

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2021
[Japanese GAAP]



February 15, 2022

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 24, 2022
 Scheduled date of commencing dividend payments: March 25, 2022
 Scheduled date of filing securities report: March 24, 2022
 Availability of supplementary briefing material on annual financial results: Available
 Scheduling of financial results briefing: Scheduled (For institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021 | 24,852 | 15.0 | 5,822 | 13.3 | 5,813 | 11.9 | 3,882 | 111.6 |
| December 31, 2020 | 21,614 | (10.6) | 5,138 | (15.6) | 5,196 | (14.7) | 1,834 | (57.9) |

(Note) Comprehensive income: Fiscal year ended December 31, 2021: ¥3,991 million [133.7%]
 Fiscal year ended December 31, 2020: ¥1,707 million [(61.0)%]

| | 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, 2021 | 96.02 | 96.01 | 28.1 | 31.0 | 23.4 |
| December 31, 2020 | 44.73 | 44.71 | 12.2 | 26.8 | 23.8 |

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

Fiscal year ended December 31, 2021: ¥ - million

Fiscal year ended December 31, 2020: ¥ - million

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets Per Share |
|-------------------|--------------|-------------|--------------|----------------------|
| As of | million yen | million yen | % | yen |
| December 31, 2021 | 18,935 | 13,365 | 70.6 | 331.13 |
| December 31, 2020 | 18,623 | 14,326 | 76.4 | 346.76 |

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

As of December 31, 2020: ¥ 14,221 million

(3) Status of Consolidated Cash Flows

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at End of Period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | million yen | million yen | million yen | million yen |
| December 31, 2021 | 5,086 | (436) | (5,400) | 12,927 |
| December 31, 2020 | 4,532 | 1,312 | (3,617) | 13,584 |

2. Dividends

| | Annual Dividends | | | | | Total Dividend Amount (Annual) | Dividend Payout Ratio (Consolidated) | Net Assets-to-Dividends Ratio (Consolidated) |
|---|------------------|-----------------|-----------------|--------------|--------------|--------------------------------|--------------------------------------|--|
| | 1st Quarter-end | 2nd Quarter-end | 3rd Quarter-end | Year-end | Total | | | |
| Fiscal year ended December 31, 2020 | yen - | yen 0.00 | yen - | yen 80.00 | yen 80.00 | million yen 3,303 | % 180.0 | % 21.6 |
| Fiscal year ended December 31, 2021 | - | 0.00 | - | 73.00 | 73.00 | 2,990 | 76.8 | 20.8 |
| Fiscal year ending December 31, 2022 (Forecast) | - | 0.00 | - | 75.00 | 75.00 | | 74.1 | |

(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, 2020: ¥22 million, Fiscal year ended December 31, 2021: ¥43 million)

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

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

(% 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) | 14,107 | 18.0 | 3,072 | (6.9) | 3,068 | (6.9) | 2,056 | (6.6) | 51.06 |
| Full year | 28,556 | 14.9 | 6,199 | 6.5 | 6,185 | 6.4 | 4,138 | 6.6 | 102.76 |

*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, 2021: 41,389,300 shares
As of December 31, 2020: 41,292,000 shares
 - 2) Total number of treasury shares at the end of the period:
As of December 31, 2021: 1,024,738 shares
As of December 31, 2020: 280,185 shares
 - 3) Average number of shares during the period:
Fiscal year ended December 31, 2021: 40,429,828 shares
Fiscal year ended December 31, 2020: 41,017,802 shares

(Note)

*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.

The Company has scheduled a briefing session for institutional investors and analysts on Thursday, February 24, 2022.

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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, 2021, as waves of COVID-19 repeatedly resurged and declined, the state of the Japanese economy was such that the Monthly Economic Report and the Bank of Japan's Tankan Survey released in December indicated confusion over the strength of business sentiment. Nevertheless, under these circumstances, the jobs-to-applicants ratio continued to be robust, with the result that the Domestic Recruitment Business, the Group's core operations, remained solid during the fiscal year under review and propelled significant growth of the Group's overall earnings.

In the Domestic Recruitment Business, demand for workers had remained strong since the beginning of the fiscal year with the exception of certain industries. During the fiscal year ended December 31, 2021, net sales were higher than fiscal 2019, when there were no effects of COVID-19.

