

**Consolidated Financial Results
for the Six Months Ended June 30, 2024
[Japanese GAAP]**



August 9, 2024

Company name: JAC Recruitment Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2124
 URL: <https://corp.jac-recruitment.jp/en>
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 Scheduled date of filing semiannual securities report: August 9, 2024
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on financial results: Available

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(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	%
Six months ended June 30, 2024	19,097	10.7	4,358	4.7	4,360	4.7	2,873	(4.9)
June 30, 2023	17,249	16.3	4,163	6.4	4,165	6.1	3,020	10.6

(Note) Comprehensive income: Six months ended June 30, 2024: ¥3,022 million [(4.2)%]
 Six months ended June 30, 2023: ¥3,155 million [8.5%]

	Earnings Per Share	Diluted Earnings Per Share
Six months ended	yen	yen
June 30, 2024	17.97	—
June 30, 2023	18.87	—

(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
As of	million yen	million yen	%
June 30, 2024	23,721	16,884	71.2
December 31, 2023	23,518	17,217	73.2

(Reference) Equity: As of June 30, 2024: ¥16,884 million
 As of December 31, 2023: ¥17,217 million

2. Dividends

	Annual Dividends				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Total
Fiscal year ended December 31, 2023	yen	yen	yen	yen	yen
Fiscal year ending December 31, 2023	—	0.00	—	90.00	90.00
Fiscal year ending December 31, 2024 (Forecast)	—	0.00	—	26.00	26.00

(Note) Revision to the forecast for dividends announced most recently: None

The Company conducted a four-for-one stock split effective January 1, 2024. The actual dividend amounts for the fiscal year ended 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
Full year	39,000	13.1	8,800	7.1	8,800	7.2	6,000	0.4	37.50

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

*Notes:

- (1) Significant changes in scope of consolidation during the six months ended June 30, 2024: None
New: –
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
As of June 30, 2024: 165,557,200 shares
As of December 31, 2023: 165,557,200 shares
 - 2) Total number of treasury shares at the end of the period:
As of June 30, 2024: 5,423,668 shares
As of December 31, 2023: 6,000,984 shares
 - 3) Average number of shares during the period:
Six months ended June 30, 2024: 159,858,857 shares
Six months ended June 30, 2023: 160,023,856 shares

(Note) The Company conducted a four-for-one stock split effective January 1, 2024. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period and average number of shares during the period have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

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

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

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended June 30, 2024, according to the Bank of Japan's Tankan Survey released in June, the Japanese economy saw an improvement in the diffusion index (DI) of business conditions for large companies in the manufacturing industry for the first time in two quarters owing partly to expectations for improved business performance. However, the DI for those in the non-manufacturing industry deteriorated for the first time in four years against the backdrop of increasing human resource shortages and other factors, resulting in mixed business sentiments overall. As for the future outlook, perceptions seem to differ significantly from company to company.

Under these circumstances, in the Domestic Recruitment Business, which accounts for about 90% of the Company's consolidated net sales, Japanese companies were still motivated to hire employees to a certain degree. The jobs-to-applicants ratio, although declined somewhat, by and large remained at the same level as before during the period under review thanks partly to the government's labor mobility measures and promotion of human capital management. With respect to human resources, however, the mobility stagnated as pay increases led to better compensation packages, and as employee retention measures progressed, particularly among large companies. As a result, the Company's net sales in the period under review fell below the figure planned at the beginning of the period. Going forward, the same trend is expected to continue until all necessary data become available for potential job seekers to make decisions regarding career changes. However, the mobility of middle- and high-class human resources, the core target of our business, is expected to remain robust with no significant changes.

Based on the market environment described above, the Company's direction is to thoroughly train consultants who are still relatively inexperienced; they will be trained in basic procedures, from interviews with registered applicants to their successful placements. For veteran consultants who are the driving force of our operations, the emphasis will be on the enhancement of domain expertise with a focus on high-income earners as we seek to improve productivity. Meanwhile, we have also achieved positive results with respect to the local market, which is one of our priority markets, as well as measures involving Account Management. In the fiscal second half, we will continue to expand our Group operations by developing growth areas and Account Management in an integrated manner.

Regarding the Overseas Business, the market conditions remain difficult, especially in Asia, but we aim to achieve regrowth and improve profitability by providing services mainly to Japanese companies with strong hiring needs.

In the Domestic Job Offer Advertising Business, we are seeking to expand sales by shifting to a contingency fee model and increasing our contact points with Japanese companies, in addition to foreign companies, while also making sales efforts for direct recruiting by client companies and working to enhance synergies within the Group through collaboration with our Domestic Recruitment Business.

With regard to selling, general and administrative expenses, in light of the financial results for the first quarter ended March 31, 2024, we are reviewing advertising expenses, such as those for television commercials, and promoting company-wide cost-control measures focusing on internal IT costs. We have been making these efforts since April of this year as we aim to achieve the financial results forecast disclosed to the public.

As a result, for the six months ended June 30, 2024, net sales reached ¥19,097 million (up 10.7% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥17,003 million (up 11.6% year on year), ¥190 million (up 23.1% year on year), and ¥1,903 million (up 2.1% year on year), respectively.

