



Financial Results for the First Half of FY2022

JAC Recruitment Co., Ltd.

August 24, 2022

<https://corp.jac-recruitment.jp>

1. Highlights of Consolidated Performance in 1H FY2022

Financial performance of the JAC Group

Maintaining the uptrend since the previous fiscal year, 1H revenue and profits reached record highs.

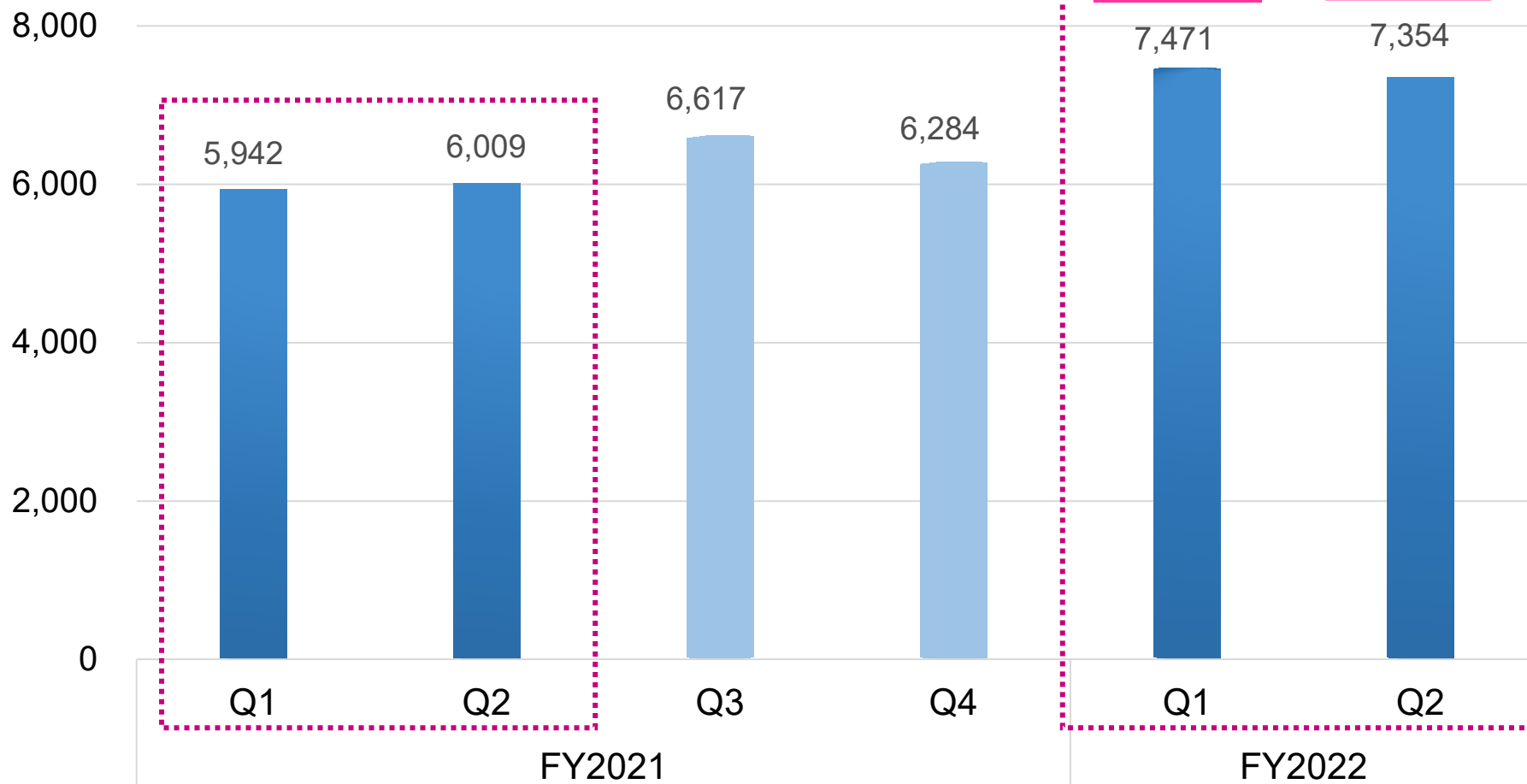
(Millions of yen)

	1H FY2021	1H FY2022	Change in pct.
Revenue	11,951	14,825	+24.0%
Gross profit	11,091	13,679	+23.3%
Ordinary profit	3,297	3,925	+19.0%
Profit attributable to owners of parent	2,201	2,731	+24.0%

Quarterly revenue

Consolidated revenue grew substantially YoY.

(Millions of yen)



Performance by business segment

The Domestic Recruitment business achieved **record-high revenue and profit**, while the Overseas and Domestic Job Advertising businesses continued to show signs of recovery.