In this context of market recovery, since the beginning of the current fiscal year, we have been making efforts with a focus on improving the quality of our services and strengthening hiring with the aim of maximizing job offering and recruitment by increasing contact with customers, which had diminished due to COVID-19, as we sought to achieve recovery in earnings. We focused on remote interviews using web tools instead of telephone interviews with job seekers and largely improved both the quality and quantity of interviews as a result. In addition, we thoroughly strengthened our account-management efforts and significantly increased the number of cases in which multiple contracts were concluded with 69 client companies.

In line with the market recovery, we also were able to expand our hiring of consultants. As a result, the number of new hires in the fiscal second half significantly exceeded the number for the fiscal first half.

On the other hand, in conjunction with the market recovery, in the fourth quarter of the current fiscal year, we tried new efforts to recruit job seekers, such as posting video content on the internet and social media to further enhance our name recognition. However, we decided to use TV and other mass advertising media in the fiscal year ending December 31, 2022.

Regarding the Overseas Business, our business structure is improving as exemplified by the fact that we improved productivity and increased the unit price of contracts in Singapore, where we pursued an initiative to strengthen our system. However, in the fiscal second half, although Europe and South Korea remained strong, the resurgence of COVID-19 cases impacted other regions. As a result, we were unable to offset the deficit of the fiscal first half and ended the full year with a slight deficit.

As for the Domestic Job Offer Advertising Business, there were some signs of recovery in the number of job postings, which had remained low because of COVID-19. While we continue to face difficult situations with regard to the balance of accounts, net sales are gradually increasing due to sales methods revolving around success-based fees on which we have focused since the previous fiscal year, and we are on the path toward shrinking the deficit.

As a result, for the fiscal year ended December 31, 2021, net sales reached ¥24,852 million (up 15.0% year on year). By segment, the Domestic Recruitment Business, the Domestic Job Offer Advertising Business, and the Overseas Business had net sales of ¥22,273 million (up 14.8% year on year), ¥246 million (up 7.9% year on year), and ¥2,332 million (up 17.1% year on year), respectively.

In terms of profit, operating income was ¥5,822 million (up 13.3% year on year), ordinary income was ¥5,813 million (up 11.9% year on year), and profit attributable to owners of parent was ¥3,882 million (up 111.6% year on year). By segment, the Domestic Recruitment Business posted ¥5,859 million in profit (up 8.0% year on year). The Domestic Job Offer Advertising Business posted ¥73 million in loss (compared with a loss of ¥70 million a year earlier) while the Overseas Business posted ¥9 million in loss (compared with a loss of ¥1,759 million a year earlier).

1) Analysis of net sales

Net sales in the Domestic Recruitment Business increased by 14.8% year on year to ¥22,273 million, due to improved productivity of consultants owing to the business recovery from the beginning of the fiscal year.

Net sales in the Domestic Job Offer Advertising Business increased by 7.9% year on year to ¥246 million,

due to successfully shifting from prepayment to success-based fees.

Net sales in the Overseas Business increased by 17.1% year on year to ¥2,332 million, due to improved productivity mainly in Singapore and Europe offset by the resurgence of COVID-19 mainly in Asia from the third quarter.

As a result, net sales for the fiscal year ended December 31, 2021 increased by 15.0% year on year to ¥24,852 million.

2) Analysis of operating income

Due to the increase in net sales in the Domestic Recruitment Business and others, gross income for the fiscal year ended December 31, 2021 increased by 14.5% year on year to ¥23,004 million, and the gross income margin was 92.6%.

Selling, general and administrative expenses increased by 15% year on year to ¥17,182 million, due to an increase in personnel expenses owing to strong performance, as well as strategic investment in advertising.

As a result, operating income for the fiscal year ended December 31, 2021 increased by 13.3% year on year to ¥5,822 million, and the operating income margin decreased by 0.4 points year on year to 23.4%.

3) Analysis of non-operating income and loss

Non-operating income for the fiscal year ended December 31, 2021 decreased by 82.3% year on year to ¥15 million, due to the posting of items such as interest income and rental income from facilities. Non-operating expenses decreased by 11.9% year on year to ¥23 million, due to the posting of items such as interest expenses and foreign exchange losses.

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

Profit before income taxes for the fiscal year ended December 31, 2021 increased by 60.8% year on year to ¥5,776 million, due to the posting of extraordinary losses such as impairment loss. Total of income taxes - current and income taxes - deferred increased by 7.7% year on year to ¥1,894 million.

