net cash provided by (used in) investing activities	(436)	(944)	(507)
Net cash provided by (used in) financing activities	(5,400)	(3,174)	2,226
Cash and cash equivalents at end of period	12,932	14,879	1,946

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended December 31, 2022 was ¥5,913 million (compared with ¥5,091 million provided in the previous fiscal year). The main factors for this are profit before income taxes of ¥7,011 million and income taxes paid of ¥2,261 million.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended December 31, 2022 was ¥944 million (compared with ¥436 million used in the previous fiscal year). The main factor for this is purchase of intangible assets of ¥408 million.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended December 31, 2022 was ¥3,174 million (compared with ¥5,400 used in the previous fiscal year). The main factor for this is dividends paid of ¥2,986 million.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Equity ratio (%)	74.0	78.3	76.4	70.6	70.6
Equity ratio at fair value (%)	406.3	395.2	416.6	444.2	444.2
Cash flow vs. interest-bearing debt (%)	—	—	—	—	—
Interest coverage ratio	28,220.2	280.4	240.5	302.4	267.2

Equity ratio: Equity/Total assets

Equity ratio at fair value: Market capitalization/Total assets

Cash flow vs. interest-bearing debt: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payment

- (Notes) 1. Market capitalization is calculated as closing price at end of period X Shares outstanding at end of period (excluding treasury shares)
2. Cash flow indicates cash flow from operating activities on the consolidated statements of cash flows.
3. Interest-bearing debt covers all liabilities that bear interest recorded on the consolidated balance sheet.

(4) Future Outlook

While the global economic outlook, especially in Europe and the United States remains uncertain, Japanese companies are experiencing a strong sense of labor shortage. Accordingly, the Group will promptly develop initiatives that will lead to the expansion and cultivation of market, centered around strengthening our bases and enhancing our brand power mainly in the Domestic Recruitment Business, while paying careful attention to changes in the market. We will continue conducting market-centered business while focusing on increasing and retaining consultants, quickly training them to be productive workers, enhancing the rank-based education and systems for management, and strengthening advertising to promote registration of job seekers and increase our brand recognition.

Regarding the consolidated financial results forecast for the fiscal year ending December 31, 2023, the Company expects net sales of ¥36,651 million, operating income of ¥7,770 million, ordinary income of ¥7,783 million, and profit attributable to owners of parent of ¥5,417 million. Considering our internal reserves provided for corporate acquisitions, we also plan to pay a year-end dividend of ¥85 per share.

2. Management Policy

(1) Basic Management Policy

The Group's main business is recruitment consultancy. The Group has been connecting people, businesses, the economy and society and contributing to their growth by linking (introducing) professionals who play an important role in the development of companies around the world.

The success of the professionals we connect leads to the progress of companies and eventually to the development of the economy. The economy develops, and in turn society develops as a result.

Every person we connect will connect to new people in new environments, leading to further personal growth.

Connecting our ambitions leads to the development of individuals, companies, society, nations and the world.

Based on our mission, we always aspire to company management with the following corporate goals.

1. Respect high quality and work with a high level of awareness.
2. Work to the highest level of satisfaction of both companies and job seekers.
3. Be a company that always makes speedy improvements and reforms.
4. Always aspire to be professional, continue to grow as an excellent company in profitability and profit growth rate, and aim to be an attractive company that can satisfy shareholders, customers, and employees.

(2) Target Management Benchmarks

In the recruitment business, which does not make many capital investments, we recognize that the growth rate of profit will result in increasing ROE and ROA; therefore, we regard ROE and ROA as the most important benchmarks.

(3) Medium- to Long-Term Business Strategy

Many Japanese companies are now globalizing, but because of its beginning in the United Kingdom, the Company since its establishment has demonstrated superiority in recruiting not only for foreign companies, but also for Japanese companies that are expanding their business globally.

In the past, the mobility of middle management and specialists in Japan was conceived to be lower than in Europe and the Americas. However, in recent years, due to the overseas expansion and other globalization of Japanese companies as well as the government's promotion of personnel mobility, mid-career hiring of work-ready personnel has increased, and the role of recruitment consultancy has rapidly increased. With its focus on highly specialized positions, middle management to executive positions, and global human resources positions, the Group has maintained a system as the industry leader that can respond to overseas personnel needs from large to medium and small enterprises.

