

Consolidated Financial Results
for the Three Months Ended March 31, 2024
[Japanese GAAP]



May 15, 2024

Company name: JAC Recruitment Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2124
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 Scheduled date of filing quarterly securities report: May 15, 2024
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Available

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2024 (January 1, 2024 to March 31, 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	%
Three months ended March 31, 2024	9,547	9.2	2,212	2.6	2,218	2.2	1,501	1.1
March 31, 2023	8,746	17.1	2,156	(6.7)	2,170	(6.4)	1,485	(9.3)

(Note) Comprehensive income: Three months ended March 31, 2024: ¥1,565 million [2.7%]
 Three months ended March 31, 2023: ¥1,524 million [(10.9)%]

	Earnings Per Share	Diluted Earnings Per Share
	yen	yen
Three months ended March 31, 2024	9.41	—
March 31, 2023	9.25	—

(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	%
March 31, 2024	20,726	15,349	74.1
December 31, 2023	23,518	17,217	73.2

(Reference) Equity: As of March 31, 2024: ¥15,349 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	—	—	—	—	—
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
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

(Note) Revision to the financial results forecast announced most recently: None

*Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: –

Excluded: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

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

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

As of March 31, 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 March 31, 2024: 5,525,256 shares

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

3) Average number of shares during the period:

Three months ended March 31, 2024: 159,599,043 shares

Three months ended March 31, 2023: 160,522,855 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 quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit firm.

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

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

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

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended March 31, 2024, according to the Bank of Japan's Tankan Survey released in March, the Japanese economy saw eight consecutive quarters of improvement in the diffusion index (DI) of business conditions for large companies in the non-manufacturing industry on the back of robust inbound demand and other factors. However, the DI deteriorated for the first time in four quarters for those in the manufacturing industry due to quality irregularities at certain automobile manufacturers, resulting in mixed business sentiments. As for the future outlook, the DI deteriorated for large companies in both the manufacturing industry and the non-manufacturing industry amid concerns about increasing human resource shortages and declining demand associated with high prices.

Under these circumstances, in the Domestic Recruitment Business, which accounts for about 90% of the Company's consolidated net sales, Japanese companies remained highly motivated to hire employees, and the job change market continued to grow steadily thanks to government policy measures and the promotion of human capital management, even though the reactionary demand that had occurred immediately after the end of the COVID-19 pandemic had already run its course. The jobs-to-applicants ratio fell somewhat, but remained robust during the period under review. With respect to human resources, however, the government's call for higher wages and other factors have led to improvements in employee compensation, particularly among large companies, and the mobility of human resources stagnated in the job change market. As a result, net sales in the period under review were lower than planned at the beginning of the period. Going forward, we will optimize focal job offers based on the market environment described above. Specifically, we will further strengthen the systematic management of major client companies, on which we have been focusing since the previous year, as the "Account Management 2.0." We will also focus on the priority markets for 2024, including the local market with high growth potential and the executive market with high profitability, to maximize the business synergies of the Group. In addition, we have been adding consultant staff as planned at the beginning of the period, which is vital to the growth of this Business. We are making efforts to improve employee satisfaction and prevent employee turnover by training them in an agile manner using the JAC Standard, an introductory training program we developed on our own, while enhancing career programs within the Group.

Regarding the Overseas Business, the market conditions remain difficult, especially in Asia, but we aim to achieve regrowth and improve profitability by strengthening our services for Japanese companies in Europe and the United States, where hiring needs are high, while aiming to open new offices at the same time.

As for the Domestic Job Offer Advertising Business, we will increase contact points with Japanese companies, in addition to foreign companies, while focusing on sales efforts for direct recruiting by client companies, in order to expand sales.

Selling, general and administrative expenses, on the whole, have been in line with what was planned at the beginning of the period, even though we resumed active advertising, including television commercials, at the beginning of the year. Going forward, we will continue to make efforts to further improve profitability by strengthening our database and promoting business process reengineering (BPR) for our operational process.