As a result, profit attributable to owners of parent for the fiscal year ended December 31, 2021 increased by 111.6% year on year to ¥3,882 million.

The following is the sales performance by segment for the fiscal year ended December 31, 2021:

| Segment | Net sales (Million yen) | Year-on-year comparison (%) |
|---|-------------------------|-----------------------------|
| Domestic Recruitment Business | 22,273 | 114.8 |
| Domestic Job Offer Advertising Business | 246 | 107.9 |
| Overseas Business | 2,332 | 117.1 |
| Total | 24,852 | 115.0 |

(Notes) 1. Intersegment transactions have been eliminated.

2. The above figures do not include the consumption tax, etc.

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 | 7,122 | 110.2 |
| Consumer goods, services | 4,698 | 110.0 |
| Medical, healthcare | 4,140 | 117.5 |
| IT, telecom | 3,691 | 121.5 |
| Financial services | 2,448 | 123.3 |
| Other | 170 | 150.6 |
| Domestic Recruitment Business Total | 22,273 | 114.8 |
| 2. Domestic Job Offer Advertising Business | | |
| Domestic Job Offer Advertising Business Total | 246 | 107.9 |
| 3. Overseas Business | | |
| Overseas Business Total | 2,332 | 117.1 |
| Total | 24,852 | 115.0 |

(Notes) 1. Intersegment transactions have been eliminated.

2. The above figures do not include the consumption tax, etc.

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

Total assets at the end of the fiscal year ended December 31, 2021 increased by ¥311 million from the end of the previous fiscal year to ¥18,935 million. Cash and deposits decreased by ¥651 million as a result of dividend payments, the purchase of treasury shares, etc., but accounts receivable - trade increased by ¥659 million and deferred tax assets increased by ¥166 million.

Liabilities increased by ¥1,272 million from the end of the previous fiscal year to ¥5,569 million. Provision for stocks payment decreased by ¥268 million, but accrued expenses increased by ¥1,078 million and accounts receivable - other increased by ¥248 million.

Net assets decreased by ¥960 million from the end of the previous fiscal year to ¥13,365 million, and the equity ratio came out to be 70.6%. The Company posted profit attributable to owners of parent of ¥3,882 million, but paid dividends of surplus totaling ¥3,303 million and increased treasury shares by ¥1,541 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, 2021 decreased by ¥656 million from the end of the previous fiscal year to ¥12,927 million. The following is a summary of cash flow activities.

| | (Million yen) | | |
|---|--|--|---------|
| | Fiscal year ended December 31, 2020 | Fiscal year ended December 31, 2021 | Changes |
| Net cash provided by (used in) operating activities | 4,532 | 5,086 | 553 |
| Net cash provided by (used in) investing activities | 1,312 | (436) | (1,748) |
| Net cash provided by (used in) financing activities | (3,617) | (5,400) | (1,783) |
| Cash and cash equivalents at end of period | 13,584 | 12,927 | (656) |

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year ended December 31, 2021 was ¥5,086 million (compared with ¥4,532 million provided in the previous fiscal year). The main factors for this are profit before income taxes of ¥5,776 million and income taxes paid of ¥1,917 million.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year ended December 31, 2021 was ¥436 million (compared with ¥1,312 million provided in the previous fiscal year). The main factor for this is purchase of intangible assets of ¥288 million.

[Cash flows from financing activities]

Net cash used in financing activities for the fiscal year ended December 31, 2021 was ¥5,400 million (compared with ¥3,617 used in the previous fiscal year). The main factors for this are dividends paid of ¥3,299 and purchase of treasury shares of ¥2,904 million.

Reference: Trends in cash flow indicators

| | Fiscal year ended December 31, 2017 | Fiscal year ended December 31, 2018 | Fiscal year ended December 31, 2019 | Fiscal year ended December 31, 2020 | Fiscal year ended December 31, 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 78.2 | 74.0 | 78.3 | 76.4 | 70.6 |
| Equity ratio at fair value (%) | 584.2 | 406.3 | 395.2 | 416.6 | 444.2 |
| Cash flow vs. interest-bearing debt (%) | — | — | — | — | — |
| Interest coverage ratio | 89,405.5 | 28,220.2 | 280.4 | 240.5 | 302.1 |

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

Since the end of 2021, the omicron variant of COVID-19 has caused a spike in infections domestically and overseas. In Japan, quasi-state of emergency measures have been implemented in January 2022 over a wide area, including the Tokyo metropolitan area. However, as a result of coexisting with COVID-19 to now and continuously making policies to defeat COVID-19, the Company as a whole will share reforms, improvements, and growth primarily in the Domestic Recruitment Business and speedily work to expand our business in the future. Specifically, we plan to formulate a budget while focusing on increasing and retaining consultants, quickly training them to be productive workers, restructuring and enhancing the management system, and strengthening advertising to promote registration of job seekers.

