

Results Briefing 1Q of FY2024

JAC Recruitment Co., Ltd.

15 May. 2024

Consolidated Results: 1 Q of FY2024

Revenue and profit was almost in line with initial plan.

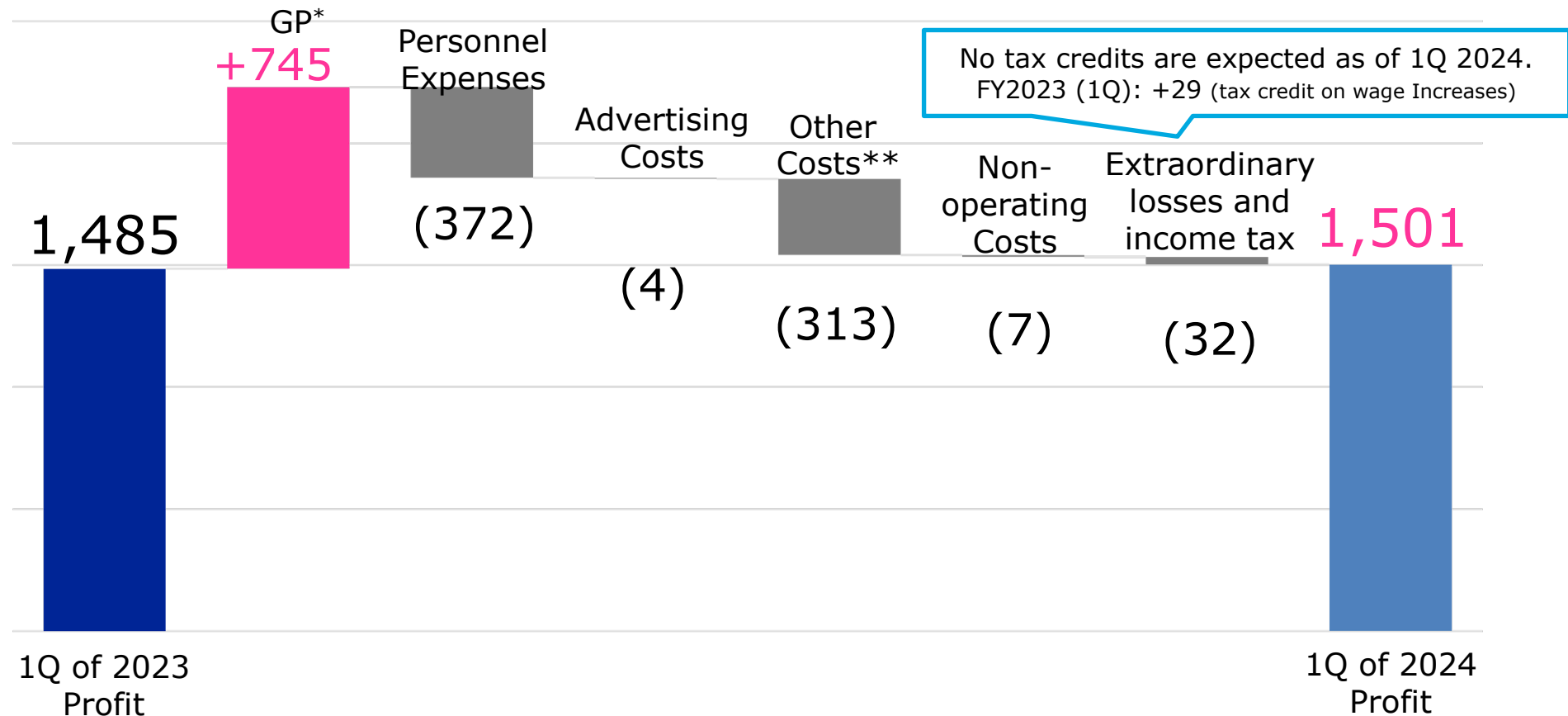
(Million yen)

