

**Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2023**  
**[Japanese GAAP]**



February 14, 2024

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 27, 2024  
 Scheduled date of commencing dividend payments: March 28, 2024  
 Scheduled date of filing securities report: March 27, 2024  
 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, 2023 (January 1, 2023 to December 31, 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	%
Fiscal year ended December 31, 2023	34,475	13.3	8,215	16.6	8,209	16.4	5,978	18.9
December 31, 2022	30,435	22.5	7,044	21.0	7,052	21.3	5,029	29.5

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥6,095 million [17.8%]  
 Fiscal year ended December 31, 2022: ¥5,173 million [29.6%]

	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, 2023	37.42	—	36.4	36.0	23.8
December 31, 2022	31.14	—	34.7	34.4	23.1

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

Fiscal year ended December 31, 2023: ¥— million

Fiscal year ended December 31, 2022: ¥— million

(Note 1) Diluted earnings per share are not presented as there were no dilutive shares.

(Note 2) The Company conducted a four-for-one stock split effective January 1, 2024. Earnings per share have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
As of	million yen	million yen	%	yen
December 31, 2023	23,518	17,217	73.2	107.91
December 31, 2022	22,084	15,585	70.6	96.48

(Reference) Equity: As of December 31, 2023: ¥17,217 million

As of December 31, 2022: ¥15,585 million

(Note) The Company conducted a four-for-one stock split effective January 1, 2024. Net assets per share have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

### (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, 2023	7,087	(461)	(4,838)	16,767
December 31, 2022	5,913	(944)	(3,174)	14,879

### 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	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2022	–	0.00	–	80.00	80.00	3,278	65.2	21.2
Fiscal year ended	–	0.00	–	90.00	90.00	3,635	60.9	21.1
December 31, 2023								
Fiscal year ending	–	0.00	–	26.00	26.00		61.8	
December 31, 2024 (Forecast)								

(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, 2022: ¥48 million, Fiscal year ended December 31, 2023: ¥45 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.

(Note 3) The Company conducted a four-for-one stock split effective January 1, 2024. The actual dividend amounts for the fiscal years ended December 31, 2022, and December 31, 2023, are presented based on pre-stock split figures.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% 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)	19,580	13.5	4,525	8.7	4,536	8.9	3,263	8.0	20.47
Full year	40,042	16.1	9,450	15.0	9,453	15.2	6,800	13.8	42.62

\*Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None  
New: –  
Excluded: –
- (2) 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
- (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, 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 December 31, 2023: 1,500,246 shares  
As of December 31, 2022: 1,005,871 shares
  - 3) Average number of shares during the period:  
Fiscal year ended December 31, 2023: 39,943,887 shares  
Fiscal year ended December 31, 2022: 40,375,077 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, 2023, the Japanese economy saw three consecutive quarters of improvement in business conditions for large companies in the entire manufacturing industry and seven consecutive quarters of improvement in those in the entire non-manufacturing industry, according to the Bank of Japan's Tankan Survey released in December, owing to the revitalization of economic activities, marked by a recovery in domestic automobile production following an easing of semiconductor supply shortages and robust inbound demand on the back of an increase in foreign tourists. On the other hand, future business sentiment is clouded by concerns such as slowing U.S. economic growth, deceleration in China's economy, and rising prices in Japan.

Under these circumstances, Japanese companies were highly motivated to hire employees, and the jobs-to-applicants ratio remained robust during the period under review. On the other hand, some U.S.-based IT and consulting companies and some leading Japanese IT companies continued to refrain from hiring employees throughout 2023, which affected the digital divisions of the Domestic Recruitment Business, the Group's core operations. As a result, in the fiscal year ended December 31, 2023, net sales of the entire Group were lower than planned at the beginning of the period, although they increased by 13.3% year on year.