(Millions of yen)

Revenue	1H FY2021	1H FY2022	Change in pct.
Domestic Recruitment	10,740	13,138	+22.3%
Overseas	1,100	1,514	+37.7%
Domestic Job Advertising	111	172	+55.5%
Segment profit (loss)	1H FY2021	1H FY2022	Change in pct.
Domestic Recruitment	3,351	3,857	+15.1%
Overseas	(19)	28	—
Domestic Job Advertising	(44)	12	—

Overview by segment

Domestic Recruitment

- Market conditions have been recovering since the spring of 2021.
- The jobs-to-applicants ratio holds firm as companies continue to show strong appetite for hiring.
- The situation in Russia and Ukraine will continue to warrant attention, although it poses limited impact on our business at present.

Overseas

- The segment returned to the black owing to business recovery mainly in Singapore, Malaysia, UK, and Germany.
- The effects of COVID-19 persisted in certain areas of Asia including China and Hong Kong.

Domestic Job Advertising

- The segment returned to the black. Monthly sales recovered thanks to strong market and a change in our sales approach (shift to contingency fee-based products).

Balance sheet summary

With an equity ratio of 70.0%, our financial standing continues to be highly stable.

(Millions of yen, %)

	As of end-December 2021		As of end-June 2022		Change
	Amount	%	Amount	%	
Current assets	15,242	80.5	14,930	78.5	-312
Cash and deposits	12,932	68.3	12,295	64.6	-637
Accounts receivable - trade	1,800	9.5	2,060	10.8	+260
Non-current assets	3,693	19.5	4,088	21.5	+395
Property, plant and equipment	418	2.2	767	4.0	+349
Intangible assets	1,617	8.5	1,588	8.3	-29
Investments and other assets	1,657	8.8	1,733	9.1	+76
Total assets	18,935	100.0	19,018	100.0	+83
Current liabilities	5,424	28.6	5,328	28.0	-96
Non-current liabilities	145	0.8	377	2.0	+232
Total liabilities	5,569	29.4	5,706	30.0	+137
Total net assets	13,365	70.6	13,312	70.0	-53
Total liabilities and net assets	18,935	100.0	19,018	100.0	+83

Cash flows summary

Our management policy calls for the allocation of cash reserves to future business investment, dividends payment, and retention of consultants during economic downturns.

(Millions of yen)

	1H FY2021	1H FY2022
Cash flows from operating activities	2,435	2,676
Cash flows from investing activities	(189)	(390)
Cash flows from financing activities	(5,289)	(3,080)
Cash and cash equivalents at end of period	10,597	12,295

1H consolidated earnings forecast versus actual results

Revenue and Profits exceeded expectations, reflecting strong business performance.

(Millions of yen, %)

	1H FY2022 forecast	1H FY2022 results	Variance	%
Revenue	14,107	14,825	+718	+5.1%
Gross profit	12,939	13,679	+740	+5.7%
Operating profit	3,072	3,911	+839	+27.3%
Ordinary profit	3,068	3,925	+857	+27.9%
Profit attributable to owners of parent	2,056	2,731	+675	+32.8%

Reasons behind the variance:

- Sales were strong in the Domestic Recruitment business as companies displayed robust appetite for hiring.
- Market recovery in the Overseas and Domestic Job Advertising businesses was better than expected.
- SG&A expenses came in below budget, mainly due to some ad spendings centered on TV commercials being rescheduled to 2H. As a result, profits also surpassed our estimates.

Earnings forecast for FY2022

We maintain our initial forecast for full-year earnings.

(Millions of yen, %)

	FY2021 results	FY2022 forecast	Vs. 2021	Change in pct.
Revenue	24,852	28,556	+3,704	+14.9%
Gross profit	23,004	26,070	+3,066	+13.3%
Operating profit	5,822	6,199	+377	+6.5%
Ordinary profit	5,813	6,185	+372	+6.4%
Profit attributable to owners of parent	3,882	4,138	+256	+6.6%

Reasons for not revising our full-year forecast:

- We plan to utilize the full annual budget for SG&A expenses including the unused 1H budget for TV commercial ads and other expenses.
- In light of economic uncertainties amid rising prices and interest rates worldwide fueled by the situation in Russia and Ukraine, and a weaker yen, we have conservatively maintained our initial projections for net sales and gross profit.

Our dividends forecast remains unchanged from the initial plan.