In addition, in Asia with its many emerging economies, the Group's overseas locations have locally provided Japanese and foreign global companies with international recruitment services.

Going forward, we will position foreign companies, global business, global human resources, specialists, executives, and regional revitalization as our core values. We will aim to maintain our position as the leader of this field in Japan and further expand. In addition, while working to improve the professionalism and service level of every consultant, we will strive to increase organizational synergies with each of the Group companies and expand our business.

We are recognized for our impeccable service and our ability to stably provide personnel to Japanese companies, as well as for our ability to provide international standard services to foreign and global companies. We would like to increase the value of the Group by aiming to be a true industry leader both domestically and overseas.

In order to firmly pursue the above strategy, along with expanding our business operations, we will also improve both our management system and hiring of personnel. In line with our future medium-term expansion plan, we will quickly proceed to train and secure the next generation's leaders.

(4) Issues to be Addressed

In the fiscal year ending December 31, 2023, the Domestic Recruitment Business will continue working to increase the number of consultants and strengthen education and management, with the aim of expanding the business over the medium- to long-term. In order to significantly increase the number of consultants, in addition to the enhancement of hiring systems, education to quickly develop productive workers and reduce employee turnover, as well as education for management according to the expansion of the size of our business are essential. Since the previous fiscal year, we have been working on the “JAC Standard” that all consultants of the Group must achieve. In fiscal 2023, we will promote the practice of the Standard at the management level as well, and thereby work to strengthen the education system. In addition, we will focus on the development of markets in local areas, including expansion and establishment of new locations, and plan to expand the areas to broadcast TV commercials that were effective in acquiring job seekers.

Regarding the Domestic Job Offer Advertising Business, we will work to increase sales by promoting success-based fees and renovation of our website for this purpose.

Regarding the Overseas Business, we will pursue stable growth in areas showing earnings recovery, including Europe and Singapore. At the same time, we will work to raise the unit price of contracts and make our businesses highly profitable by focusing on entry into developed countries, including the U.S. location established in December 2022. We will also consider closing existing unprofitable locations.

(5) Promotion of Environmental Conservation, Social Contribution, and Health Management Activities, and Efforts in SDGs, etc.

The Company has long been actively involved in activities that contribute to sustainable development.

The Group began an initiative in fiscal 2008 called PPP Project “One Placement Creates One Plant to Save the Planet,” in which it plants one tree in designated areas of Indonesia and Malaysia for every person it places into a new job. This embodies our hope that as the seedling grows, the job changer will also grow in his or her new company and that the idea of social contribution will sprout in as many people as possible. In order to convey the significance of this project to our employees, we provide opportunities for employees themselves to plant trees in the designated forests. Working together with local students helps to raise awareness among employees. (Due to COVID-19, employees were not sent to plant trees in the fiscal year ended December 31, 2022.) In addition, from the perspective of SDGs, these forestation activities create jobs locally. The amount of greenhouse gases absorbed by more than 120,000 trees planted to date is estimated to be a little less than 500 tons per year, and the Group achieved net-zero carbon emissions target for Scope 1 and Scope 2 greenhouse gas emissions.

Moreover, in March 2022 Hiromi Tazaki, Co-Founder, Chairman, CEO and Managing Director of the Company, founded “JAC Environmental & Animal Protection Foundation.” The Company supports the spirit of and provide assistance to the Foundation. We intend to work on preserving the natural environment and protecting animals in Japan through the activities of the Foundation.

In addition to these projects, in 2019 the Company switched business card material from recycled paper containing used paper to LIMEX, a material with less environmental impact. We have also worked to foster a “plastic free” awareness by, for example, removing products in plastic PET bottles with a high environmental impact from the vending machines installed in our offices. We have switched to paperless meetings, internationally certified eco-friendly paper “FSC certified paper,” and recycled polypropylene folders. In addition, we have distributed cloth eco-bags to all Group employees to use instead of plastic bags and shared the significance of this with them. Furthermore, in April 2022 we switched the electric power used at our Tokyo Head Office to green electricity by 100%, in principle.

