

**Consolidated Financial Results
for the Nine Months Ended September 30, 2024
[Japanese GAAP]**



November 11, 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 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 Nine Months Ended September 30, 2024 (January 1, 2024 to September 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	%
Nine months ended September 30, 2024	29,502	11.3	7,240	6.1	7,249	6.2	4,858	(1.3)
September 30, 2023	26,495	15.6	6,823	13.7	6,824	13.5	4,922	15.1

(Note) Comprehensive income: Nine months ended September 30, 2024: ¥4,929 million [(3.0)%]
 Nine months ended September 30, 2023: ¥5,083 million [13.2%]

	Earnings Per Share	Diluted Earnings Per Share
Nine months ended	yen	yen
September 30, 2024	30.42	—
September 30, 2023	30.80	—

(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	%
September 30, 2024	22,642	17,305	76.4
December 31, 2023	23,518	17,217	73.2

(Reference) Equity: As of September 30, 2024: ¥17,305 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
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2023	—	0.00	—	90.00	90.00
Fiscal year ending December 31, 2024	—	0.00	—		
Fiscal year ending December 31, 2024 (Forecast)				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.

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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: None

*Notes:

(1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: None
New: –
Excluded: –

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

As of September 30, 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 September 30, 2024: 7,423,728 shares

As of December 31, 2023: 6,000,984 shares

3) Average number of shares during the period:

Nine months ended September 30, 2024: 159,711,655 shares

Nine months ended September 30, 2023: 159,857,380 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.

*Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certified public accountant or an audit firm: Yes (voluntary)

*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.

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended September 30, 2024, according to the Bank of Japan's Tankan Survey released in September, the Japanese economy saw largely unchanged diffusion indices (DIs) of business conditions for large companies in both the manufacturing and non-manufacturing industries compared to the previous survey. As for the future outlook, the DI for large companies in the manufacturing industry remained almost unchanged, while many large non-manufacturers expected business conditions to worsen amid concerns about weakening consumer sentiment due to higher prices and declining inbound demand due to the yen's appreciation, as well as increasing human resource shortages.

Under these circumstances, in the Domestic Recruitment Business, which accounts for about 90% of the Company's consolidated net sales, Japanese companies were still highly motivated to hire employees, with the jobs-to-applicants ratio showing no significant change recently, thanks partly to the government's labor mobility measures and promotion of human capital management. The mobility of job seekers, which had been declining before the pay increases in April, has improved, and the mobility of middle- and high-class human resources, the core target of our business, remains robust.

Given the market environment described above, the Domestic Recruitment Business has improved its year-on-year sales growth rate. Toward the end of the year, we strive to further increase sales for the current fiscal year by maximizing the number of recruitment interviews arranged by our Group, while prioritizing the quality and quantity of face-to-face communication with our client companies and registered job seekers. Meanwhile, we focus on hiring consultants as an investment for the future. We increased the number of consultants more than planned at the beginning of the period, with a lower turnover rate achieved through retention measures, including the diversification of career paths. Going forward, we will work to expand training programs to further improve productivity.

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. We also promote Global Account Management through coordination between the Company and its subsidiaries in each country to increase our share of the recruitment market for Japanese companies operating overseas.

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 on cross-selling through collaboration with our Domestic Recruitment Business.

With regard to selling, general and administrative expenses, personnel expenses are increasing as we are hiring consultants as an investment for the future as planned at the beginning of the period. However, we continue to promote company-wide cost-control measures focusing on advertising expenses and internal IT costs to achieve the financial results forecast for the current fiscal year disclosed to the public.

As a result, for the nine months ended September 30, 2024, net sales reached ¥29,502 million (up 11.3% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥26,358 million (up 12.5% year on year), ¥290 million (up 19.6% year on year), and ¥2,853 million (up 1.1% year on year), respectively.