During the fiscal year ended December 31, 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 circumstances mentioned above taken into account. With the prospect of future business expansion, we also improved our organizational arrangements by adding executive employees at the Associate Director and the Head of department level, including in the Administration Headquarters. In the executive market, a segment that we focused on reinforcing during the fiscal year ended December 31, 2023, we achieved a 22% growth year on year. In addition, the number of core clients, for which we made over 20 successful placements, grew 39% year on year, owing to reinforced Account Management (management of major client companies in an organized way) effort.

The Overseas Business saw robust performance in Europe and the U.S. In 2023, we opened new offices in Munich, Germany, Los Angeles, and Charlotte, North Carolina, in the U.S. In January 2024, we opened an office in New York, U.S. On the other hand, against the backdrop of the stalling Chinese economy, performance stagnated in Asian countries. With the closure of our Hong Kong (Hong Kong Special Administrative Region) office in September, we ceased all operating activities in China.

The Domestic Job Offer Advertising Business focused its sales efforts on direct recruiting for client companies. Still, both net sales and profit decreased year on year amid the prolonged reduction in hiring by foreign companies.

Selling, general and administrative expenses were kept in line with what was planned at the beginning of the period, since we continued cost reduction efforts and promoted business process reengineering (BPR) for core information systems, operational processes, etc., based on the results of current situation analyses conducted in 2022.

As a result, for the fiscal year ended December 31, 2023, net sales reached ¥34,475 million (up 13.3% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥30,475 million (up 14.0% year on year), ¥322 million (down 9.7% year on year), and ¥3,677 million (up 9.7% year on year), respectively.

In terms of profit, operating income was ¥8,215 million (up 16.6% year on year), ordinary income was ¥8,209 million (up 16.4% year on year), and profit attributable to owners of parent was ¥5,978 million (up 18.9% year on year). By segment, the Domestic Recruitment Business posted ¥8,097 million in profit (up 17.8% year on year). The Domestic Job Offer Advertising Business posted ¥33 million in profit (down 22.6% year on year), and the Overseas Business posted ¥76 million in profit (down 19.8% year on year).

#### 1) Analysis of net sales

Net sales in the Domestic Recruitment Business increased by 14.0% year on year to ¥30,475 million, due to an increase in the number of consultants accompanying earnings expansion.

Net sales in the Domestic Job Offer Advertising Business decreased by 9.7% year on year to ¥322 million, due to reduction in hiring by foreign companies.

Net sales in the Overseas Business increased by 9.7% year on year to ¥3,677 million, due to progress in the recovery of earnings mainly in Europe.

As a result, net sales for the fiscal year ended December 31, 2023 increased by 13.3% year on year to ¥34,475 million.

## 2) Analysis of operating income

Due to the increase in net sales in the Domestic Recruitment Business and others, gross profit for the fiscal year ended December 31, 2023 increased by 13.5% year on year to ¥31,821 million, and the gross profit margin was 92.3%.

Selling, general and administrative expenses increased by 12.4% year on year to ¥23,606 million, due to an increase in personnel expenses owing to increased number of personnel and extending performance.

As a result, operating income for the fiscal year ended December 31, 2023 increased by 16.6% year on year to ¥8,215 million, and the operating income margin increased by 0.7 % year on year to 23.8%.

## 3) Analysis of non-operating income and loss

Non-operating income for the fiscal year ended December 31, 2023, increased by 5.9% year on year to ¥41 million, due to the posting of items such as gain on cancellation of leases and interest revenue. Non-operating expenses increased by 52.7% year on year to ¥46 million, due to the posting of items such as interest expenses and loss on cancellation of rental contracts.

## 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, 2023, increased by 17.1% year on year to ¥8,207 million. Total of income taxes - current and income taxes - deferred increased by 12.5% year on year to ¥2,229 million due to tax credit based on the Tax Measure to Promote Wage Increases and the tax burden for Profit before income taxes was 27.2% (statutory effective tax rate was 30.6%).