As part of the D&I Project, in order to take the initiative in promoting active social participation by women, since 2007 we have implemented the Employee Childcare Support Project, which provides a fixed amount childcare allowance to employees. In the fiscal year ended December 31, 2022, we provided dual-income couples with up to ¥100,000/month (up to 9 months old) – ¥30,000/month (from the first to third year of primary school) per child. As a result, almost 100% of our female employees return to work after maternity leave, and the personal performance of working mothers in consultant positions after returning is comparable to the company-wide average. As a company, we have promoted and achieved a system that allows most consultants and staff members

to balance work and childcare while continuing to build a career. In addition, the Company has set a target of increasing the percentage of female employees in managerial positions of the Company to 40% by the end of 2025. The percentage as of December 2022 was 23%, which is significantly higher than the national average of 9% (according to study by TEIKOKU DATABANK in 2022).

The “Philosophy & Policy” of our management includes “Fairness: A company where employees are evaluated based on their capabilities and achievements. People who work at JAC are always given a fair chance.” Based on this thinking, to ensure that LGBTQ employees can work with peace of mind, we have created a work environment where diverse employees can play an active role, such as by making employees in same-sex marriages and common-law marriages eligible for congratulatory and condolence payments.

As part of our philosophy, our employees aim to take care of both body and mind and to be individuals who can play a significant role in the growth of client companies and people. With management-level commitment, we have implemented various company-wide health promotion activities. In order to enhance the Healthy Challenge program, we have introduced a system to assist employees with sports club expenses, as well as other initiatives such as providing health-conscious meals in the office. We are also aiming for a 0% smoking rate Group-wide, and we subsidize the cost of smoking cessation treatment to achieve the target. In fiscal 2022, for the fifth consecutive year, we were recognized under the Health & Productivity Management Recognition Program by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We will continue to actively work on SDGs company-wide.

3. Basic Policy on Selection of Accounting Standards

Believing that applying IFRS would be of little advantage in the current situation, and considering the burden of changing to IFRS, the Group applies Japanese GAAP.

Concerning the future, the Group will appropriately respond while taking into consideration trends in IFRS adoption by listed companies.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	12,932	14,879
Accounts receivable - trade	1,800	2,244
Electronically recorded monetary claims - operating	5	-
Supplies	7	7
Prepaid expenses	282	413
Other	227	283
Allowance for doubtful accounts	(14)	(7)
Total current assets	15,242	17,820
Non-current assets		
Property, plant and equipment		
Buildings	392	421
Accumulated depreciation	(243)	(220)
Buildings, net	149	201
Machinery and equipment	45	66
Accumulated depreciation	(29)	(35)
Machinery and equipment, net	15	30
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	431	383
Accumulated depreciation	(353)	(237)
Tools, furniture and fixtures, net	78	145
Leased assets	4	4
Accumulated depreciation	(1)	(2)
Leased assets, net	2	2
Construction in progress	16	0
Other	439	401
Accumulated depreciation	(282)	(36)
Other, net	156	364
Total property, plant and equipment	418	745
Intangible assets		
Goodwill	887	814
Software	638	617
Software in progress	91	100
Total intangible assets	1,617	1,532
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	811	969
Claims provable in bankruptcy, claims provable in rehabilitation and other	13	13
Long-term prepaid expenses	9	27
Deferred tax assets	836	988
Long-term accounts receivable - other	1	2
Allowance for doubtful accounts	(15)	(16)
Total investments and other assets	1,657	1,985
Total non-current assets	3,693	4,263
Total assets	18,935	22,084

(Million yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	628	590
Accrued expenses	2,575	2,995
Income taxes payable	1,319	1,207
Accrued consumption taxes	492	659
Deposits received	169	242
Unearned revenue	51	93
Provision for stocks payment	–	170
Provision for contract cancellation	51	–
Refund liabilities	–	74
Other	134	128
Total current liabilities	5,424	6,161
Non-current liabilities		
Lease obligations	2	1
Other	142	335
Total non-current liabilities	145	337
Total liabilities	5,569	6,498
Net assets		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,515	1,514
Retained earnings	12,982	15,022
Treasury shares	(1,829)	(1,793)
Total shareholders' equity	13,340	15,415
Accumulated other comprehensive income		
Foreign currency translation adjustment	25	169
Total accumulated other comprehensive income	25	169
Total net assets	13,365	15,585
Total liabilities and net assets	18,935	22,084