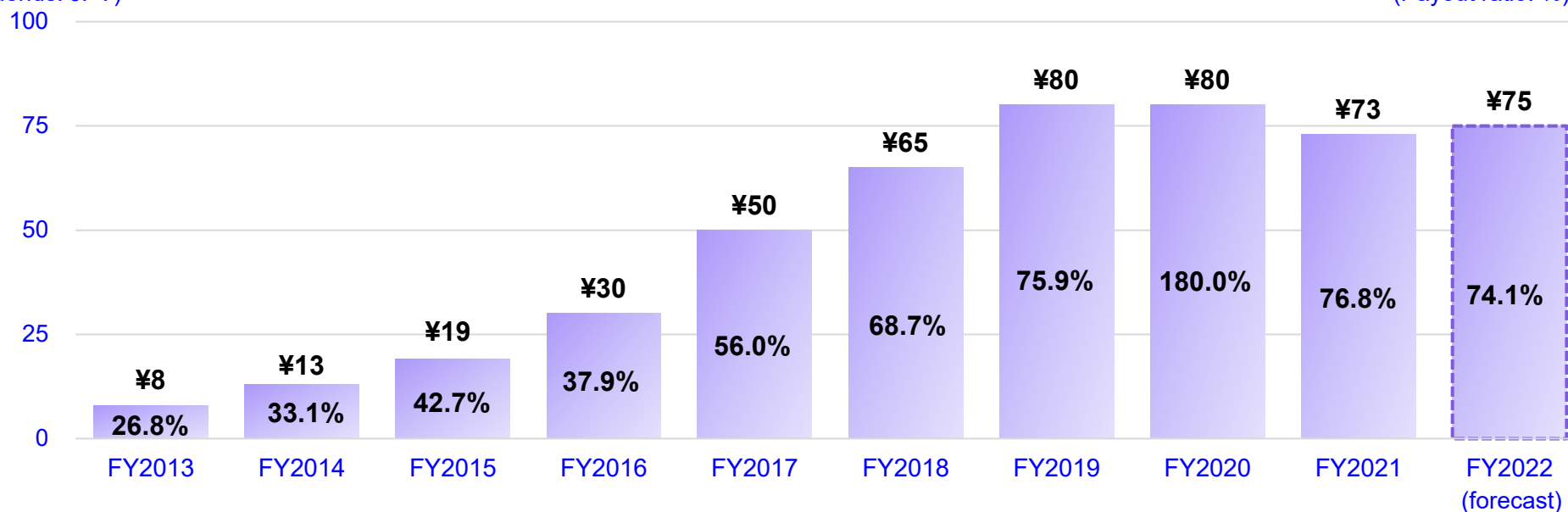
Our basic approach regarding dividends policy

- ▶ We consider dividends payment as a key management issue and seek to determine an appropriate balance between investments and shareholder returns as necessary.

■ Dividends per share and payout ratio

(Dividends: JPY)

(Payout ratio: %)



Note 1: Dividends per share in FY12/13 and FY12/14 have been retroactively adjusted to reflect stock splits.

Note 2: Calculations for the payout ratios from FY12/15 onward include JAC Recruitment shares held in the ESOP Trust account.

2. Progress in Medium- to Long-term Growth Strategy

Innovation, Improvement and Expansion

Core values of JAC

- 1 Absolute strength in providing support to companies expanding overseas, backed by our origin in the UK
 - Multinational companies entering the Japanese market
 - Japanese companies establishing bases overseas
 - Japanese and Multinational companies located overseas
- 2 Highly skilled professionals provide “360 - style consulting (for both job seekers and clients)”
- 3 Specializing in managerial/executive and specialist positions
- 4 Teams specializing in specific segments of the recruitment support market (total of 148 at present)
- 5 Teamwork; culture of “pass and share”

Build stronger organization and systems needed for medium- to long-term growth; Select focus areas

1 Strengthen the consultant team (increase x educate) ↔

Establish
the
JAC Standard

2 Strengthen management talent (increase x educate) ↔

3 Use BPR for higher efficiency
(review core systems and business processes)

4 Focus on growing markets and business domains
(especially digital technology)

FY2022 actions for medium- to long-term growth (1): Increase number of consultants

Measures to actively increase the number of consultants

Reinforce the recruiting team

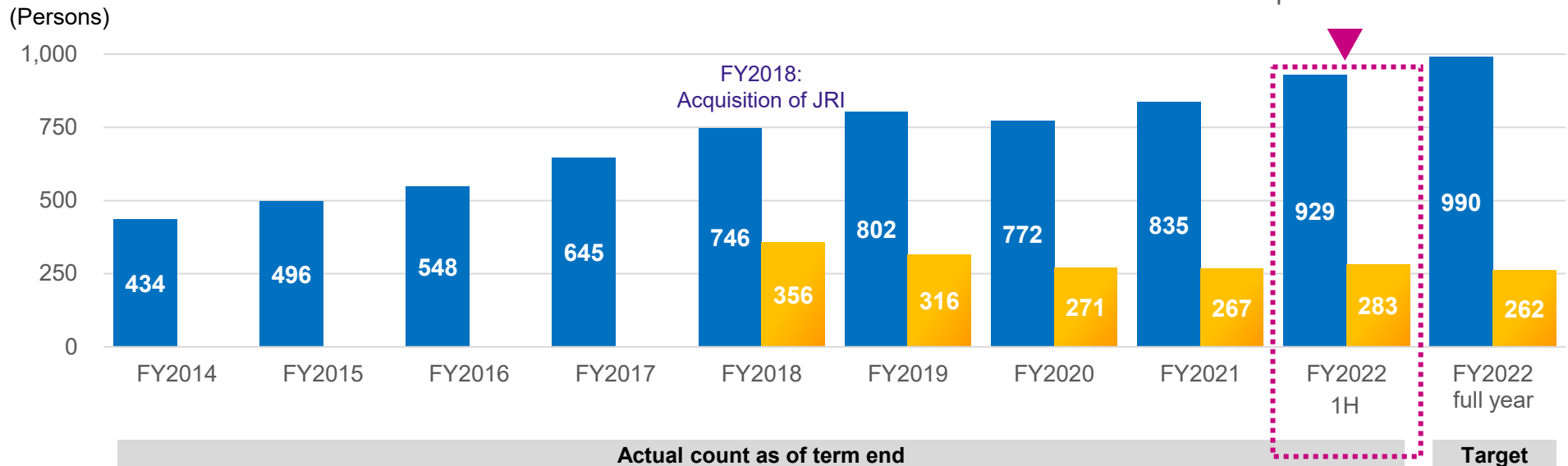
Jan. 2021 Jan. 2022 July 2022
(11 staff ⇒ 18 staff ⇒ 23 staff)