	1Q FY2023	1Q FY2024	Change in pct.	Vs. Initial Forecast for First Half
Revenue	8,746	9,547	+9.2%	48.8%
Gross Profit	8,069	8,815	+9.2%	49.1%
EBITDA	2,310	2,388	+3.4%	-
EBITDA Margin	26.4%	25.0%	(1.4)pt	-
Ordinary Income	2,170	2,218	+2.2%	48.9%
Profit attributable to owners of parent	1,485	1,501	+1.1%	46.0%

Factors to Increase of Profit YoY

Personal expenses increased due to the steady recruitment of consultants and core ICT system costs have increased. But the profit was **in line with initial plan**.

(Million yen)



*GP: Gross Profit

**Costs associated with expansion of headquarters floor space and layout changes, Core ICT system costs , etc.

Segment Performance

Domestic Business: Revenue rises to a record high.

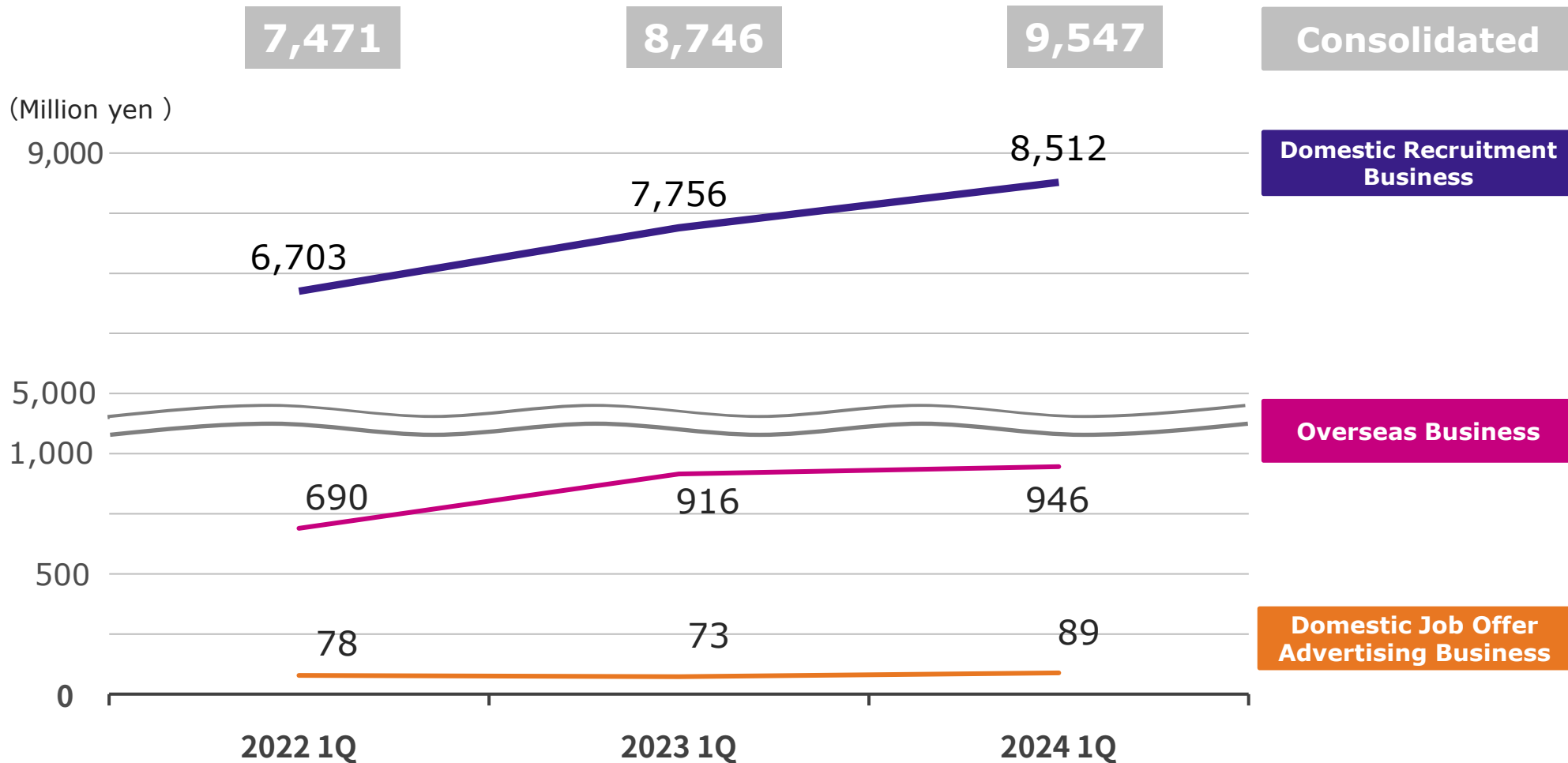
Overseas Business: Profit has increased significantly with cost reduction initiatives.