Regarding the consolidated financial results forecast for the fiscal year ending December 31, 2022, the Company expects net sales of ¥28,556 million, operating income of ¥6,199 million, ordinary income of ¥6,185 million, and profit attributable to owners of parent of ¥4,138 million. Considering our internal reserves provided for corporate acquisitions, we also plan to pay a year-end dividend of ¥75 per share.

2. Management Policy

(1) Basic Management Policy

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

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

Every person we connect will connect to new people in new environments, leading to further personal growth. Connecting our ambitions leads to the development of individuals, companies, society, nations and the world.

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

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

(2) Target Management Benchmarks

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

(3) Medium- to Long-Term Business Strategy

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

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

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

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

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

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

(4) Issues to be Addressed

In the fiscal year ending December 31, 2022, the Domestic Recruitment Business will work to increase the number of consultants and strengthen education and management, with an eye toward expanding the business over the medium- to long-term. In order to significantly increase the number of consultants, in addition to the hiring system, education to quickly develop productive workers and reduce employee turnover, as well as education for management are essential. Management will work as one on these improvements. Finding job seekers is another important factor in expanding business, and as such, we are planning to launch large-scale advertising including TV commercials to raise recognition of our business. Therefore, our budget has increased significantly compared with the previous fiscal year.

Regarding the Overseas Business, in Southeast Asia where the main customers are Japanese manufacturers, it continues to be necessary to consider the impact of COVID-19 even in the fiscal year ending December 31, 2022. However, on the other hand, a recovery trend is underway in European countries, Singapore, and other places where the main customers are service companies. Therefore, we will quickly bounce back from the decline in the number of employees due to COVID-19 and strive to stabilize the business.

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

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

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

The Group began an initiative in fiscal 2008 called PPP Project “One Placement Creates One Plant to Save the Planet,” in which it plants one tree in designated areas of Indonesia and Malaysia for every person it places into a new job. This embodies our hope that as the seedling grows, the job changer will also grow in his or her new company and our that the idea of social contribution will sprout in as many people as possible. In order to convey the significance of this project to our employees, we provide opportunities for employees themselves to plant trees in the designated forests. Working together with local students helps to raise awareness among employees, and from the perspective of SDGs, these forestation activities also create jobs locally. (Due to COVID-19, employees were not sent to plant trees in the fiscal year ended December 31, 2021.)

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

As part of the D&I Project, in order to take the initiative in promoting active social participation by women, since 2007 we have implemented the Employee Childcare Support Project, which provides a fixed amount childcare allowance to employees. In the fiscal year ended December 31, 2021, we provided dual-income couples with up to ¥100,000/month (up to 9 months old) – ¥30,000/month (from the first to third year of primary school) per child. As a result, almost 100% of our female employees return to work after maternity leave, and the personal performance of working mothers in consultant positions after returning is comparable to the company-wide average. As a company, we have promoted and achieved a system that allows most consultants and staff members to balance work and childcare while continuing to build a career.

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

As part of our philosophy, our employees aim to take care of both body and mind and to be individuals

who can play a significant role in the growth of client companies and people. With management-level commitment, we have implemented various company-wide health promotion activities. In order to enhance the Healthy Challenge program, we have introduced a system to assist employees with sports club expenses, as well as other initiatives such as providing health-conscious meals in the office. We are also aiming for a 0% smoking rate Group-wide, and we provide medical expense support for this purpose. In fiscal 2021, for the fourth consecutive year, we were recognized under the Health & Productivity Management Recognition Program by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We will continue to actively work on SDGs company-wide.