Have all employees participate in recruiting activities

Clarify the missions and duties of the recruiting team

Recruitment is in progress as planned thanks to a stronger recruiting team.

Number of JAC Group consultants and target



FY2022 actions for medium- to long-term growth (2): Establish JAC Standards

Training for consultants

Reinforce the training team

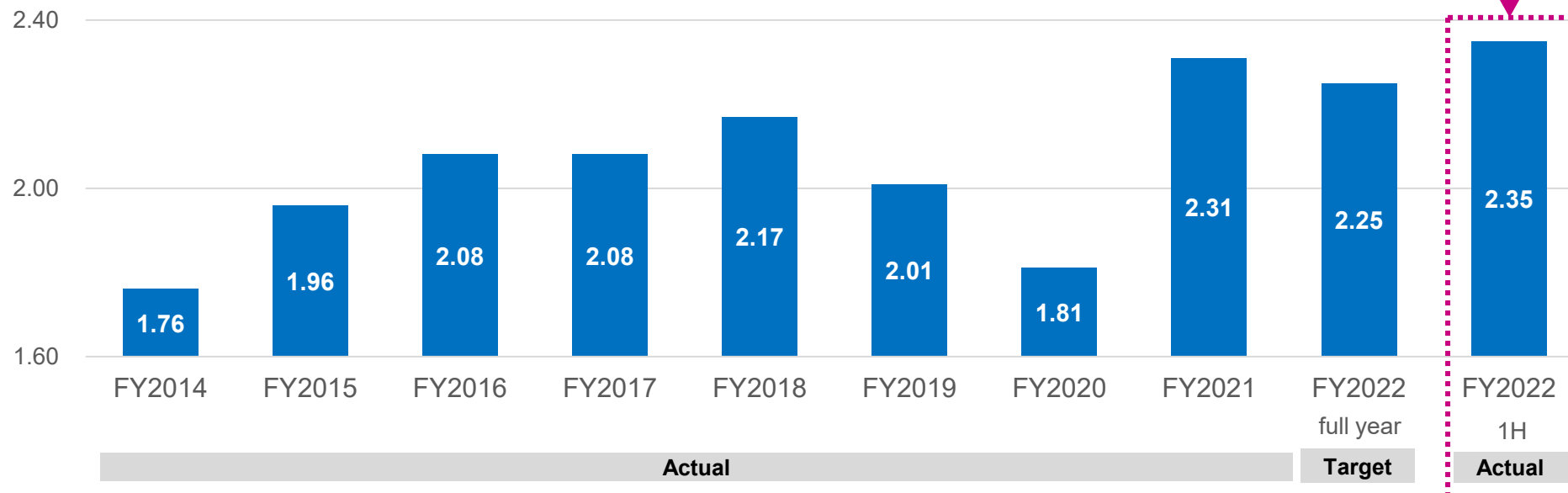
Jan. 2021 Jan. 2022 July 2022
(9 staff ⇒ 14 staff ⇒ 19 staff)

Establishment of the JAC Standard that everyone must master within one year of joining the JAC Group

Provide training categorized by consultant grades

Monthly productivity per consultant (JAC Recruitment Japan Group)

(Millions of yen)



Note: Productivity figures from FY12/20 onward include results at subsidiary Vantage Point.

Enhancement of management talent

1. Training programs

Formulate the JAC Standard for each management level

⇒ Training programs are slated for launch in 2H.

2. Bolstering efforts to hire management-level talent

Associate Director: Two individuals promoted internally (April)

Two individuals hired from outside to strengthen efforts
targeting multinational corporations (August, October)

⇒ Executive and manager-level recruitment is in progress based on a hiring schedule we created.