In terms of profit, operating income was ¥4,358 million (up 4.7% year on year), ordinary income was ¥4,360 million (up 4.7% year on year), and profit attributable to owners of parent was ¥2,873 million (down 4.9% year on year). By segment, the Domestic Recruitment Business posted ¥4,290 million in profit (up 4.7% year on year), the Domestic Job Offer Advertising Business posted ¥20 million in profit (up 141.0% year on year), and the Overseas Business posted a loss of ¥31 million (a profit of ¥60 million in the same period of the previous fiscal year).

The following is the sales performance by segment for the six months ended June 30, 2024:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	17,003	111.6
Domestic Job Offer Advertising Business	190	123.1
Overseas Business	1,903	102.1
Total	19,097	110.7

(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	6,297	117.8
Consumer goods, services	3,781	119.5
Medical, healthcare	2,539	108.5
IT, telecom	2,182	100.3
Consulting	1,285	93.6
Financial services	892	116.5
Other	24	38.5
Domestic Recruitment Business Total	17,003	111.6
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	190	123.1
3. Overseas Business		
Overseas Business Total	1,903	102.1
Total	19,097	110.7

(Note) Intersegment transactions were eliminated.

(2) Explanation of Financial Position

Total assets at the end of the second quarter ended June 30, 2024 increased by ¥203 million from the end of the previous fiscal year to ¥23,721 million. Accounts receivable - trade increased by ¥679 million and prepaid expenses increased by ¥383 million, although cash and deposits decreased by ¥837 million as a result of dividend payments, etc.

Liabilities increased by ¥535 million from the end of the previous fiscal year to ¥6,837 million. Income taxes payable increased by ¥292 million, accrued expenses increased by ¥175 million, and accounts payable - other increased by ¥144 million.

Net assets decreased by ¥332 million from the end of the previous fiscal year to ¥16,884 million, and the equity ratio came out to be 71.2%. The Company posted profit attributable to owners of parent of ¥2,873 million, but paid dividends of surplus totaling ¥3,635 million.

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

Regarding the Group's consolidated financial results for the six months ended June 30, 2024, net sales, operating income, ordinary income and profit attributable to owners of parent all fell below the consolidated financial results forecast for the first-half (cumulative) period of the fiscal year ending December 31, 2024 in the Consolidated Financial Results for the Three Months Ended March 31, 2024 [Japanese GAAP] released on May

15, 2024. This is mainly because, in the Domestic Recruitment Business, the mobility of human resources stagnated as pay increases led to better compensation packages, and as employee retention measures progressed, particularly among large companies. Thus, the number of people who changed jobs through the Group's recruiting services was lower than expected during the period under review. Given how the business is progressing and placements are being concluded at present, a deviation from the full-year consolidated financial results forecast for the current fiscal year is expected in the second half of the current fiscal year. For this reason, we have revised the full-year consolidated financial results forecast for the current fiscal year.

Meanwhile, the mobility of middle- and high-class human resources, the core target of our business, is expected to remain robust with no significant changes. Thus, we are proceeding with the hiring of consultants as an investment for the future in line with the planned at the beginning of the period, and have not revised the dividend forecast.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	16,767	15,929
Accounts receivable - trade	1,928	2,607
Supplies	0	2
Prepaid expenses	384	768
Other	314	140
Allowance for doubtful accounts	(24)	(24)
Total current assets	19,370	19,425
Non-current assets		
Property, plant and equipment		
Buildings	526	544
Accumulated depreciation	(237)	(255)
Buildings, net	289	289
Machinery and equipment	66	85
Accumulated depreciation	(45)	(49)
Machinery and equipment, net	21	36
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	419	452
Accumulated depreciation	(275)	(304)
Tools, furniture and fixtures, net	144	148
Leased assets	4	4
Accumulated depreciation	(2)	(3)
Leased assets, net	1	0
Construction in progress	-	0
Other	436	459
Accumulated depreciation	(104)	(130)
Other, net	331	328
Total property, plant and equipment	788	803
Intangible assets		
Goodwill	721	689
Software	550	524
Software in progress	154	186
Total intangible assets	1,426	1,400
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	928	1,032
Claims provable in bankruptcy, claims provable in rehabilitation and other	10	10
Long-term prepaid expenses	24	21
Deferred tax assets	980	1,046
Long-term accounts receivable - other	1	1
Allowance for doubtful accounts	(12)	(18)
Total investments and other assets	1,933	2,092
Total non-current assets	4,147	4,296
Total assets	23,518	23,721