(Million yen)

Segment revenue	1Q FY2023	1Q FY2024	Change in pct.
Domestic Recruitment Business	7,756	8,512	+ 9.7%
Overseas Business	916	946	+ 3.2%
Domestic Job Offer Advertising Business	73	89	+ 22.0%
Segment profit (loss)	1Q FY2023	1Q FY2024	Change in pct.
Domestic Recruitment Business	2,161	2,176	+0.7%
Overseas Business	17	28	+62.7%
Domestic Job Offer Advertising Business	(9)	8	—

Three-year Business Segment Revenues

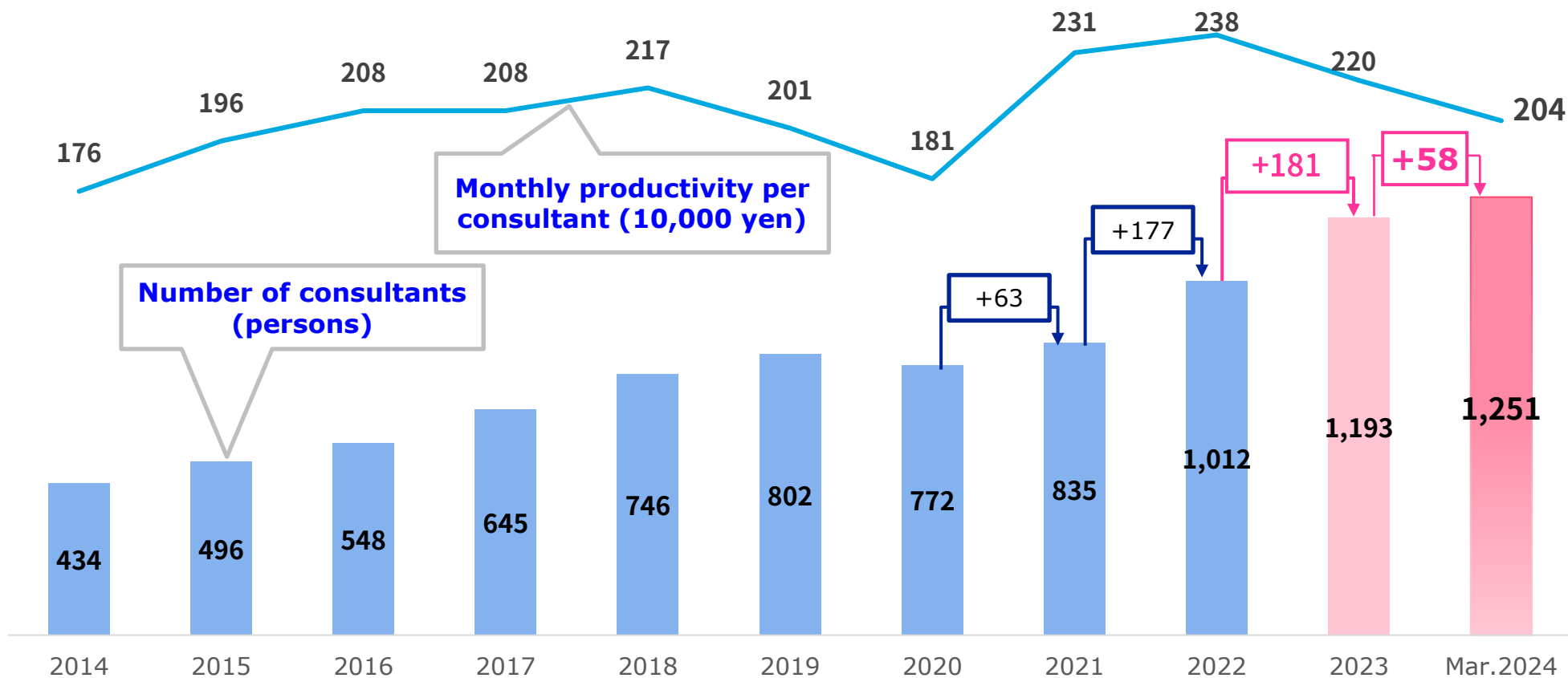
Domestic Recruitment Business and Overseas Business had increased for three consecutive years. Domestic Job Offer Advertising Business was recovering.