In terms of profit, operating income was ¥7,240 million (up 6.1% year on year), ordinary income was ¥7,249 million (up 6.2% year on year), and profit attributable to owners of parent was ¥4,858 million (down 1.3% year on year). By segment, the Domestic Recruitment Business posted ¥7,145 million in profit (up 6.5% year on year), the Domestic Job Offer Advertising Business posted ¥32 million in profit (up 33.3% year on year), and the Overseas Business posted a loss of ¥11 million (a profit of ¥87 million in the same period of the previous fiscal year).

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The following is the sales performance by segment for the nine months ended September 30, 2024:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	26,358	112.5
Domestic Job Offer Advertising Business	290	119.6
Overseas Business	2,853	101.1
Total	29,502	111.3

(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	9,758	116.5
Consumer goods, services	5,916	124.1
Medical, healthcare	3,985	107.0
IT, telecom	3,443	102.1
Consulting	1,789	94.1
Financial services	1,441	118.0
Other	24	37.5
Domestic Recruitment Business Total	26,358	112.5
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	290	119.6
3. Overseas Business		
Overseas Business Total	2,853	101.1
Total	29,502	111.3

(Note) Intersegment transactions were eliminated.

(2) Explanation of Financial Position

Total assets at the end of the third quarter ended September 30, 2024 decreased by ¥875 million from the end of the previous fiscal year to ¥22,642 million. Cash and deposits decreased by ¥2,221 million as a result of dividend payments and purchase of treasury shares and deferred tax assets decreased by ¥240 million, although accounts receivable - trade increased by ¥1,531 million.

Liabilities decreased by ¥964 million from the end of the previous fiscal year to ¥5,336 million. Accrued expenses decreased by ¥1,842 million and income taxes payable decreased by ¥237 million, although provision for bonuses increased by ¥1,122 million.

Net assets increased by ¥88 million from the end of the previous fiscal year to ¥17,305 million, and the equity ratio came out to be 76.4%. The Company paid dividends of surplus totaling ¥3,635 million and increased treasury shares by ¥1,230 million, but posted profit attributable to owners of parent of ¥4,858 million.

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

Regarding the Group's consolidated financial results for the fiscal year ending December 31, 2024, there is no change from the consolidated financial results forecast released on August 9, 2024.

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2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,767	14,545
Accounts receivable - trade	1,928	3,459
Supplies	0	1
Prepaid expenses	384	599
Other	314	151
Allowance for doubtful accounts	(24)	(16)
Total current assets	19,370	18,741
Non-current assets		
Property, plant and equipment		
Buildings	526	546
Accumulated depreciation	(237)	(269)
Buildings, net	289	276
Machinery and equipment	66	85
Accumulated depreciation	(45)	(52)
Machinery and equipment, net	21	32
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	419	457
Accumulated depreciation	(275)	(311)
Tools, furniture and fixtures, net	144	146
Leased assets	4	4
Accumulated depreciation	(2)	(3)
Leased assets, net	1	0
Construction in progress	-	0
Other	436	385
Accumulated depreciation	(104)	(103)
Other, net	331	282
Total property, plant and equipment	788	739
Intangible assets		
Goodwill	721	641
Software	550	492
Software in progress	154	216
Total intangible assets	1,426	1,351
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	928	1,057
Claims provable in bankruptcy, claims provable in rehabilitation and other	10	10
Long-term prepaid expenses	24	19
Deferred tax assets	980	740
Long-term accounts receivable - other	1	0
Allowance for doubtful accounts	(12)	(17)
Total investments and other assets	1,933	1,810
Total non-current assets	4,147	3,900
Total assets	23,518	22,642

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(Million yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	504	471
Accrued expenses	2,760	917
Income taxes payable	1,318	1,081
Accrued consumption taxes	688	734
Deposits received	297	279
Unearned revenue	36	45
Provision for bonuses	-	1,122
Provision for bonuses for directors (and other officers)	-	4
Provision for stocks payment	204	172
Refund liabilities	59	74
Other	181	215
Total current liabilities	6,052	5,119
Non-current liabilities		
Lease obligations	0	-
Deferred tax liabilities	2	4
Other	245	212
Total non-current liabilities	248	217
Total liabilities	6,301	5,336
Net assets		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,516	1,540
Retained earnings	17,722	18,945
Treasury shares	(2,980)	(4,210)
Total shareholders' equity	16,930	16,947
Accumulated other comprehensive income		
Foreign currency translation adjustment	286	358
Total accumulated other comprehensive income	286	358
Total net assets	17,217	17,305
Total liabilities and net assets	23,518	22,642