3. Basic Policy on Selection of Accounting Standards

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

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

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

| | As of December 31, 2020 | As of December 31, 2021 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,584 | 12,932 |
| Accounts receivable - trade | 1,140 | 1,800 |
| Electronically recorded monetary claims - operating | - | 5 |
| Supplies | 1 | 7 |
| Prepaid expenses | 263 | 282 |
| Other | 99 | 227 |
| Allowance for doubtful accounts | (9) | (14) |
| Total current assets | 15,079 | 15,242 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 381 | 392 |
| Accumulated depreciation | (220) | (243) |
| Buildings, net | 160 | 149 |
| Machinery and equipment | 36 | 45 |
| Accumulated depreciation | (22) | (29) |
| Machinery and equipment, net | 13 | 15 |
| Vehicles | 0 | 0 |
| Accumulated depreciation | (0) | (0) |
| Vehicles, net | - | - |
| Tools, furniture and fixtures | 424 | 431 |
| Accumulated depreciation | (333) | (353) |
| Tools, furniture and fixtures, net | 91 | 78 |
| Leased assets | 10 | 4 |
| Accumulated depreciation | (6) | (1) |
| Leased assets, net | 3 | 2 |
| Construction in progress | 9 | 16 |
| Other | 370 | 439 |
| Accumulated depreciation | (237) | (282) |
| Other, net | 133 | 156 |
| Total property, plant and equipment | 412 | 418 |
| Intangible assets | | |
| Goodwill | 990 | 887 |
| Software | 677 | 638 |
| Software in progress | 74 | 91 |
| Total intangible assets | 1,741 | 1,617 |
| Investments and other assets | | |
| Investment securities | 0 | 0 |
| Investments in capital | 0 | 0 |
| Lease and guarantee deposits | 718 | 811 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 2 | 13 |
| Long-term prepaid expenses | 2 | 9 |
| Deferred tax assets | 669 | 836 |
| Long-term accounts receivable - other | 12 | 1 |
| Allowance for doubtful accounts | (15) | (15) |
| Total investments and other assets | 1,390 | 1,657 |
| Total non-current assets | 3,544 | 3,693 |
| Total assets | 18,623 | 18,935 |

(Million yen)

| | As of December 31, 2020 | As of December 31, 2021 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Lease obligations | 0 | 0 |
| Accounts payable - other | 379 | 628 |
| Accrued expenses | 1,496 | 2,575 |
| Income taxes payable | 1,158 | 1,319 |
| Accrued consumption taxes | 430 | 492 |
| Deposits received | 154 | 169 |
| Unearned revenue | 39 | 51 |
| Provision for stocks payment | 268 | – |
| Provision for contract cancellation | 55 | 51 |
| Other | 144 | 134 |
| Total current liabilities | 4,129 | 5,424 |
| Non-current liabilities | | |
| Lease obligations | 3 | 2 |
| Other | 164 | 142 |
| Total non-current liabilities | 167 | 145 |
| Total liabilities | 4,297 | 5,569 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 619 | 672 |
| Capital surplus | 1,569 | 1,515 |
| Retained earnings | 12,403 | 12,982 |
| Treasury shares | (288) | (1,829) |
| Total shareholders' equity | 14,304 | 13,340 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | (83) | 25 |
| Total accumulated other comprehensive income | (83) | 25 |
| Subscription rights to shares | 105 | – |
| Total net assets | 14,326 | 13,365 |
| Total liabilities and net assets | 18,623 | 18,935 |

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

(Million yen)

| | For the fiscal year ended December 31, 2020 | For the fiscal year ended December 31, 2021 |
|--|--|--|
| Net sales | 21,614 | 24,852 |
| Cost of sales | 1,529 | 1,848 |
| Gross profit | 20,084 | 23,004 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 674 | 732 |
| Salaries and allowances | 8,368 | 9,882 |
| Legal welfare expenses | 1,161 | 1,322 |
| Retirement benefit expenses | 271 | 296 |
| Provision for share awards | 152 | – |
| Provision of allowance for doubtful accounts | – | 6 |
| Rent expenses on land and buildings | 1,037 | 1,065 |
| Depreciation | 425 | 402 |
| Amortization of goodwill | 183 | 111 |
| Advertising expenses | 780 | 1,054 |
| Other | 1,889 | 2,308 |
| Total selling, general and administrative expenses | 14,945 | 17,182 |
| Operating income | 5,138 | 5,822 |
| Non-operating income | | |
| Interest income | 6 | 4 |
| Rental income from facilities | 2 | 2 |
| Refund income | – | 2 |
| Gain on forfeiture of unclaimed dividends | 1 | 1 |
| Subsidy income | 38 | – |
| Other | 36 | 4 |
| Total non-operating income | 85 | 15 |
| Non-operating expenses | | |
| Interest expenses | 18 | 16 |
| Foreign exchange losses | 3 | 5 |
| Other | 5 | 2 |
| Total non-operating expenses | 27 | 23 |
| Ordinary income | 5,196 | 5,813 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 3 | 3 |
| Impairment loss | 1,580 | 32 |
| Amortization of goodwill | 13 | – |
| Loss on closing of branches | 6 | – |
| Total extraordinary losses | 1,603 | 36 |
| Profit before income taxes | 3,593 | 5,776 |
| Income taxes - current | 1,735 | 2,056 |
| Income taxes - deferred | 22 | (162) |
| Total income taxes | 1,758 | 1,894 |
| Profit | 1,834 | 3,882 |
| Profit attributable to owners of parent | 1,834 | 3,882 |