As a result, profit attributable to owners of parent for the fiscal year ended December 31, 2023 increased by 18.9% year on year to ¥5,978 million.

The following is the sales performance by segment for the fiscal year ended December 31, 2023:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	30,475	114.0
Domestic Job Offer Advertising Business	322	90.3
Overseas Business	3,677	109.7
Total	34,475	113.3

(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	10,886	119.0
Consumer goods, services	6,310	121.6
Medical, healthcare	4,823	113.0
IT, telecom	4,297	95.5
Consulting	2,376	114.9
Financial services	1,677	126.7
Other	102	44.7
Domestic Recruitment Business Total	30,475	114.0
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	322	90.3
3. Overseas Business		
Overseas Business Total	3,677	109.7
Total	34,475	113.3

(Note) 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, 2023, increased by ¥1,434 million from the end of the previous fiscal year to ¥23,518 million. Cash and deposits increased by ¥1,887 million although accounts receivable - trade decreased by ¥316 million and goodwill decreased by ¥92 million.

Liabilities decreased by ¥197 million from the end of the previous fiscal year to ¥6,301 million. Accrued expenses decreased by ¥235 million and non-current liabilities 'other' decreased by ¥90 million, although income taxes payable increased by ¥111 million.

Net assets increased by ¥1,631 million from the end of the previous fiscal year to ¥17,217 million, and the equity ratio came out to be 73.2%. The Company paid dividends of surplus totaling ¥3,278 million, and treasury shares increased by ¥1,187 million, but we posted profit attributable to owners of parent of ¥5,978 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, 2023 increased by ¥1,887 million from the end of the previous fiscal year to ¥16,767 million. The following is a summary of cash flow activities.

(Million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Changes
Net cash provided by (used in) operating activities	5,913	7,087	1,173
Net cash provided by (used in) investing activities	(944)	(461)	482
Net cash provided by (used in) financing activities	(3,174)	(4,838)	(1,664)
Cash and cash equivalents at end of period	14,879	16,767	1,887

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended December 31, 2023 was ¥7,087 million (compared with ¥5,913 million provided in the previous fiscal year). The main factors for this are profit before income taxes of ¥8,207 million and income taxes paid of ¥2,117 million.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended December 31, 2023 was ¥461 million (compared with ¥944 million used in the previous fiscal year). The main factor for this is purchase of intangible assets of ¥316 million.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended December 31, 2023 was ¥4,838 million (compared with ¥3,174 million used in the previous fiscal year). The main factors for this are dividends paid of ¥3,275 million and purchase of treasury shares of ¥1,369 million.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Equity ratio (%)	78.3	76.4	70.6	70.6	73.2
Equity ratio at fair value (%)	395.2	416.6	444.2	444.2	441.0
Cash flow vs. interest-bearing debt (%)	—	—	—	—	—
Interest coverage ratio	280.4	240.5	302.4	267.2	312.3

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 talent market is contracting against an uncertain future economic outlook, robust recruitment demand continues to grow in the Japanese market and at Japanese companies expanding worldwide, driven by the declining working population. In light of this, the Group's policy for 2024 will be to continue initiatives aimed at further concentration and cultivation, focusing on favorable markets, mainly in the Domestic Recruitment Business. Going forward, we will continue pursuing efficient and highly productive business growth, with pivotal efforts on increasing and retaining consultants, strengthening career programs, and enhancing rank-based education for management.

Regarding the consolidated financial results forecast for the fiscal year ending December 31, 2024, the Company expects net sales of ¥40,042 million, operating income of ¥9,450 million, ordinary income of ¥9,453 million, and profit attributable to owners of parent of ¥6,800 million. Considering our internal reserves provided for corporate acquisitions, we also plan to pay a year-end dividend of ¥26.00 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 these professionals leads to the progress of companies and, eventually, to the development of the economy. As the economy develops, it, in turn, leads to the development of society. Moreover, these contribute to the preservation of the global environment. It is our mission to continue sustainably promoting this cycle.