Headcount of Consultant and Productivity in Domestic Recruitment Business

- Consultant hiring was on plan due to enhancing hiring and control of turnover rate
- Productivity had declined because the number of persons who has been placed in March was not increased and we have hired a large number of consultants so that the rate of new consultant was increased.

Number of Consultants and Productivity (Domestic Recruitment Business*)



* JAC Recruitment + JAC International + VantagePoint (2020 fiscal year and thereafter)

Overview of each segment

Domestic Recruitment Business

- Recruiting had been active in Japanese companies, especially manufacturing industry due to the structural shortage of human resource.
- Meanwhile, U.S. IT and consultancy companies continue to curtail hiring.
- With respect to human resources, Japanese government's call for higher wages had led to improvements in employee compensation, and the mobility of human resources stagnated in the job change market.
- The number of consultants that are essential for business growth is increasing steadily as planned.

Overseas Business

- The market conditions remained hard, especially in Asia.
- We aimed to achieve regrowth and improve profitability by strengthening our services for Japanese companies in Europe and the United States.
- We continue to make efforts to improve profitability by reviewing overall cost.

Domestic Job Offer AD Business

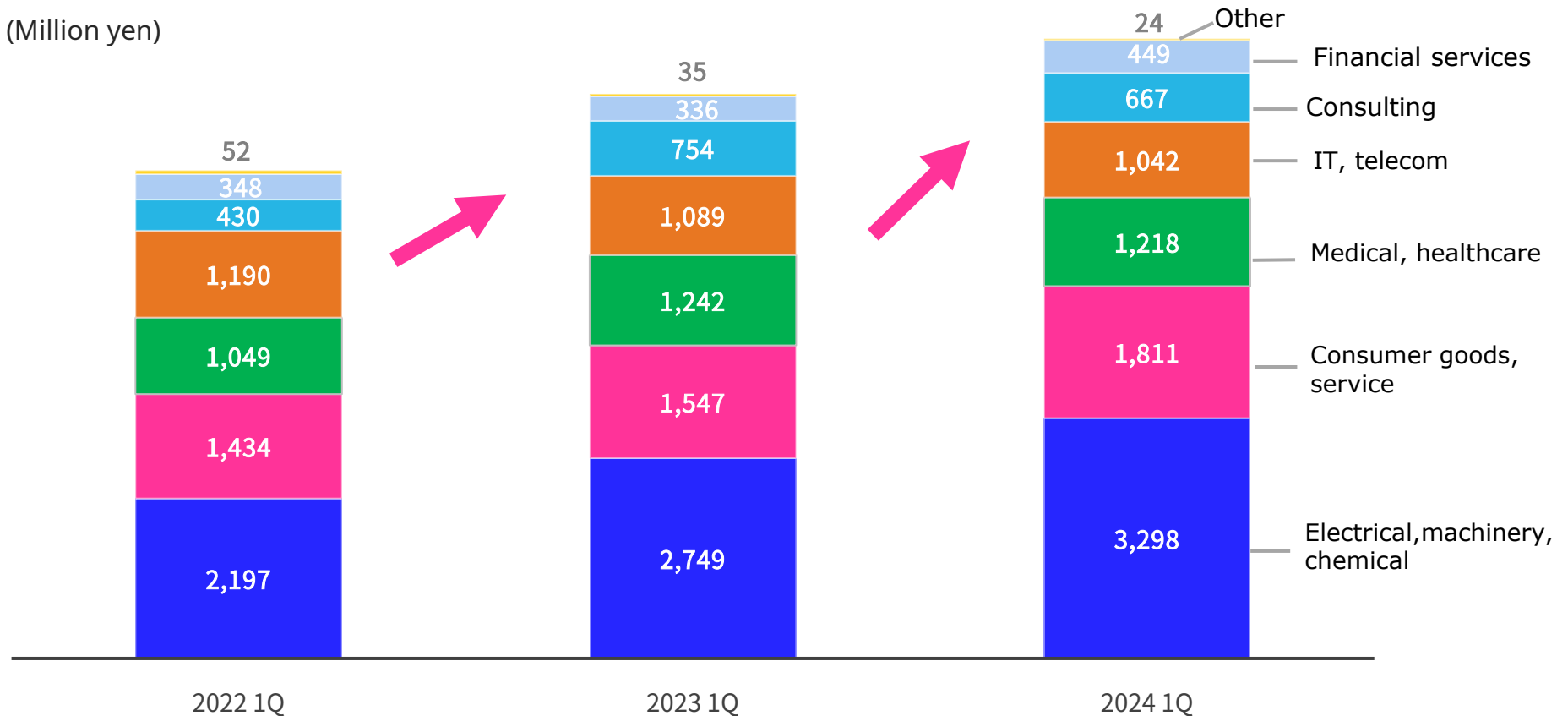
- Increasing contact points with Japanese companies, in addition to foreign companies, business performance has recovered.

Domestic Recruitment Business revenues by industry