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

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Net sales	26,495	29,502
Cost of sales	2,005	2,194
Gross profit	24,489	27,307
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	535	503
Salaries and allowances	8,962	9,988
Legal welfare expenses	1,310	1,552
Retirement benefit expenses	347	373
Provision for bonuses	954	1,122
Provision for bonuses for directors (and other officers)	13	4
Provision for share awards	158	169
Provision of allowance for doubtful accounts	25	6
Rent expenses on land and buildings	964	1,052
Depreciation	395	396
Amortization of goodwill	88	92
Advertising expenses	1,214	1,444
Other	2,694	3,359
Total selling, general and administrative expenses	17,665	20,067
Operating income	6,823	7,240
Non-operating income		
Interest income	7	6
Gain on cancellation of leases	17	–
Reversal of allowance for doubtful accounts	–	11
Other	11	15
Total non-operating income	35	33
Non-operating expenses		
Interest expenses	17	16
Foreign exchange losses	1	6
Loss on cancellation of rental contracts	13	–
Other	1	1
Total non-operating expenses	34	24
Ordinary income	6,824	7,249
Extraordinary losses		
Loss on retirement of non-current assets	1	6
Impairment losses	–	76
Total extraordinary losses	1	82
Profit before income taxes	6,823	7,166
Income taxes - current	1,506	2,067
Income taxes - deferred	394	240
Total income taxes	1,900	2,308
Profit	4,922	4,858
Profit attributable to owners of parent	4,922	4,858

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Quarterly Consolidated Statements of Comprehensive Income
Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	4,922	4,858
Other comprehensive income		
Foreign currency translation adjustment	160	71
Total other comprehensive income	160	71
Comprehensive income	5,083	4,929
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,083	4,929
Comprehensive income attributable to non-controlling interests	—	—

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(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

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

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

For the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

In accordance with the resolution of the Board of Directors meeting held on August 9, 2024, the Company purchased 2,000,000 treasury shares. As a result, treasury shares increased by ¥1,485 million during the nine months ended September 30, 2024, standing at ¥4,210 million as of the end of the period.

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

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

(Notes on statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the nine months ended September 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended September 30 are as follows.

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Depreciation	¥395 million	¥396 million
Amortization of goodwill	¥88 million	¥92 million

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(Segment information, etc.)

[Segment information]

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

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	23,000	164	2,041	25,206	–	25,206
Goods transferred over time	429	78	780	1,288	–	1,288
Revenue from contracts with customers	23,430	242	2,822	26,495	–	26,495
Net sales to outside customers	23,430	242	2,822	26,495	–	26,495
Intersegment net sales or transfers	13	19	12	45	(45)	–
Total	23,443	261	2,835	26,540	(45)	26,495
Segment profit	6,711	24	87	6,823	–	6,823

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

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

For the nine months ended September 30, 2024 (from January 1, 2024 to September 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	25,783	227	1,927	27,938	–	27,938
Goods transferred over time	575	62	925	1,563	–	1,563
Revenue from contracts with customers	26,358	290	2,853	29,502	–	29,502
Net sales to outside customers	26,358	290	2,853	29,502	–	29,502
Intersegment net sales or transfers	48	12	22	83	(83)	–
Total	26,407	302	2,876	29,585	(83)	29,502
Segment profit (loss)	7,145	32	(11)	7,166	–	7,166

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

2. The figures for the Domestic Recruitment Business reportable segment and the Overseas Business reportable segment include amortization of goodwill of ¥55 million and ¥36 million, respectively.

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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 nine months ended September 30, 2024.