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

(Million yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	24,852	30,435
Cost of sales	1,848	2,391
Gross profit	23,004	28,043
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	732	772
Salaries and allowances	9,882	11,868
Legal welfare expenses	1,322	1,522
Retirement benefit expenses	296	376
Provision for share awards	–	170
Provision of allowance for doubtful accounts	6	0
Rent expenses on land and buildings	1,065	1,157
Depreciation	402	448
Amortization of goodwill	111	115
Advertising expenses	1,054	1,597
Other	2,308	2,969
Total selling, general and administrative expenses	17,182	20,999
Operating income	5,822	7,044
Non-operating income		
Interest income	4	4
Reversal of allowance for doubtful accounts	–	7
Gain on cancellation of leases	–	6
Insurance fee income	–	5
Rental income from facilities	2	4
Other	8	10
Total non-operating income	15	39
Non-operating expenses		
Interest expenses	16	22
Foreign exchange losses	5	8
Other	2	0
Total non-operating expenses	23	30
Ordinary income	5,813	7,052
Extraordinary losses		
Loss on retirement of non-current assets	3	12
Impairment losses	32	29
Loss on valuation of investment securities	–	0
Total extraordinary losses	36	41
Profit before income taxes	5,776	7,011
Income taxes - current	2,056	2,134
Income taxes - deferred	(162)	(152)
Total income taxes	1,894	1,981
Profit	3,882	5,029
Profit attributable to owners of parent	3,882	5,029

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit	3,882	5,029
Other comprehensive income		
Foreign currency translation adjustment	108	144
Total other comprehensive income	108	144
Comprehensive income	3,991	5,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,991	5,173
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	619	1,569	12,403	(288)	14,304
Changes of items during period					
Issuance of new shares	52	52			105
Dividends of surplus			(3,303)		(3,303)
Profit attributable to owners of parent			3,882		3,882
Purchase of treasury shares				(2,904)	(2,904)
Disposal of treasury shares		(107)		1,363	1,256
Net changes in items other than shareholders' equity					
Total changes of items during period	52	(54)	578	(1,541)	(964)
Balance at end of period	672	1,515	12,982	(1,829)	13,340

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(83)	(83)	105	14,326
Changes of items during period				
Issuance of new shares			(105)	0
Dividends of surplus				(3,303)
Profit attributable to owners of parent				3,882
Purchase of treasury shares				(2,904)
Disposal of treasury shares				1,256
Net changes in items other than shareholders' equity	108	108		108
Total changes of items during period	108	108	(105)	(960)
Balance at end of period	25	25	-	13,365

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	672	1,515	12,982	(1,829)	13,340
Cumulative effects of changes in accounting policies			1		1
Restated balance	672	1,515	12,983	(1,829)	13,341
Changes of items during period					
Issuance of new shares					
Dividends of surplus			(2,990)		(2,990)
Profit attributable to owners of parent			5,029		5,029
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		36	35
Net changes in items other than shareholders' equity					
Total changes of items during period	–	(0)	2,038	35	2,074
Balance at end of period	672	1,514	15,021	(1,793)	15,415

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	25	25	–	13,365
Cumulative effects of changes in accounting policies				1
Restated balance	25	25	–	13,367
Changes of items during period				
Issuance of new shares				–
Dividends of surplus				(2,990)
Profit attributable to owners of parent				5,029
Purchase of treasury shares				(0)
Disposal of treasury shares				35
Net changes in items other than shareholders' equity	144	144		144
Total changes of items during period	144	144	–	2,218
Balance at end of period	169	169	–	15,585

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,776	7,011
Depreciation	402	448
Amortization of goodwill	111	115
Increase (decrease) in allowance for doubtful accounts	4	(6)
Increase (decrease) in provision for stocks payment	(5)	170
Increase (decrease) in provision for contract cancellation	(4)	–
Increase (decrease) in refund liabilities	–	22
Interest and dividend income	(4)	(4)
Interest expenses	16	22
Foreign exchange losses (gains)	1	1
Loss on retirement of non-current assets	3	12
Impairment losses	32	29
Loss (gain) on valuation of investment securities	–	0
Decrease (increase) in trade receivables	(664)	(439)
Decrease (increase) in inventories	(6)	0
Increase (decrease) in accounts payable - other	233	(90)
Increase (decrease) in accrued expenses	1,078	420
Increase (decrease) in accrued consumption taxes	60	166
Other, net	(20)	313
Subtotal	7,016	8,192
Interest and dividends received	4	4
Interest paid	(16)	(22)
Income taxes paid	(1,912)	(2,261)
Net cash provided by (used in) operating activities	5,091	5,913
Cash flows from investing activities		
Purchase of property, plant and equipment	(32)	(312)
Purchase of intangible assets	(288)	(408)
Short-term loan advances	(18)	(38)
Collection of short-term loans receivable	20	37
Purchase of long-term prepaid expenses	(12)	(28)
Payments of leasehold and guarantee deposits	(106)	(195)
Proceeds from collection of other investments	0	0
Net cash provided by (used in) investing activities	(436)	(944)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	0	–
Dividends paid	(3,299)	(2,986)
Repayments of lease obligations	(0)	(0)
Proceeds from disposal of treasury shares	993	–
Purchase of treasury shares	(2,904)	(0)
Other payments	(189)	(186)
Net cash provided by (used in) financing activities	(5,400)	(3,174)
Effect of exchange rate change on cash and cash equivalents	94	151
Net increase (decrease) in cash and cash equivalents	(651)	1,946
Cash and cash equivalents at beginning of period	13,584	12,932
Cash and cash equivalents at end of period	12,932	14,879