Financial services industry increased **34% YoY**, Electrical, machinery, chemical industries increased **20% YoY**.

Revenues by Industry (Domestic Recruitment Business※)

(Million yen)



※JAC Recruitment + JAC International + VantagePoint

Balance Sheet Summary

Financial strength remains high with an equity ratio of **74.1%**

(Million yen, %)

Item	End of Dec. 2023		End of Mar. 2024		Change
	Amount	%	Amount	%	
Current assets	19,370	82.4	16,839	81.2	(2,530)
Cash and depos	16,767	71.3	13,468	65.0	(3,298)
Accounts receivable - trade	1,928	8.2	2,619	12.6	691
Non-current assets	4,147	17.6	3,886	18.7	(261)
Property, plant and equipment	788	3.4	860	4.1	72
Intangible assets	1,426	6.1	1,372	6.6	(53)
Investments and other assets	1,933	8.2	1,652	8.0	(280)
Total assets	23,518	100.0	20,726	100.0	(2,792)
Current liabilities	6,052	25.7	5,108	24.6	(944)
Non-current liabilities	248	1.1	268	1.3	20
Total liabilities	6,301	26.8	5,376	25.9	(924)
Total net assets	17,217	73.2	15,349	74.1	(1,868)
Total liabilities and net assets	23,518	100.0	20,726	100.0	(2,792)

Forecast for FY2024

No change from the forecast released on Feb. 14, 2024

- Revenue was slightly under our initial plan because the number of persons placed in March was not increased, but current performance is on a recovering trend. Although it is necessary to bear in mind that the mobility of human resources stagnated in the job change market due to wage raise, revenue growth is expected in the second half of FY2024 by maturing consultants hired in FY2022-2023.
- Profit seems to be growing low in YoY due to the refurbishing cost in the layout of the head office in 1Q and a reaction to the tax credits applied in last year, but we aim to secure the budgeted profit by controlling costs.

