

Full Year Results Briefing 2022

JAC Recruitment Co., Ltd.

21 February, 2023

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

1. 2022 Financial Highlights and Outlook for 2023

Financial Highlights

Driven by the Domestic Recruitment business, revenue and profits reached record highs.

(Million yen)

	2021	2022	Change in pct.
Revenue	24,852	30,435	+22.5%
Gross profit	23,004	28,043	+21.9%
Ordinary income	5,813	7,052	+21.3%
Profit attributable to owners of parent	3,882	5,029	+29.5%

Segment Performance

The core Domestic Recruitment business generated **record-high revenue and profit**, while the Overseas and Domestic Job Advertising businesses recovered.

(Million yen)

Revenue	2021	2022	Change in pct.
Domestic Recruitment Business	22,273	26,726	+20.0%
Overseas Business	2,332	3,351	+43.7%
Domestic Job Offer Advertising Business	246	356	+44.8%
Segment profit (loss)	2021	2022	Change in pct.
Domestic Recruitment Business	5,859	6,872	+17.3%
Overseas Business	(9)	95	—
Domestic Job Offer Advertising Business	(73)	43	—

New business performance



Recruitment Process Optimization (RPO) business

Recruiting agency service targeting mid- and high-salary-range positions

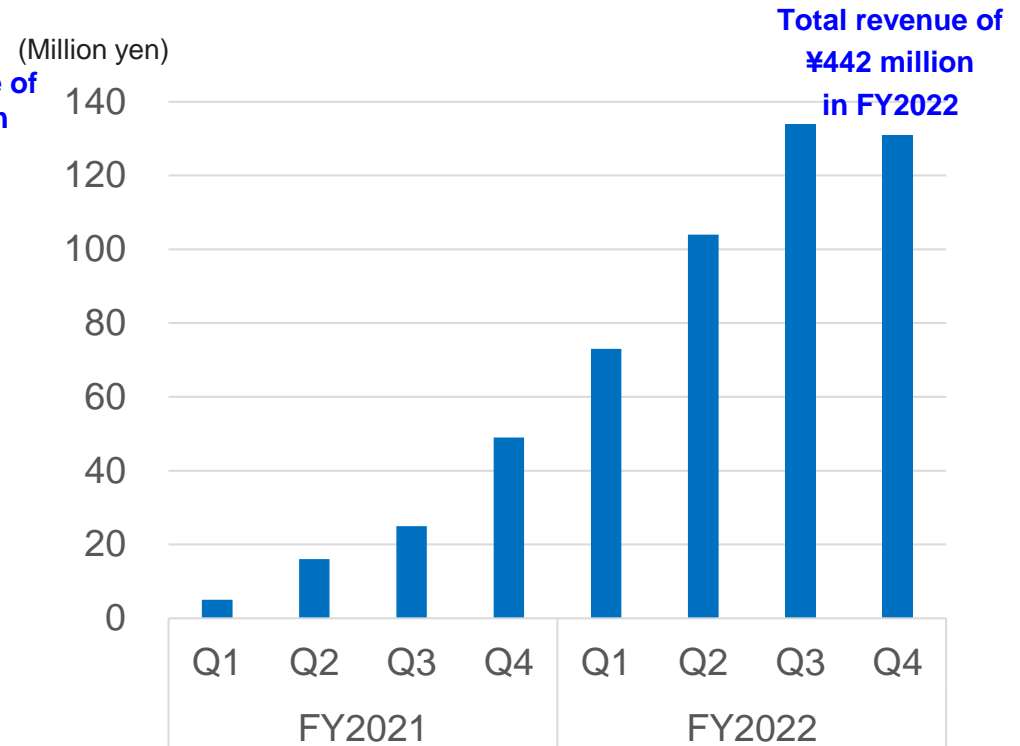
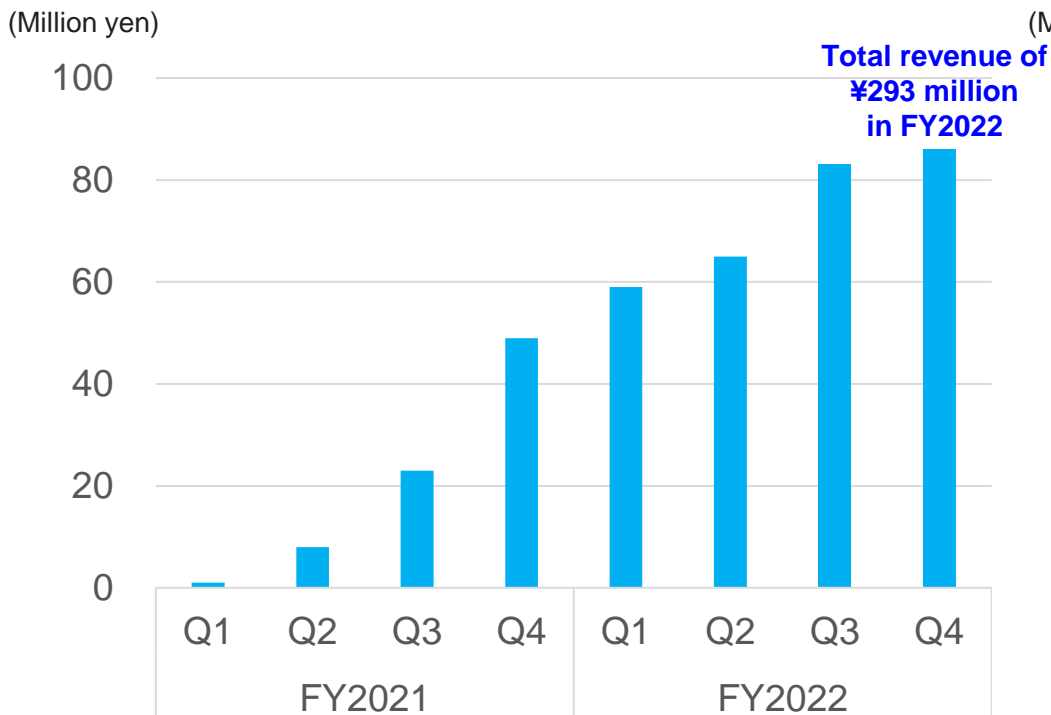