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant basis of preparing consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 22

Names of main consolidated subsidiaries

JAC International Co., Ltd.

C.C. Consulting Co., Ltd.

VantagePoint K.K.

JAC Recruitment International Ltd.

2. Scope of equity method

Not applicable.

3. Fiscal year-end, etc. of consolidated subsidiaries

The fiscal year-end of consolidated subsidiaries is the same as the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation methods for assets

Securities

Other securities:

Shares, etc. that do not have a market price

Stated at cost determined by the moving average method.

(2) Depreciation and amortization of significant assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries apply the declining-balance method. However, auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated by the straight-line method.

Overseas consolidated subsidiaries apply the straight-line method.

The main useful lives are as follows:

Buildings: 3-15 years

Machinery and equipment: 7 years

Tools, furniture and fixtures: 2-20 years

2) Intangible assets (excluding leased assets)

The straight-line method is applied. Internal use software is amortized over its internal estimated useful life (3-5 years).

3) Leased assets

The straight-line method is applied assuming the lease periods as useful lives with no residual value.

(3) Recognition standards of significant allowances

1) Allowance for doubtful accounts

To cover losses from bad debts for accounts receivable - trade, etc., an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables and on an estimate of the collectability of certain receivables deemed doubtful of collection.

2) Provision for stocks payment

To cover employee stock payments based on the Share Delivery Rules, the Company records a provision for stocks payment based on the estimated amount of share payment obligations as of the consolidated balance sheet date.

(4) Standards for recording significant revenues and expenses

1) Recruitment Business

In the recruitment service, we have obligations to introduce candidates primarily for permanent positions to client employers. We recognize success-based consulting fees as revenue when the candidates join the client employers. We receive consideration for the transaction generally within one month from the time when the performance obligations were fulfilled.

In the Recruitment Process Optimisation service, we have obligations to support client employers in their recruitment activities primarily for permanent employees. The service is provided over a contract period, and we recognize revenue on a pro rata basis over the contract period, judging that our performance obligations are fulfilled with the lapse of time. Consideration for the transaction is received in a phased manner, generally according to the progress of the performance obligations, in accordance with the terms and conditions of transactions.

2) Job Offer Advertising Business

In the Job Offer Advertising Business, we have obligations to post job offers primarily for permanent positions solicited from client employers on job offer advertising websites. We concurrently use a prepayment method in which we recognize revenue when we are awarded a contract and a success-based method in which we recognize revenue when a job seeker joins a client employer via a job offer advertising website. We receive consideration for the transaction generally within one month from the time when the performance obligations were fulfilled.

(5) Translation standards of significant assets and liabilities in foreign currency

Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the consolidated balance sheet date, and revenue and expense accounts are translated at the average rates of exchange in effect during the fiscal year. Differences arising from the translation are presented as translation adjustments in the net assets section.

(6) Method and period of amortization of goodwill

Amortized using the straight-line method over 10 to 12 years.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. (the “Revenue Recognition Standard”) from the beginning of the fiscal year under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer. Due to the application of the Revenue Recognition Standard, recruitment fee revenue amounts expected to be refunded in the future, which the Company previously included in the provision for contract cancellation, are now recognized as refund liabilities. The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance.