(Million yen)

	2023	2024 Forecast	Vs. 2023	Change in pct.
Revenue	34,475	40,042	+5,567	+16.1%
Gross profit	318	36,695	+4,874	+15.3%
Operating income	8,215	9,450	+1,235	+15.0%
Ordinary income	8,209	9,450	+1,244	+15.2%
Profit attributable to owners of parent	5,978	6,800	+822	+13.8%

[Assumptions used for this forecast]

Business sentiments will not be changed much, while any big geopolitical risks and economic crisis will not occur.

About Dividends

No change from the forecast released on Feb. 14, 2024

Dividend Policy

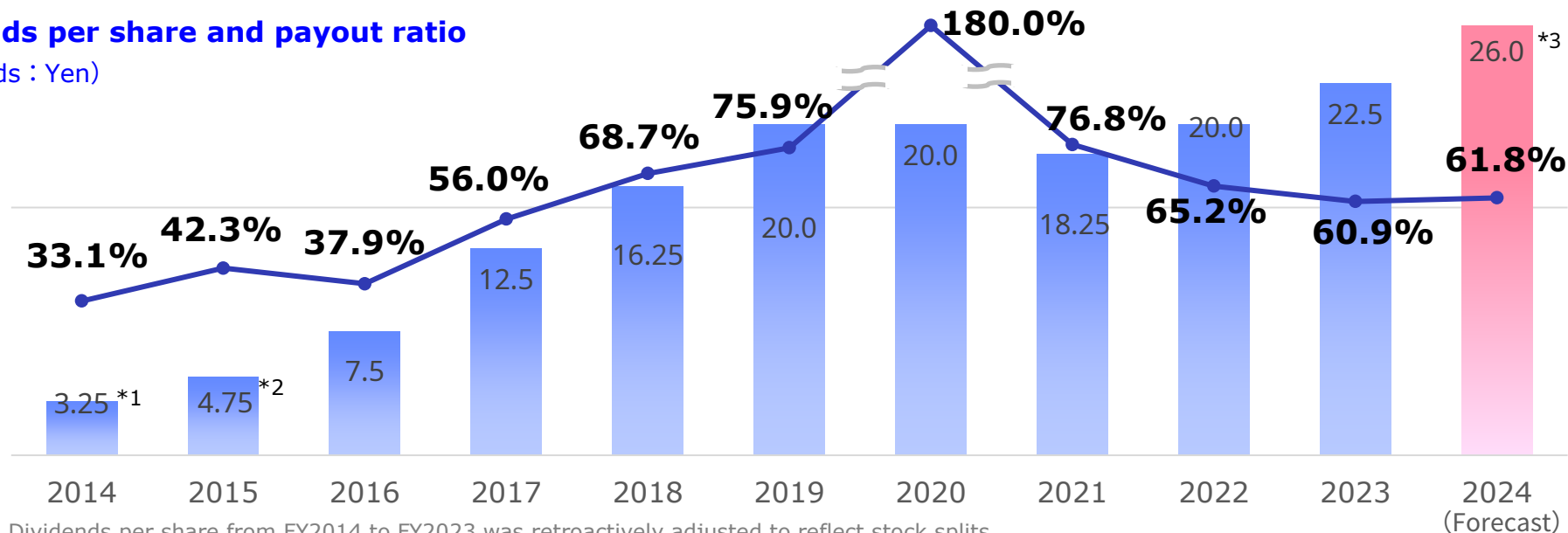
Dividend payout ratio targeted at 60%-65%.
Maintain a steady trend of increasing dividends in line with profit growth.