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

With the recruitment business, which requires little capital investment and with almost no interest-bearing debt where our cost of capital consists solely of shareholders' equity costs, we recognize that the operating income margin and the growth rate of profit are the most important financial benchmarks for us to maintain and improve high ROE and PBR going forward.

### (3) Medium- to Long-Term Business Strategy

In our "JAC as No. 1" long-term management vision for 2030, we state our aspiration to be the world's number one professional recruitment consultancy firm in terms of both service quality and profitability. To achieve this, we are actively making growth investments, focusing primarily on enhancing the human capital that is indispensable for improving service quality. While focusing on expanding our share in Japan's profitable and growing white-collar recruitment market, we aim to become No. 1 globally and have been actively developing our recruitment business worldwide.

We also recognize that earning a return on capital exceeding capital costs is an essential management requirement. Accordingly, we aim to gain market recognition by maintaining and improving high return on capital.

We recognize the weighted average cost of capital (WACC) calculated at 8.2% as our capital costs. In contrast, our return on equity (ROE) was 34.7% and return on invested capital (ROIC) was 32.5% at the end of 2022, greatly exceeding our capital costs. Excluding 2020 during the COVID-19 pandemic, our ROE has been sustained at a high level of 28–40% over the past decade. Our price-to-book ratio (PBR) was 6.29 times at the end of fiscal 2022, and it has been maintained at a high level of 5–7 times over the past decade.

We are committed to maintaining a high dividend payout ratio while ensuring adequate internal reserves for future growth investments, aiming for profit growth that exceeds the expansion of our equity. When making business investments, we view the entire human resources business as one portfolio and set a minimum hurdle rate of achieving a return on investment (ROI) that exceeds our capital cost. We also use maintenance of current capital efficiency as one of our criteria for evaluating investments.

Moving forward, we will further enhance disclosure of social impact brought about through initiatives to enrich non-financial capital, striving to increase shareholder value (expand equity spread).

### (4) Issues to be Addressed

In the fiscal year ending December 31, 2024, the Domestic Recruitment Business will put greater effort into increasing and training high-caliber consultants and strengthening management, with the ongoing aim of expanding the business over the medium- to long-term while maintaining and improving productivity. We will improve profitability by focusing on the digital transformation (DX) field, for which there is high demand in

every industry, the manufacturing industry, where there is high recruitment demand, and high-salary job offerings such as in the executive field and finance, while also deepening our reach into regional markets. At the same time, we will strengthen cooperation and collaboration across the Group to maximize Group synergies.

The Overseas Business will increase gross profit by bolstering business in developed countries, including in Europe and the U.S., where salaries are high. At the same time, we will continue to revise our cost structure, including salary system, to improve overall profitability of the business.

In the Domestic Job Offer Advertising Business, we will strive to recover sales by focusing sales activities on direct recruiting for client companies.

(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 fight against global warming, and environmental conservation.

The Group began an initiative in fiscal 2008 called the PPP Project, “One Placement Creates One Plant to Save the Planet,” planting 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 take root in as many people as possible. This initiative also helps to conserve the global environment and combat global warming. To help our employees appreciate the significance of this project, we provide opportunities for them to plant trees themselves in the designated forests, working alongside local students, which aids in transforming their awareness. Furthermore, these forestation activities create jobs locally, in addition to raising awareness of environmental conservation among the local community. To date, the Group has planted over 140,000 trees, which absorb about 500 tons of greenhouse gases annually. With this, the Group has already achieved net-zero carbon emissions for Scope 1 and Scope 2, the official metrics for greenhouse gas emission reductions. Going forward, we will continue working on activities focused on further environmental conservation, setting the goal of net-zero carbon emissions for Scope 3.