As a result, for the three months ended March 31, 2024, net sales reached ¥9,547 million (up 9.2% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥8,512 million (up 9.7% year on year), ¥89 million (up 22.0% year on year), and ¥946 million (up 3.2% year on year), respectively.

In terms of profit, operating income was ¥2,212 million (up 2.6% year on year), ordinary income was ¥2,218 million (up 2.2% year on year), and profit attributable to owners of parent was ¥1,501 million (up 1.1% year on year). By segment, the Domestic Recruitment Business posted ¥2,176 million in profit (up 0.7% year on year), the Domestic Job Offer Advertising Business posted ¥8 million in profit (a loss of ¥9 million in the same period of the previous fiscal year), and the Overseas Business posted ¥28 million in profit (up 62.7% year on year).

The following is the sales performance by segment for the three months ended March 31, 2024:

Segment	Net sales (Million yen)	Year-on-year comparison (%)
Domestic Recruitment Business	8,512	109.7
Domestic Job Offer Advertising Business	89	122.0
Overseas Business	946	103.2
Total	9,547	109.2

(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	3,298	119.9
Consumer goods, services	1,811	117.0
Medical, healthcare	1,218	98.1
IT, telecom	1,042	95.7
Consulting	667	88.4
Financial services	449	133.6
Other	24	68.4
Domestic Recruitment Business Total	8,512	109.7
2. Domestic Job Offer Advertising Business		
Domestic Job Offer Advertising Business Total	89	122.0
3. Overseas Business		
Overseas Business Total	946	103.2
Total	9,547	109.2

(Note) Intersegment transactions were eliminated.

(2) Explanation of Financial Position

Total assets at the end of the first quarter ended March 31, 2024 decreased by ¥2,792 million from the end of the previous fiscal year to ¥20,726 million. Cash and deposits decreased by ¥3,298 million as a result of dividend payments, etc. and deferred tax assets decreased by ¥387 million, although accounts receivable - trade increased by ¥691 million.

Liabilities decreased by ¥924 million from the end of the previous fiscal year to ¥5,376 million. Accrued expenses decreased by ¥1,708 million and income taxes payable decreased by ¥867 million, although provision for bonuses increased by ¥1,019 million.

Net assets decreased by ¥1,868 million from the end of the previous fiscal year to ¥15,349 million, and the equity ratio came out to be 74.1%. The Company posted profit attributable to owners of parent of ¥1,501 million, but paid dividends of surplus totaling ¥3,635 million.

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

Regarding the consolidated financial results forecast for the six months ending June 30, 2024, and the fiscal year ending December 31, 2024, there is no change from the consolidated financial results forecast released on February 14, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	16,767	13,468
Accounts receivable - trade	1,928	2,619
Supplies	0	1
Prepaid expenses	384	636
Other	314	132
Allowance for doubtful accounts	(24)	(17)
Total current assets	19,370	16,839
Non-current assets		
Property, plant and equipment		
Buildings	526	543
Accumulated depreciation	(237)	(251)
Buildings, net	289	292
Machinery and equipment	66	66
Accumulated depreciation	(45)	(47)
Machinery and equipment, net	21	19
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	-	-
Tools, furniture and fixtures	419	435
Accumulated depreciation	(275)	(286)
Tools, furniture and fixtures, net	144	149
Leased assets	4	4
Accumulated depreciation	(2)	(3)
Leased assets, net	1	1
Other	436	481
Accumulated depreciation	(104)	(83)
Other, net	331	398
Total property, plant and equipment	788	860
Intangible assets		
Goodwill	721	704
Software	550	517
Software in progress	154	150
Total intangible assets	1,426	1,372
Investments and other assets		
Investment securities	0	0
Investments in capital	0	0
Lease and guarantee deposits	928	1,036
Claims provable in bankruptcy, claims provable in rehabilitation and other	10	10
Long-term prepaid expenses	24	22
Deferred tax assets	980	593
Long-term accounts receivable - other	1	1
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	1,933	1,652
Total non-current assets	4,147	3,886
Total assets	23,518	20,726