(Dividends : Yen)

	Dividend of FY2023	Dividend of FY2024(Forecast)	
		dividend amount	dividend amount increase
DPS (Before the split)	90	104	+14
(After the split)	22.5	26	+3.5

Dividends per share and payout ratio

(Dividends : Yen)



*1: Dividends per share from FY2014 to FY2023 was retroactively adjusted to reflect stock splits.

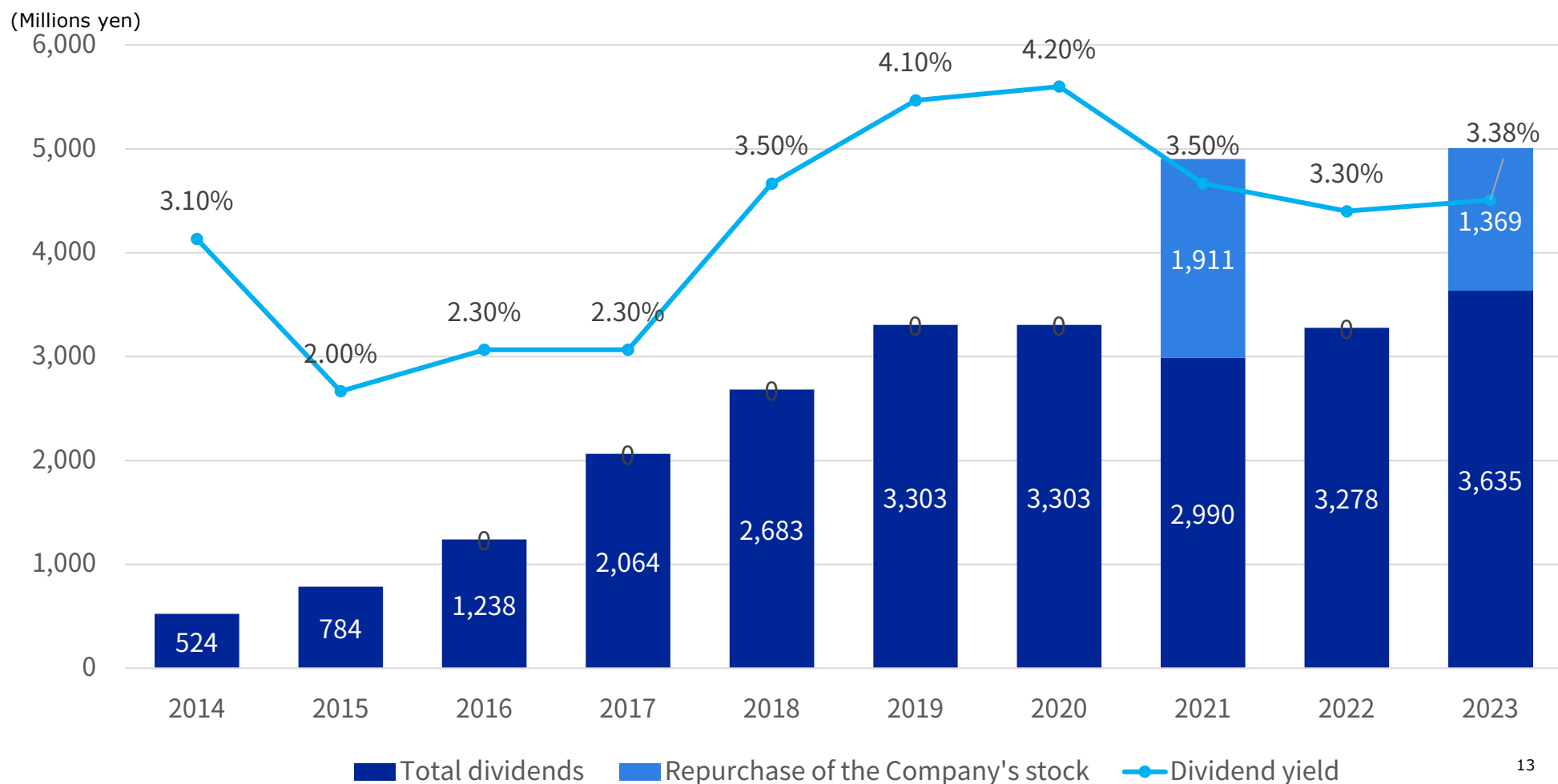
*2: Calculations for the payout ratios from FY2015 onward include JAC Recruitment shares held in the ESOP Trust account.