JAC Environmental & Animal Protection Foundation, founded in March 2022 by Hiromi Tazaki, Co-Founder, Chairman, CEO and Managing Director of the Company, was certified as a public interest incorporated foundation in February 2023. The Company supports the foundation’s mission and works to preserve the natural environment and protect animals in Japan through its activities.

In addition to these projects, since 2019, the Company has 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 company-wide 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 “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 100% green electricity in principle and did the same at our Nagoya branch office in April 2023. We also plan to make the switch at our Yokohama branch office in April 2024.

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 childcare allowance to employees. In the fiscal year ended December 31, 2023, 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 encouraged and successfully implemented a system that allows most consultants and staff members to balance work and childcare while continuing to build a career. The Working Parents Committee, which consists of employees, has led the effort to do so. In addition, we have established the Women Empowerment Committee, led by incumbent female managers. This committee, which operates on the fundamental belief that “the gender ratio among management should be equivalent to the ratio of all employees,” collaborates with male managers to develop new female managerial talent.

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 made employees in same-sex marriages and common-law marriages eligible for congratulatory and condolence payments. We have also launched the LGBTQ+ Committee to create a structure where employees engage actively in various activities. A culture of “creating a work environment where diverse employees can play an active role on equal terms” has been instilled across the Company.

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 2023, for the sixth 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. Going forward, we will continue to actively work on SDGs company-wide and strive to foster a high level of corporate awareness.

### 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, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	14,879	16,767
Accounts receivable - trade	2,244	1,928
Supplies	7	0
Prepaid expenses	413	384
Other	283	314
Allowance for doubtful accounts	(7)	(24)
<b>Total current assets</b>	<b>17,820</b>	<b>19,370</b>
Non-current assets		
Property, plant and equipment		
Buildings	421	526
Accumulated depreciation	(220)	(237)
Buildings, net	201	289
Machinery and equipment	66	66
Accumulated depreciation	(35)	(45)
Machinery and equipment, net	30	21
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	383	419
Accumulated depreciation	(237)	(275)
Tools, furniture and fixtures, net	145	144
Leased assets	4	4
Accumulated depreciation	(2)	(2)
Leased assets, net	2	1
Construction in progress	0	-
Other	401	436
Accumulated depreciation	(36)	(104)
Other, net	364	331
<b>Total property, plant and equipment</b>	<b>745</b>	<b>788</b>
Intangible assets		
Goodwill	814	721
Software	617	550
Software in progress	100	154
<b>Total intangible assets</b>	<b>1,532</b>	<b>1,426</b>
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	969	928
Claims provable in bankruptcy, claims provable in rehabilitation and other	13	10
Long-term prepaid expenses	27	24
Deferred tax assets	988	980
Long-term accounts receivable - other	2	1
Allowance for doubtful accounts	(16)	(12)
<b>Total investments and other assets</b>	<b>1,985</b>	<b>1,933</b>
<b>Total non-current assets</b>	<b>4,263</b>	<b>4,147</b>
<b>Total assets</b>	<b>22,084</b>	<b>23,518</b>

(Million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	590	504
Accrued expenses	2,995	2,760
Income taxes payable	1,207	1,318
Accrued consumption taxes	659	688
Deposits received	242	297
Unearned revenue	93	36
Provision for stocks payment	170	204
Refund liabilities	74	59
Other	128	181
Total current liabilities	6,161	6,052
Non-current liabilities		
Lease obligations	1	0
Deferred tax liabilities	–	2
Other	335	245
Total non-current liabilities	337	248
<b>Total liabilities</b>	<b>6,498</b>	<b>6,301</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,514	1,516
Retained earnings	15,022	17,722
Treasury shares	(1,793)	(2,980)
Total shareholders' equity	15,415	16,930
Accumulated other comprehensive income		
Foreign currency translation adjustment	169	286
Total accumulated other comprehensive income	169	286
<b>Total net assets</b>	<b>15,585</b>	<b>17,217</b>
<b>Total liabilities and net assets</b>	<b>22,084</b>	<b>23,518</b>