Consolidated Statements of Comprehensive Income

(Million yen)

| | For the fiscal year ended December 31, 2020 | For the fiscal year ended December 31, 2021 |
|--|--|--|
| Profit | 1,834 | 3,882 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (4) | – |
| Foreign currency translation adjustment | (122) | 108 |
| Total other comprehensive income | (126) | 108 |
| Comprehensive income | 1,707 | 3,991 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,707 | 3,991 |
| Comprehensive income attributable to non-controlling interests | – | – |

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 619 | 1,569 | 13,872 | (369) | 15,691 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (3,303) | | 3,303 |
| Profit attributable to owners of parent | | | 1,834 | | 1,834 |
| Purchase of treasury shares | | | | (130) | (130) |
| Disposal of treasury shares | | | | 212 | 212 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes of items during period | – | – | (1,468) | 81 | (1,387) |
| Balance at end of period | 619 | 1,569 | 12,403 | (288) | 14,304 |

| | Accumulated other comprehensive income | | | Subscription rights to shares | Total net assets |
|--|---|---|--|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 4 | 39 | 43 | 105 | 15,840 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | | | (3,303) |
| Profit attributable to owners of parent | | | | | 1,834 |
| Purchase of treasury shares | | | | | (130) |
| Disposal of treasury shares | | | | | 212 |
| Net changes in items other than shareholders' equity | (4) | (122) | (126) | | (126) |
| Total changes of items during period | (4) | (122) | (126) | – | (1,513) |
| Balance at end of period | – | (83) | (83) | 105 | 14,326 |

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

(Million yen)

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

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

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended December 31, 2020 | For the fiscal year ended December 31, 2021 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,593 | 5,776 |
| Depreciation | 425 | 402 |
| Amortization of goodwill | 196 | 111 |
| Increase (decrease) in allowance for doubtful accounts | (17) | 4 |
| Increase (decrease) in provision for stocks payment | 264 | (5) |
| Increase (decrease) in provision for contract cancellation | (3) | (4) |
| Increase (decrease) in provision for loss on disaster | (11) | – |
| Interest and dividend income | (6) | (4) |
| Interest expenses | 18 | 16 |
| Foreign exchange losses (gains) | 0 | 1 |
| Loss on retirement of non-current assets | 3 | 3 |
| Impairment loss | 1,580 | 32 |
| Loss on closing of branches | 6 | – |
| Decrease (increase) in trade receivables | 115 | (664) |
| Decrease (increase) in inventories | 3 | (6) |
| Increase (decrease) in accounts payable - other | (24) | 233 |
| Increase (decrease) in accrued expenses | (193) | 1,078 |
| Increase (decrease) in accrued consumption taxes | (32) | 60 |
| Other, net | (37) | (20) |
| Subtotal | 5,882 | 7,016 |
| Interest and dividends received | 11 | 4 |
| Interest paid | (18) | (16) |
| Income taxes paid | (1,347) | (1,917) |
| Income taxes refund | 4 | – |
| Net cash provided by (used in) operating activities | 4,532 | 5,086 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (82) | (32) |
| Purchase of intangible assets | (232) | (288) |
| Proceeds from sales of investment securities | 2,400 | – |
| Short-term loan advances | (39) | (18) |
| Collection of short-term loans receivable | 39 | 20 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (752) | – |
| Purchase of long-term prepaid expenses | (4) | (12) |
| Payments of leasehold and guarantee deposits | (24) | (106) |
| Proceeds from collection of other investments | 9 | 0 |
| Net cash provided by (used in) investing activities | 1,312 | (436) |