(Million yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	504	649
Accrued expenses	2,760	2,936
Income taxes payable	1,318	1,610
Accrued consumption taxes	688	574
Deposits received	297	329
Unearned revenue	36	52
Provision for bonuses	-	24
Provision for stocks payment	204	118
Refund liabilities	59	62
Other	181	219
Total current liabilities	6,052	6,579
Non-current liabilities		
Lease obligations	0	0
Deferred tax liabilities	2	3
Other	245	254
Total non-current liabilities	248	257
Total liabilities	6,301	6,837
Net assets		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,516	1,540
Retained earnings	17,722	16,960
Treasury shares	(2,980)	(2,724)
Total shareholders' equity	16,930	16,448
Accumulated other comprehensive income		
Foreign currency translation adjustment	286	436
Total accumulated other comprehensive income	286	436
Total net assets	17,217	16,884
Total liabilities and net assets	23,518	23,721

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	17,249	19,097
Cost of sales	1,340	1,450
Gross profit	15,909	17,646
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	361	346
Salaries and allowances	6,524	7,192
Legal welfare expenses	838	990
Retirement benefit expenses	228	240
Provision for bonuses	23	24
Provision for share awards	106	115
Provision of allowance for doubtful accounts	14	7
Rent expenses on land and buildings	641	687
Depreciation	257	270
Amortization of goodwill	58	61
Advertising expenses	886	992
Other	1,804	2,357
Total selling, general and administrative expenses	11,745	13,287
Operating income	4,163	4,358
Non-operating income		
Interest income	4	4
Gain on cancellation of leases	16	–
Reversal of allowance for doubtful accounts	–	3
Insurance fee income	2	3
Other	5	5
Total non-operating income	29	17
Non-operating expenses		
Interest expenses	11	11
Foreign exchange losses	1	3
Loss on cancellation of rental contracts	13	–
Other	0	0
Total non-operating expenses	26	15
Ordinary income	4,165	4,360
Extraordinary losses		
Loss on retirement of non-current assets	1	6
Impairment losses	–	76
Total extraordinary losses	1	82
Profit before income taxes	4,164	4,278
Income taxes - current	1,075	1,472
Income taxes - deferred	68	(66)
Total income taxes	1,144	1,405
Profit	3,020	2,873
Profit attributable to owners of parent	3,020	2,873

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Profit	3,020	2,873
Other comprehensive income		
Foreign currency translation adjustment	135	149
Total other comprehensive income	135	149
Comprehensive income	3,155	3,022
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,155	3,022
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)

The Company calculates the tax expenses of some of its subsidiaries in the semi-annual consolidated financial statements by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the second quarter ended June 30, 2024, and by multiplying the profit before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment information]

For the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

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

(Million yen)

	Reportable segment			Segment total	Adjustment	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Net sales						
Goods transferred at a point in time	14,933	100	1,343	16,377	–	16,377
Goods transferred over time	297	54	520	872	–	872
Revenue from contracts with customers	15,230	154	1,863	17,249	–	17,249
Net sales to outside customers	15,230	154	1,863	17,249	–	17,249
Intersegment net sales or transfers	4	10	7	23	(23)	–
Total	15,235	165	1,871	17,272	(23)	17,249
Segment profit	4,096	8	60	4,164	–	4,164

(Notes) 1. Segment profit is consistent with the profit before income taxes in the semi-annual 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 ¥37 million and ¥21 million, respectively.

For the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

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

(Million yen)

	Reportable segment			Segment total	Adjustment	Total
	Domestic Recruitment Business	Domestic Job Offer Advertising Business	Overseas Business			
Net sales						
Goods transferred at a point in time	16,635	146	1,283	18,064	–	18,064
Goods transferred over time	368	44	619	1,032	–	1,032
Revenue from contracts with customers	17,003	190	1,903	19,097	–	19,097
Net sales to outside customers	17,003	190	1,903	19,097	–	19,097
Intersegment net sales or transfers	26	8	14	49	(49)	–
Total	17,029	198	1,917	19,146	(49)	19,097
Segment profit (loss)	4,290	20	(31)	4,278	–	4,278

(Notes) 1. Segment profit (loss) is consistent with the profit before income taxes in the semi-annual 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 ¥37 million and ¥24 million, respectively.

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

The Overseas Business reportable segment posted impairment losses of ¥76 million for the six months ended June 30, 2024.

(Significant subsequent events)

(Purchase of treasury shares (purchase of treasury shares in accordance with the provisions of the Articles of Incorporation pursuant to Article 165, Paragraph 2 of the Companies Act)

The Company resolved at its Board of Directors meeting held on August 9, 2024 to purchase treasury shares in accordance with Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act and the Articles of Incorporation.

- | | |
|--|---|
| (1) Reasons for purchase of treasury shares: | To implement a flexible capital policy in response to changes in the business environment, hereby improving capital efficiency and enhancing shareholder returns. |
| (2) Class of shares to be purchased: | Common shares of the Company |
| (3) Total number of shares to be purchased: | 2,000,000 shares (maximum)
(1.25% of total number of issued shares (excluding treasury shares)) |
| (4) Total amount for share purchase: | ¥2,000 million (maximum) |
| (5) Method of purchase: | Open market purchase at Tokyo Stock Exchange, Inc.
1) Purchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3)
2) Purchase based on the discretionary trading method |
| (6) Purchase period: | From August 13, 2024 to September 30, 2024 |
- (Note) It is possible that some or all of the shares may not be purchased due to market trends and other factors.