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

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	30,435	34,475
Cost of sales	2,391	2,654
Gross profit	28,043	31,821
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	772	721
Salaries and allowances	11,868	13,246
Legal welfare expenses	1,522	1,780
Retirement benefit expenses	376	460
Provision for share awards	170	202
Provision of allowance for doubtful accounts	0	16
Rent expenses on land and buildings	1,157	1,285
Depreciation	448	541
Amortization of goodwill	115	119
Advertising expenses	1,597	1,565
Other	2,969	3,665
Total selling, general and administrative expenses	20,999	23,606
Operating income	7,044	8,215
Non-operating income		
Interest income	4	9
Gain on cancellation of leases	6	17
Insurance fee income	5	5
Rental income from facilities	4	5
Other	17	2
Total non-operating income	39	41
Non-operating expenses		
Interest expenses	22	22
Foreign exchange losses	8	9
Loss on cancellation of rental contracts	–	13
Other	0	1
Total non-operating expenses	30	46
Ordinary income	7,052	8,209
Extraordinary losses		
Loss on retirement of non-current assets	12	1
Impairment losses	29	–
Loss on valuation of investment securities	0	–
Total extraordinary losses	41	1
Profit before income taxes	7,011	8,207
Income taxes - current	2,134	2,218
Income taxes - deferred	(152)	11
Total income taxes	1,981	2,229
Profit	5,029	5,978
Profit attributable to owners of parent	5,029	5,978

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	5,029	5,978
Other comprehensive income		
Foreign currency translation adjustment	144	117
Total other comprehensive income	144	117
Comprehensive income	5,173	6,095
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,173	6,095
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statements of Changes in Equity

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					
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	15,022	(1,793)	15,415

	Accumulated other comprehensive income		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			
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



Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	672	1,514	15,022	(1,793)	15,415
Changes of items during period					
Dividends of surplus			(3,278)		(3,278)
Profit attributable to owners of parent			5,978		5,978
Purchase of treasury shares				(1,369)	(1,369)
Disposal of treasury shares		1		182	184
Net changes in items other than shareholders' equity					
Total changes of items during period	-	1	2,699	(1,187)	1,514
Balance at end of period	672	1,516	17,722	(2,980)	16,930

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	169	169	15,585
Changes of items during period			
Dividends of surplus			(3,278)
Profit attributable to owners of parent			5,978
Purchase of treasury shares			(1,369)
Disposal of treasury shares			184
Net changes in items other than shareholders' equity	117	117	117
Total changes of items during period	117	117	1,631
Balance at end of period	286	286	17,217

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,011	8,207
Depreciation	448	541
Amortization of goodwill	115	119
Increase (decrease) in allowance for doubtful accounts	(6)	14
Increase (decrease) in provision for stocks payment	170	202
Increase (decrease) in refund liabilities	22	(14)
Interest and dividend income	(4)	(9)
Interest expenses	22	22
Foreign exchange losses (gains)	1	2
Loss on retirement of non-current assets	12	1
Impairment losses	29	–
Loss (gain) on valuation of investment securities	0	–
Decrease (increase) in trade receivables	(439)	320
Decrease (increase) in inventories	0	6
Increase (decrease) in accounts payable - other	(90)	(68)
Increase (decrease) in accrued expenses	420	(235)
Increase (decrease) in accrued consumption taxes	166	23
Other, net	313	82
Subtotal	8,192	9,217
Interest and dividends received	4	9
Interest paid	(22)	(22)
Income taxes paid	(2,261)	(2,117)
Net cash provided by (used in) operating activities	5,913	7,087
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(312)	(152)
Purchase of intangible assets	(408)	(316)
Short-term loan advances	(38)	(45)
Collection of short-term loans receivable	37	55
Purchase of long-term prepaid expenses	(28)	(8)
Payments of leasehold and guarantee deposits	(195)	(40)
Proceeds from collection of other investments	0	45
Net cash provided by (used in) investing activities	(944)	(461)
<b>Cash flows from financing activities</b>		
Dividends paid	(2,986)	(3,275)
Repayments of lease obligations	(0)	(0)
Purchase of treasury shares	(0)	(1,369)
Other payments	(186)	(192)
Net cash provided by (used in) financing activities	(3,174)	(4,838)
Effect of exchange rate change on cash and cash equivalents	151	100
Net increase (decrease) in cash and cash equivalents	1,946	1,887
Cash and cash equivalents at beginning of period	12,932	14,879
Cash and cash equivalents at end of period	14,879	16,767