(Million yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Lease obligations	0	0
Accounts payable - other	504	676
Accrued expenses	2,760	1,051
Income taxes payable	1,318	450
Accrued consumption taxes	688	676
Deposits received	297	816
Unearned revenue	36	67
Provision for bonuses	–	1,019
Provision for bonuses for directors (and other officers)	–	4
Provision for stocks payment	204	61
Refund liabilities	59	70
Other	181	211
Total current liabilities	6,052	5,108
Non-current liabilities		
Lease obligations	0	0
Deferred tax liabilities	2	2
Other	245	265
Total non-current liabilities	248	268
Total liabilities	6,301	5,376
Net assets		
Shareholders' equity		
Capital stock	672	672
Capital surplus	1,516	1,516
Retained earnings	17,722	15,588
Treasury shares	(2,980)	(2,778)
Total shareholders' equity	16,930	14,998
Accumulated other comprehensive income		
Foreign currency translation adjustment	286	350
Total accumulated other comprehensive income	286	350
Total net assets	17,217	15,349
Total liabilities and net assets	23,518	20,726

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Net sales	8,746	9,547
Cost of sales	676	731
Gross profit	8,069	8,815
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	177	172
Salaries and allowances	2,251	2,501
Legal welfare expenses	403	477
Retirement benefit expenses	122	124
Provision for bonuses	971	1,019
Provision for bonuses for directors (and other officers)	7	4
Provision for share awards	52	58
Provision of allowance for doubtful accounts	6	–
Rent expenses on land and buildings	318	338
Depreciation	124	145
Amortization of goodwill	29	30
Advertising expenses	558	562
Other	890	1,167
Total selling, general and administrative expenses	5,913	6,603
Operating income	2,156	2,212
Non-operating income		
Interest income	2	2
Reversal of allowance for doubtful accounts	–	8
Gain on cancellation of leases	16	–
Other	4	4
Total non-operating income	23	15
Non-operating expenses		
Interest expenses	6	5
Foreign exchange losses	4	3
Other	0	0
Total non-operating expenses	10	9
Ordinary income	2,170	2,218
Extraordinary losses		
Loss on retirement of non-current assets	0	5
Total extraordinary losses	0	5
Profit before income taxes	2,169	2,213
Income taxes - current	221	326
Income taxes - deferred	462	385
Total income taxes	684	711
Profit	1,485	1,501
Profit attributable to owners of parent	1,485	1,501

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Profit	1,485	1,501
Other comprehensive income		
Foreign currency translation adjustment	38	63
Total other comprehensive income	38	63
Comprehensive income	1,524	1,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,524	1,565
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(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 first quarter ended March 31, 2024, and by multiplying the profit before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment information]

For the three months ended March 31, 2023 (from January 1, 2023 to March 31, 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	7,610	43	668	8,322	–	8,322
Goods transferred over time	146	29	247	424	–	424
Revenue from contracts with customers	7,756	73	916	8,746	–	8,746
Net sales to outside customers	7,756	73	916	8,746	–	8,746
Intersegment net sales or transfers	–	4	5	9	(9)	–
Total	7,756	77	922	8,756	(9)	8,746
Segment profit (loss)	2,161	(9)	17	2,169	–	2,169

(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 ¥18 million and ¥10 million, respectively.

For the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

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	8,331	62	644	9,039	–	9,039
Goods transferred over time	180	25	301	508	–	508
Revenue from contracts with customers	8,512	89	946	9,547	–	9,547
Net sales to outside customers	8,512	89	946	9,547	–	9,547
Intersegment net sales or transfers	17	3	4	25	(25)	–
Total	8,529	92	950	9,573	(25)	9,547
Segment profit	2,176	8	28	2,213	–	2,213

(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 ¥18 million and ¥11 million, respectively.