| | For the fiscal year ended December 31, 2020 | For the fiscal year ended December 31, 2021 |
|--|--|--|
| Cash flows from financing activities | | |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | – | 0 |
| Dividends paid | (3,312) | (3,299) |
| Repayments of lease obligations | (1) | (0) |
| Proceeds from disposal of treasury shares | – | 993 |
| Purchase of treasury shares | (130) | (2,904) |
| Other payments | (172) | (189) |
| Net cash provided by (used in) financing activities | (3,617) | (5,400) |
| Effect of exchange rate change on cash and cash equivalents | (39) | 94 |
| Net increase (decrease) in cash and cash equivalents | 2,187 | (656) |
| Cash and cash equivalents at beginning of period | 11,397 | 13,584 |
| Cash and cash equivalents at end of period | 13,584 | 12,927 |

(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: 21

Names of main consolidated subsidiaries

JAC International Co., Ltd.

C.C. Consulting Co., Ltd.

VantagePoint K.K.

JAC Recruitment International Ltd.

2. Scope of equity method

Not applicable.

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

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

4. Accounting policies

(1) Valuation methods for assets

Securities

Other securities:

With market value:

Stated at fair value according to the market price, etc. on the last day of the fiscal period (All valuation differences are included directly in net assets, and costs of securities sold are calculated by the moving average method).

Without market value:

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.

3) Provision for contract cancellation

To cover losses from contract cancellations, the Company records a provision for previously recorded sales based on the estimated amount of refunds in the case of individual contracts expected to be canceled and based on the historical rate of cancellation in the case of others.

(4) 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.

(5) Method and period of amortization of goodwill

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

(6) 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.

(7) Other significant matters in preparing consolidated financial statements

Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts excluding consumption taxes.

(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. “Rent income on facilities” and “Gain on forfeiture of unclaimed dividends,” which were included in “Other” under “Non-operating income,” are presented as separate accounts in the current fiscal year due to their increased financial materiality. To reflect this change, these are reclassified in the consolidated statements of income for the previous fiscal year.

As a result, ¥12 million presented as “Reversal of allowance for doubtful accounts” under “Non-operating income” in the consolidated statements of income for the previous fiscal year is reclassified into ¥36 million of “Other,” ¥27 million presented as “Other” under “Non-operating income” is reclassified into ¥2 million of “Rent income on facilities,” ¥1 million of “Gain on forfeiture of unclaimed dividends,” and ¥36 million of “Other.”

In addition, “Bad debts expenses” and “Consumption tax loss,” which were presented as separate accounts under “Non-operating expenses” in the previous fiscal year, have been included in “Other” in the current fiscal year due to their decreased financial materiality. To reflect this change, these are reclassified in the consolidated statements of income for the previous fiscal year.

As a result, ¥0 million presented as “Bad debts expenses” and ¥2 million presented as “Consumption tax loss” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year are reclassified into ¥5 million of “Other.”

(Additional information)

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

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

(1) Transaction summary

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

separately as trust assets.

(2) Company shares remaining in the trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets based on the book value in the trust (excluding incidental expenses). The book value and the number of said treasury shares were ¥287 million and 279,410 shares, respectively, as of December 31, 2020, and ¥1,017 million and 600,080 shares, respectively, as of December 31, 2021.

(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 nine domestic offices and two subsidiaries in the Domestic Recruitment Business, one domestic subsidiary in the Domestic Job Offer Advertising Business, and 20 subsidiaries in 11 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, 2020 (from January 1, 2020 to December 31, 2020)

(Million yen)