(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.

CareerCross 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 presentation)

(Consolidated statements of income)

“Reversal of allowance for doubtful accounts” which was presented as a separate account under “Non-operating income” in the previous fiscal year, has been included in “Other” under “Non-operating income” in the current fiscal year due to its decreased financial materiality.

“Reversal of allowance for doubtful accounts” under “Non-operating income” in the consolidated financial statements for the previous fiscal year was ¥7 million.

(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 ¥1,017 million and 600,080 shares, respectively, as of December 31, 2022, and ¥849 million and 500,844 shares, respectively, as of December 31, 2023.

(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 12 domestic offices and two subsidiaries in the Domestic Recruitment Business, one domestic subsidiary in the Domestic Job Offer Advertising Business, and 19 subsidiaries in 10 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, 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

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

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	29,880	219	2,601	32,701	–	32,701
Goods transferred over time	595	102	1,076	1,773	–	1,773
Revenue from contracts with customers	30,475	322	3,677	34,475	–	34,475
Net sales to outside customers	30,475	322	3,677	34,475	–	34,475
Intersegment net sales or transfers	22	27	19	68	(68)	–
Total	30,498	349	3,697	34,544	(68)	34,475
Segment profit (loss)	8,097	33	76	8,207	–	8,207
Other items						
Depreciation	375	–	165	541	–	541
Amortization of goodwill	74	–	45	119	–	119
Interest income	0	0	9	9	–	9
Interest expenses	0	–	22	22	–	22
Extraordinary losses	1	–	0	1	–	1
(Loss on retirement of non-current assets)	1	–	0	1	–	1

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

#### 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, 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.

For the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

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 and the United States	Total
30,784	2,989	701	34,475

(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 and the United States	Total
388	129	256	13	788

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, 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

For the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

Not applicable.

[Information on amortization of goodwill and unamortized balance by 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.”

For the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	444	–	277	721	–	721

(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, 2022 to December 31, 2022)		Current fiscal year (From January 1, 2023 to December 31, 2023)	
Net assets per share	96.48	Net assets per share	107.91
Basic earnings per share	31.14	Basic earnings per share	37.42

(Notes) 1. The Company conducted a four-for-one stock split effective January 1, 2024. The amounts for per share information have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. The basis for calculation of net assets per share is as follows.

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Total net assets (Million yen)	15,585	17,217
Amounts deducted from total net assets (Million yen)	–	–
Net assets attributable to shares of common shares (Million yen)	15,585	17,217
Number of outstanding common shares	165,557,200	165,557,200
Number of treasury shares of common shares	4,023,484	6,000,984
Number of common shares used to calculate net assets per share	161,533,716	159,556,216

3. The basis for calculation of basic earnings per share is as follows.

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	5,029	5,978
Amount not attributable to common shareholders (Million yen)	–	–
Profit attributable to owners of parent relating to common shares (Million yen)	5,029	5,978
Average number of common shares during the period	161,500,310	159,775,548

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 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 is 600,080 shares for the fiscal year ended December 31, 2022 and 523,517 shares for the fiscal year ended December 31, 2023. 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, 2022 and 500,844 shares for the fiscal year ended December 31, 2023.

(Significant subsequent events)

Not applicable.