The impact resulting from this change on profit (loss) for the fiscal year under review and the beginning balance of retained earnings is immaterial.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

In addition, in accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, information on the disaggregation of revenue from contracts with customers for the previous fiscal year is not presented.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. (the “Fair Value Standard”) from the beginning of the fiscal year under review, and it has applied the new accounting policy set forth by the Fair Value Standard, etc. prospectively in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the consolidated financial statements.

(Changes in presentation)

(Consolidated statements of income)

“Gain on forfeiture of unclaimed dividends” and “refund income” which were presented as separate accounts under “Non-operating income” in the previous fiscal year, have been included in “Other” under “Non-operating income” in the current fiscal year due to their decreased financial materiality.

“Gain on forfeiture of unclaimed dividends” and “refund income” under “Non-operating income” in the consolidated financial statements for the fiscal year under review were ¥2 million and ¥1 million, respectively.

(Additional information)

(Transactions to deliver shares of the Company through a trust to employees)

The Employee Stock Ownership Plan (ESOP) Trust Program, an incentive plan for employees, was introduced in August 2015 for the purpose of enhancing employee benefits and increasing the Company’s medium- to long-term corporate value, but due to its termination in March 2021, it was re-introduced in May 2021.

(1) Transaction summary

Pursuant to the established Share Delivery Rules, the Company grants points to employees who satisfy certain requirements, and shares of the Company equivalent to these points are delivered. The shares delivered to employees, including those to be delivered in the future, are purchased by cash held in the trust, managed separately as trust assets.

(2) Company shares remaining in the trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets based on the book value in the trust (excluding incidental expenses). The book value and the number of said treasury shares were ¥287 million and 279,410 shares, respectively, as of December 31, 2021, and ¥1,017 million and 600,080 shares, respectively, as of December 31, 2022.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components for which separate financial information is available and are the subject of regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group is engaged in the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business. The Group has 10 domestic offices and two subsidiaries in the Domestic Recruitment Business, one domestic subsidiary in the Domestic Job Offer Advertising Business, and 19 subsidiaries in 12 countries and regions in the Overseas Business. As management resources are allocated to each business, reportable segments are presented according to business unit.

2. Method of calculating amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

In principle, the accounting method for reportable segments is the same as described in “Significant basis of preparing consolidated financial statements.” Inter-segment sales and transfers are based on prevailing market prices.

The Group does not allocate assets to business segments as asset information is not used for managing performance.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment
 For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment			Segment total	Adjustment	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Net sales						
Net sales to outside customers	22,273	246	2,332	24,852	—	24,852
Intersegment net sales or transfers	15	17	5	39	(39)	—
Total	22,289	264	2,338	24,891	(39)	24,852
Segment profit (loss)	5,859	(73)	(9)	5,776	—	5,776
Other items						
Depreciation	259	1	142	402	—	402
Amortization of goodwill	74	—	37	111	—	111
Interest income	0	0	3	4	—	4
Interest expenses	0	—	16	16	—	16
Extraordinary losses	3	8	23	36	—	36
(Loss on retirement of non-current assets)	3	—	—	3	—	3
(Impairment losses)	—	8	23	32	—	32

(Note) Segment profit (loss) is consistent with the profit before income taxes in the consolidated statements of income.

For the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	26,215	217	2,360	28,793	—	28,793
Goods transferred over time	511	139	991	1,642	—	1,642
Revenue from contracts with customers	26,726	356	3,351	30,435	—	30,435
Net sales to outside customers	26,726	356	3,351	30,435	—	30,435
Intersegment net sales or transfers	19	18	19	56	(56)	—
Total	26,746	375	3,371	30,492	(56)	30,435
Segment profit (loss)	6,872	43	95	7,011	—	7,011
Other items						
Depreciation	289	—	159	448	—	448
Amortization of goodwill	74	—	41	115	—	115
Interest income	0	0	3	4	—	4
Interest expenses	0	—	22	22	—	22
Extraordinary losses	8	—	33	41	—	41
(Loss on retirement of non-current assets)	8	—	4	12	—	12
(Impairment losses)	—	—	29	29	—	29
(Loss on valuation of investment securities)	0	—	—	0	—	0

(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 ¥74 million and ¥41 million, respectively.

4. 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 ¥29 million for the fiscal year ended December 31, 2022.

[Related information]

For the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

1. Information by product and service

This information is not provided here because it is the same as the information provided under “Segment information.”