**Accelerate development of work-ready consultants.
Strengthen organization and systems.
Step up initiatives for growth markets.**

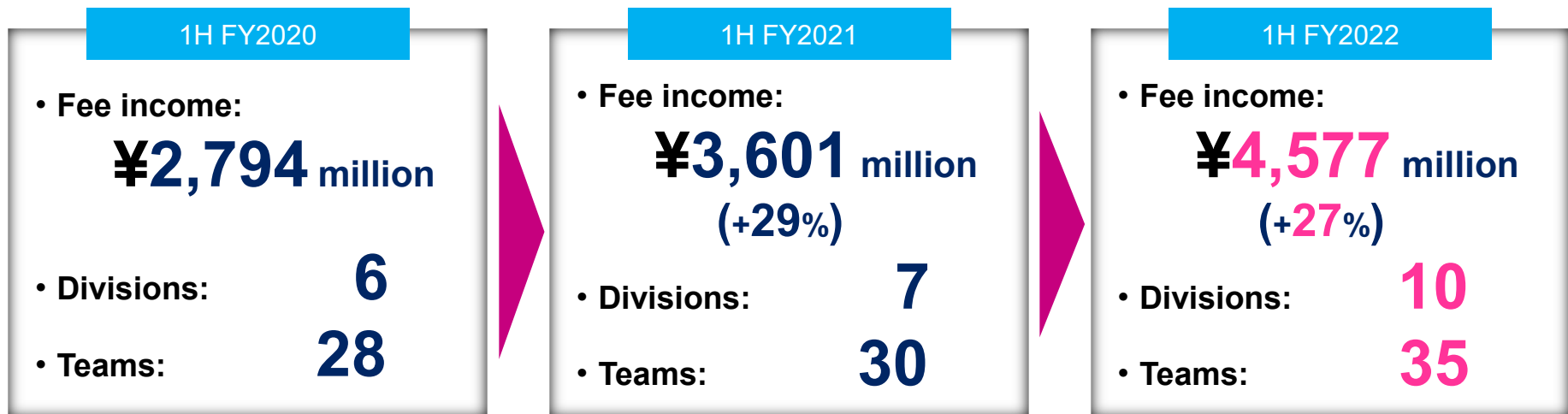
FY2022 actions for medium- to long-term growth: Focus on growth markets and domains (1)

Growth market /
domain

● Digital

Hiring needs are growing in all business sectors.

Our performance in the digital market



FY2022 actions for medium- to long-term growth: Focus on growth markets and domains (2)

Growth market /
domain

● Consulting firms

We stepped up focus by establishing a dedicated division.

Our performance in the consulting firm domain



**FY2022 actions for medium- to long-term growth:
Focus on growth markets and domains (3)**

Growth market /
domain

- Reinforcement of regional offices (**executive domain**)

New initiative in FY2022

Strengthen focus on **high-salary-range positions** by stationing consultants in charge of **executive recruitment** at regional offices.
(Yokohama, Nagoya, Kyoto, and Kobe)

Total contracts in 1H

36

(Total of ¥155 million)

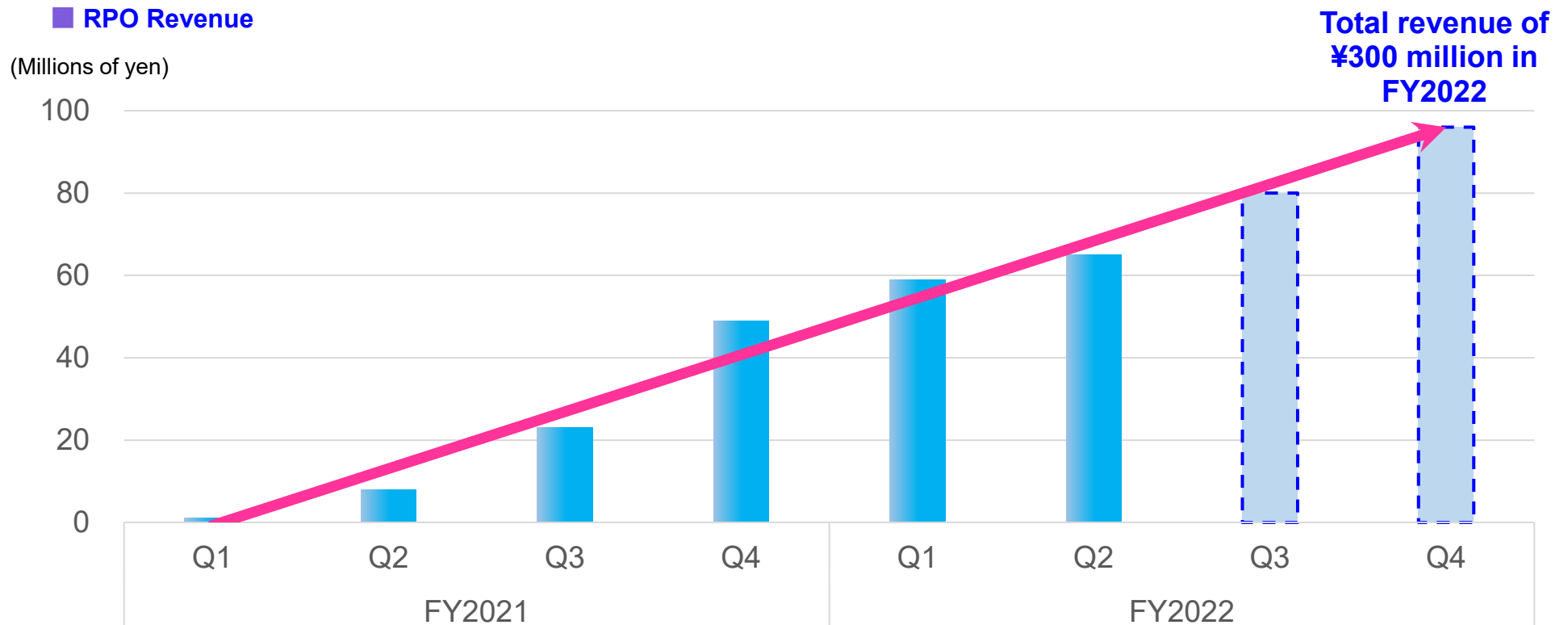
In 2H, we plan to expand coverage in other locations.