| | Reportable segment | | | Segment total | Adjustment | Total |
|--|-------------------------------|---|-------------------|---------------|------------|--------|
| | Domestic Recruitment Business | Domestic Job Offer Advertising Business | Overseas Business | | | |
| Net sales | | | | | | |
| Net sales to outside customers | 19,394 | 228 | 1,991 | 21,614 | — | 21,614 |
| Intersegment net sales or transfers | 5 | 17 | 10 | 33 | (33) | — |
| Total | 19,399 | 245 | 2,002 | 21,647 | (33) | 21,614 |
| Segment profit (loss) | 5,423 | (70) | (1,759) | 3,593 | — | 3,593 |
| Other items | | | | | | |
| Depreciation | 260 | 3 | 161 | 425 | — | 425 |
| Amortization of goodwill | 74 | 3 | 105 | 183 | — | 183 |
| Interest income | 1 | 0 | 4 | 6 | — | 6 |
| Interest expenses | 0 | — | 18 | 18 | — | 18 |
| Extraordinary losses | 2 | 13 | 1,587 | 1,603 | — | 1,603 |
| (Loss on retirement of non-current assets) | 2 | — | 0 | 3 | — | 3 |
| (Impairment loss) | — | — | 1,580 | 1,580 | — | 1,580 |
| (Amortization of goodwill) | — | 13 | — | 13 | — | 13 |
| (Loss on closing of branches) | — | — | 6 | 6 | — | 6 |

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

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

(Million yen)

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

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

4. Differences between the total amounts for the reportable segments and the amounts recorded in the consolidated financial statements and major breakdown of such differences (adjustment of differences)
Not applicable.

[Related information]

For the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

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 |
|--------|-------|--------|--------|
| 19,623 | 1,780 | 210 | 21,614 |

(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 |
|-------|-------------------------------|-----------|--------|-------|
| 240 | 43 | 100 | 28 | 412 |

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, 2021 (from January 1, 2021 to December 31, 2021)

1. Information by product and service

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

2. Information by geographical area

(1) Net sales

(Million yen)

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

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

(2) Property, plant and equipment

(Million yen)

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

3. Information by major customer

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

[Information about the impairment loss on non-current assets by reportable segment]
For the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(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 loss | — | — | 1,580 | 1,580 | — | 1,580 |

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

(Million yen)

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

[Information about the amortization of goodwill and unamortized balance by reportable segment]
For the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(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 | 666 | — | 323 | 990 | — | 990 |

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

2. ¥1,330 million of impairment loss on goodwill is recorded in the Overseas Business segment.

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

(Million yen)

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

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

2. ¥18 million of impairment loss on goodwill is recorded in the Overseas Business segment.

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

Not applicable.

(Per share information)

(Yen)

| Previous fiscal year (From January 1, 2020 to December 31, 2020) | | Current fiscal year (From January 1, 2021 to December 31, 2021) | |
|---|--------|--|--------|
| Net assets per share | 346.76 | Net assets per share | 331.13 |
| Basic earnings per share | 44.73 | Basic earnings per share | 96.02 |
| Diluted earnings per share | 44.71 | Diluted earnings per share | 96.01 |

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

| | Previous fiscal year (As of December 31, 2020) | Current fiscal year (As of December 31, 2021) |
|---|---|--|
| Total net assets (Million yen) | 14,326 | 13,365 |
| Amounts deducted from total net assets (Million yen) | 105 | — |
| [Subscription rights to shares (Million yen)] | [105] | [—] |
| Net assets attributable to shares of common shares (Million yen) | 14,221 | 13,365 |
| Number of outstanding common shares | 41,292,000 | 41,389,300 |
| Number of treasury shares of common shares | 280,185 | 1,024,738 |
| Number of common shares used to calculate net assets per share | 41,011,815 | 40,364,562 |

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

| | Previous fiscal year (From January 1, 2020 to December 31, 2020) | Current fiscal year (From January 1, 2021 to December 31, 2021) |
|--|--|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Million yen) | 1,834 | 3,882 |
| Amount not attributable to common shareholders (Million yen) | — | — |
| Profit attributable to owners of parent relating to common shares (Million yen) | 1,834 | 3,882 |
| Average number of common shares during the period | 41,017,802 | 40,429,828 |
| Diluted earnings per share | | |
| Adjustments of profit attributable to owners of parent (Million yen) | — | — |
| Increase in number of common shares | 20,671 | 4,585 |
| [Number of subscription rights to shares] | [20,671] | [4,585] |
| Anti-dilutive shares excluded from calculation of diluted earnings per share | — | — |

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

The average number of treasury shares during the period deducted for the purpose of calculating basic earnings per share and diluted earnings per share is 273,459 shares for the fiscal year ended December 31,

2020 and 418,226 shares for the fiscal year ended December 31, 2021. The number of treasury shares deducted at the end of the period for the purpose of calculating net assets per share is 279,410 shares for the fiscal year ended December 31, 2020 and 600,080 shares for the fiscal year ended December 31, 2021.