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	Asia	Europe	Total
22,519	2,058	273	24,852

(Note) Net sales are segmented into country or region based on customer location.

(2) Property, plant and equipment

(Million yen)

Japan	Asia (excluding Thailand)	Thailand	Europe	Total
219	135	42	21	418

3. Information by major customer

This information is not provided here because there were no customers that accounted for 10% or more of the net sales recorded in the consolidated statements of income.

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

1. Information by product and service

This information is not provided here because it is the same as the information provided under “Segment information.”

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	Asia	Europe	Total
27,083	2,957	394	30,435

(Note) Net sales are segmented into country or region based on customer location.

(2) Property, plant and equipment

(Million yen)

Japan	Asia (excluding Singapore)	Singapore	Europe	Total
309	106	308	19	745

3. Information by major customer

This information is not provided here because there were no customers that accounted for 10% or more of the net sales recorded in the consolidated statements of income.

[Information on impairment losses on non-current assets by reportable segment]
For the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment			Reportable segments total	Corporate or elimination of inter-segment transactions	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Impairment losses	—	8	23	32	—	32

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Reportable segments total	Corporate or elimination of inter-segment transactions	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Impairment losses	—	—	29	29	—	29

[Information on amortization of goodwill and unamortized balance by reportable segment]
For the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment			Reportable segments total	Corporate or elimination of inter-segment transactions	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Balance at end of period	592	—	294	887	—	887

(Notes) 1. Amortization of goodwill is not provided here because it is the same as the information provided under “Segment information.”

2. ¥18 million of impairment losses on goodwill are recorded in the Overseas Business reportable segment.

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Reportable segments total	Corporate or elimination of inter-segment transactions	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Balance at end of period	518	—	295	814	—	814

(Note) Amortization of goodwill is not provided here because it is the same as the information provided under “Segment information.”

[Information on gain recognized on negative goodwill by reportable segment]

Not applicable.

(Per share information)

(Yen)

Previous fiscal year (From January 1, 2021 to December 31, 2021)		Current fiscal year (From January 1, 2022 to December 31, 2022)	
Net assets per share	331.13	Net assets per share	385.93
Basic earnings per share	96.02	Basic earnings per share	124.57
Diluted earnings per share	96.01	Diluted earnings per share	—

(Note) 1. The basis for calculation of net assets per share is as follows.

	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
Total net assets (Million yen)	13,365	15,585
Amounts deducted from total net assets (Million yen)	—	—
[Subscription rights to shares (Million yen)]	[—]	[—]
Net assets attributable to shares of common shares (Million yen)	13,365	15,585
Number of outstanding common shares	41,389,300	41,389,300
Number of treasury shares of common shares	1,024,738	1,005,871
Number of common shares used to calculate net assets per share	40,364,562	40,383,429

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (From January 1, 2021 to December 31, 2021)	Current fiscal year (From January 1, 2022 to December 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	3,882	5,029
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	3,882	5,029
Average number of common shares during the period	40,429,828	40,375,077
Diluted earnings per share		
Adjustments of profit attributable to owners of parent (Million yen)	—	—
Increase in number of common shares	4,585	—
[Number of subscription rights to shares]	[4,585]	[—]
Anti-dilutive shares excluded from calculation of diluted earnings per share	—	—

3. Diluted earnings per share for the fiscal year ended December 31, 2022 are not presented as there were no dilutive shares.

4. The shares of the company remaining in the trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be deducted in the calculation of average number of shares during the period for the purpose of calculating basic earnings per share and diluted earnings per share, and are also included in the number of treasury shares to be deducted from the total number of shares outstanding as of the end of the period for the purpose of calculating net assets per share.

The average number of treasury shares during the period deducted for the purpose of calculating basic

earnings per share and diluted earnings per share is 418,226 shares for the fiscal year ended December 31, 2021 and 600,080 shares for the fiscal year ended December 31, 2022. The number of treasury shares deducted at the end of the period for the purpose of calculating net assets per share is 600,080 shares for the fiscal year ended December 31, 2021 and 600,080 shares for the fiscal year ended December 31, 2022.

5. The “Accounting Standard for Revenue Recognition,” etc. has been applied as stated in “Changes in accounting policies.” The impact resulting from this change on net assets per share and basic earnings per share for the fiscal year under review is immaterial.

(Significant subsequent events)

Not applicable.