New business (1): Recruitment Process Optimization



Recruitment Process Optimization (RPO) business

Recruiting agency service targeting mid- and high-salary-range positions. Leveraging our expertise as a recruitment firm specializing in mid- and high-level talent, we support client companies from inside their organizations so that they can hire the required resources.

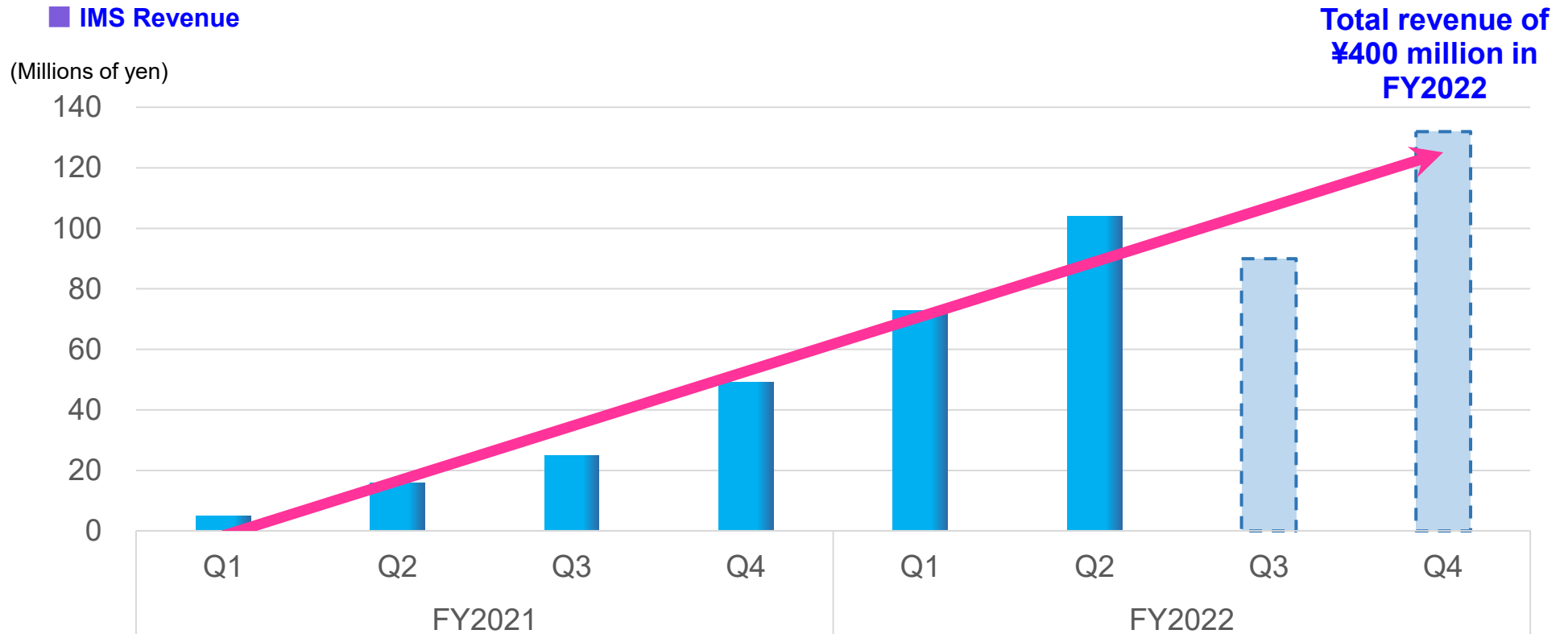


New business (2): Interim Management Solutions



Interim Management Solutions (IMS) business

A project-based business support service that utilizes the experience and knowledge of highly skilled resources who pursue new workstyles including side job and dual job options.