*3: The dividend payout ratio for FY2024 is the figure at the time of the forecast at the beginning of the year.

Appendix

Shareholder Returns

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	2024 (Forecast)
Dividend payout ratio	33.1%	42.3%	37.9%	56.0%	68.7%	75.9%	180.0%	76.8%	65.2%	60.9%	66.1%	61.8%
Total return ratio	33.1%	43.3%	37.9%	56.0%	68.7%	75.9%	180.1%	126.3%	65.2%	83.7%	75.0%	—



Share price-related indicators

	2014 Year-end	2015 Year-end	2016 Year-end	2017 Year-end	2018 Year-end	2019 Year-end	2020 Year-end	2021 Year-end	2022 Year-end	2023 Year-end	2024 End of 1Q
Profit (Million yen)	1,584	1,811	3,269	3,685	3,908	4,354	1,834	3,882	5,029	5,978	1,501 (Forecast) 6,800
EPS: Earnings per share (yen)	9	11	20	22	24	26	11	24	31	37	9 (Forecast) 43
Stock price (closing price, yen)	208.3	236.8	329.3	546.3	467.8	485.8	473	521	607.3	650	801
Increase/Decrease rate	15.7%	13.7%	39.1%	65.9%	(14.4%)	3.8%	(2.6%)	10.1%	16.6%	7.0%	23.2%
<Reference> TOPIX increase /decrease rate	8.1%	9.9%	(1.9%)	19.7%	(17.8%)	15.2%	4.8%	10.4%	(5.1%)	25.1%	17.0%
Service industry increase/decrease rate	13.6%	13.7%	(3.0%)	28.3%	(10.1%)	24.8%	13.6%	15.0%	(20.2%)	15.7%	5.3%
BPS: Net assets per share (yen)	34	42	57	73	85	96	86	82	96	107	95
PBR: Book-value Per Share	6.18	5.63	5.72	7.44	5.46	5.01	5.42	6.29	6.29	6.02	8.35
PER: Price Earnings Ratio	21.5	21.1	16.3	24.0	19.5	18.2	42.3	21.7	19.5	17.3	18.8 (Forecast)
DPS: Dividends per share (yen)	3	4	7	12	16	20	20	18	20	22	26 (Forecast)
Market capitalization (Billion yen)	344	391	544	902	773	802	781	863	1,005	1,076	1,326

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This presentation contains information about the businesses of JAC Recruitment Co., Ltd. and trends in the recruitment services industry. Information also includes forward-looking statements based on current plans, estimates, expectations and forecasts of JAC Recruitment.

These forward-looking statements incorporate many risk factors and uncertainties. Known or not yet known risk factors, uncertainties or other items may cause actual performance to differ from these forward-looking statements. JAC Recruitment is unable to guarantee that forward-looking statements and forecasts are correct. Consequently, actual results of operations may differ significantly from these statements and may be even worse.

Forward-looking statements in this presentation were determined by JAC Recruitment on 15 May, 2024 and based on information that was available at that time. JAC Recruitment has no obligation to update or revise any of these statements to reflect future events or changes in the business climate.

Please use the following contact information for questions about the information in this presentation.

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