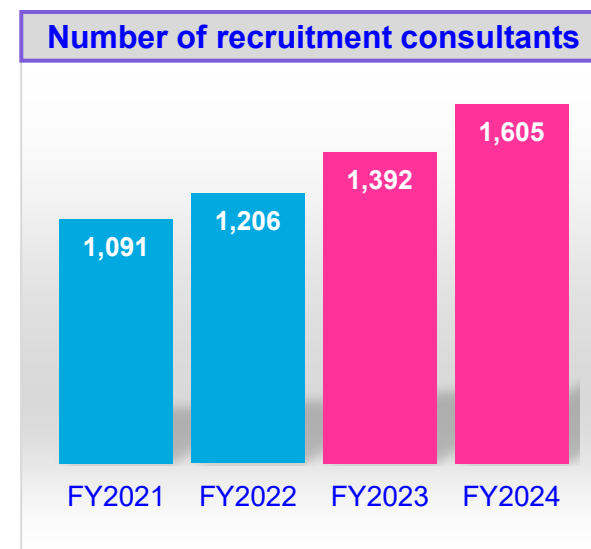
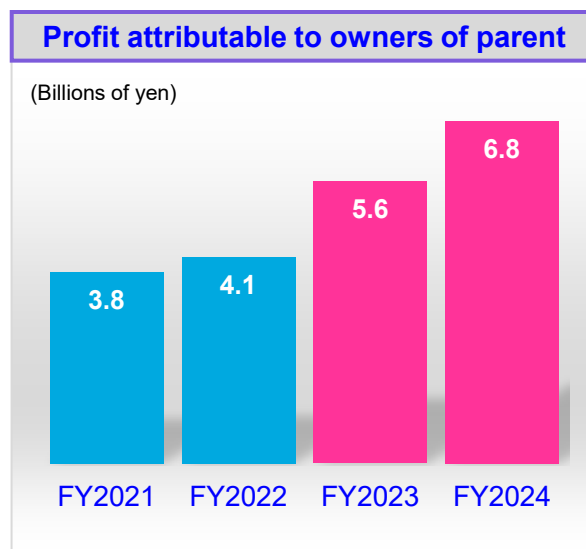
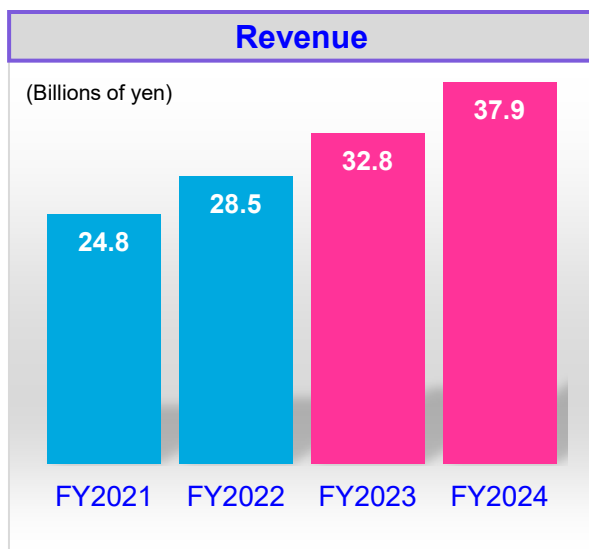


Medium-term management plan: Quantitative targets

We aim to achieve 15% annual growth from FY2023 onward.

(Billions of yen, %, persons)	FY2021 results	FY2022 forecast	FY2023 plan	FY2024 plan
Revenue	24.8	28.5 (+15%)	32.8 (+15%)	37.9 (+16%)
Profit attributable to owners of parent	3.8	4.1 (+8%)	5.6 (+37%)	6.8 (+21%)
Profit margin	15%	14%	17%	18%
Number of recruitment consultants	1,091	1,206 (+11%)	1,392 (+15%)	1,605 (+15%)

Note: Number of recruitment consultants includes the average consultant count during the fiscal year for the Domestic Recruitment business and the Overseas business.



3. SDGs

Fundamental Approach

Our goal is to contribute to creating a sustainable society by continuously serving as a link between people and companies to support their growth.



Creating employment opportunities and supporting growth of companies and human resources at 24 offices in 11 countries



Diversity & Inclusion



Health and productivity management



Disclosure of information and employee education about the SDGs



Environmental activities (Reuse, Reduce and Recycle)



Switch to use of green electricity



Reforestation (PPP Project)

1. Raise the ratio of female managers from the current 26% to 40% by 2025

Established the Women Empowerment Committee; vigorous efforts to implement measures are underway

- Sought to **foster a culture** where women can feel comfortable pursuing management positions, by **mentoring** female managers and **raising awareness** of male managers
- Conducted **one-on-one meetings** with the candidates up for promotion

2. Deepen understanding of the LGBTQ community and widen the circle of allies

LGBTQ Committee's **in-house efforts to promote awareness**

- Held training sessions designed for all employees to **acquire basic knowledge** (February)
- Held **in-house sessions and special seminars** during the Pride Month (June)
- Created an **Ally sticker**, which allies can post on their desks to show support



We help nurture Earth's future by planting a seedling for each job placement we complete.

JAC Group's reforestation program

PPP Project

One Placement creates One Plant to save the Planet

We contribute to the fight against global warming by planting a seedling for each jobseeker who changed jobs through JAC companies around the world.

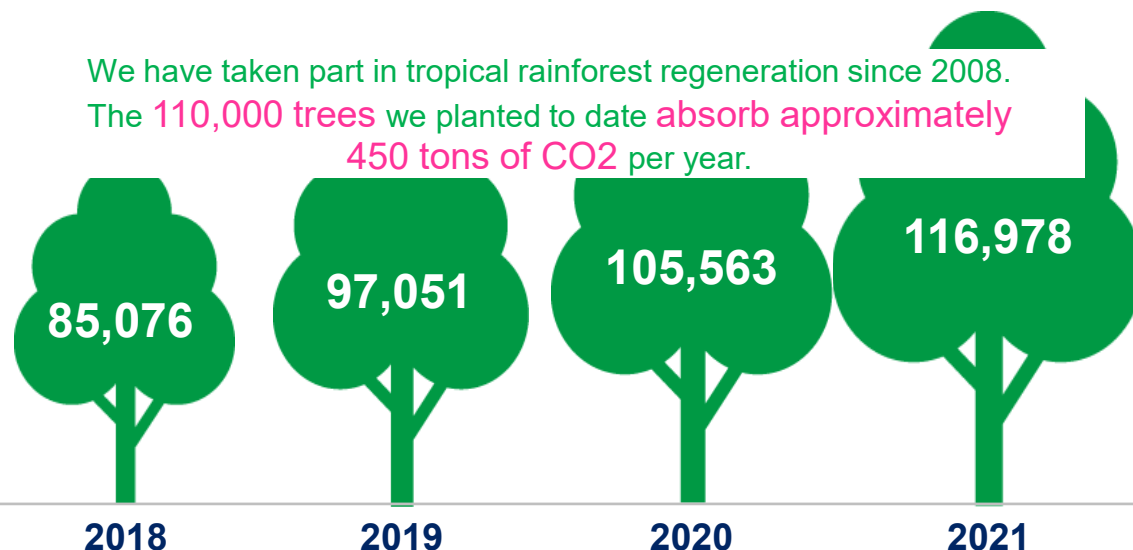
JAC Group reforestation locations

- Bali
(Penelokan District, Kintamani County, Bangli, Bali Province, Bali, Republic of Indonesia)
- Borneo
(Apeng Forest Reserve, Serian District, Sarawak Province, Borneo Island, Malaysia)



Seedlings planted by the JAC Group (cumulative total since 2008)

We have taken part in tropical rainforest regeneration since 2008. The 110,000 trees we planted to date absorb approximately 450 tons of CO₂ per year.



The program encourages participants to raise their awareness concerning social contribution. At the same time, it creates jobs by bringing in local students to work on reforestation together with our employees.

Stepping up our sustainability initiatives through the JAC Environmental & Animal Protection Foundation



一般財団法人
JAC環境動物保護財団
JAC Environmental & Animal
Protection Foundation

(Founded in March 2022. Chairperson: Hiromi Tazaki)

Mission of the foundation

Contribute to sustainable coexistence of people and animals and the preservation of natural environments by providing grants to organizations that protect animals and their natural habitats.

The JAC Group makes donations and seconds employees to the foundation to support its activities.

Cautionary statement / Contact information

This material includes forward-looking statements that are based on the current plans, estimates, expectations, and forecasts of JAC Recruitment Co., Ltd. (hereafter, the “Company”) regarding its businesses and industry trends.

Various risks and uncertainties are inherent in the assertions made in these forward-looking statements. Known and unknown risks, uncertainties, and other factors could cause the actual results to differ from the content of such assertions. The Company is unable to guarantee that its assertions and forecasts in the forward-looking statements will prove to be correct, and actual results could differ materially from the future outlook presented by the Company and could be worse in comparison.

The forward-looking statements in this document were presented on August 24, 2022 based on the best information available to the Company as of August 24, 2022. The Company will not update or revise any of these forward-looking statements to reflect future events or circumstances.

For any inquiries concerning this material, please contact:

IR Office, JAC Recruitment Co., Ltd.

Tel: [+813-5259-6926](tel:+81352596926)

E-mail: ir@jac-recruitment.jp