Interim Management Solutions (IMS) business

Outsourcing service utilizing highly skilled human resources

雨RPO revenue

雨IMS revenue



Overview by segment

Domestic Recruitment Business

曳 Market recovery has continued since spring 2021.

曳 The jobs-to-applicants ratio holds firm as companies continue to show strong appetite for hiring.

曳 Impact stemming from uncertainty regarding the European and US economies was limited but will continue to require attention moving forward.

Overseas Business

曳 The segment returned to be profitable owing to business recovery mainly in Singapore, Malaysia, UK, and Germany.

曳 The COVID-19 pandemic was still depressing the revenue in China.

Domestic Job Offer Advertising Business

曳 The segment returned to be profitable. Revenue has recovered since spring thanks to a change in management strategy (shift to contingency fee-based products).

Balance sheet summary

Financial strength remains high .

(Million yen, %)

	End of 2021		End of 2022		Change
	Amount	%	Amount	%	
Current assets	15,242	80.5	17,820	80.7	+2,578
Cash and depos	12,932	68.3	14,879	67.4	+1,947
Accounts receivable – trade	1,800	9.5	2,244	10.2	+444
Non-current assets	3,693	19.5	4,263	19.3	+570
Property, plant and equipment	418	2.2	745	3.4	+327
Intangible assets	1,617	8.5	1,532	6.9	-85
Investments and other assets	1,657	8.8	1,985	9.0	+328
Total assets	18,935	100.0	22,084	100.0	+3,149
Current liabilities	5,424	28.6	6,161	27.9	+737
Non-current liabilities	145	0.8	337	1.5	+192
Total liabilities	5,569	29.4	6,498	29.4	+929
Total net assets	13,365	70.6	15,585	70.6	+2,220
Total liabilities and net assets	18,935	100.0	22,084	100.0	+3,149

Cash Flow Summary

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

(Million yen)

	2021	2022
Cash flows from operating activities	5,091	5,913
Cash flows from investing activities	(436)	(944)
Cash flows from financing activities	(5,400)	(3,174)
Cash and cash equivalents at end of period	12,932	14,879

Outlook for 2023

We aim to generate **growth of 20%** primarily through strong performance in the Domestic Recruitment business.

(Million yen, %)

	2022	2023 forecast	Vs. 2022	Change in pct.
Revenue	30,435	36,651	+6,216	+20.4%
Operating income	7,044	7,770	+726	+10.3%
Ordinary income	7,052	7,783	+731	+10.4%
Profit attributable to owners of parent	5,029	5,417	+388	+7.7%

Assumptions used for this forecast

- Global economic impact stemming from conflict between Russia and Ukraine will remain at its current level.
- Economic slowdown in the US and Europe will cause only limited curtailment of recruitment.
- With regard to SG&A expenses, we will substantially expand our staff of consultants and continue proactive advertising campaigns consisting primarily of TV commercials.

Dividends

We project a dividend of **¥85** per share.

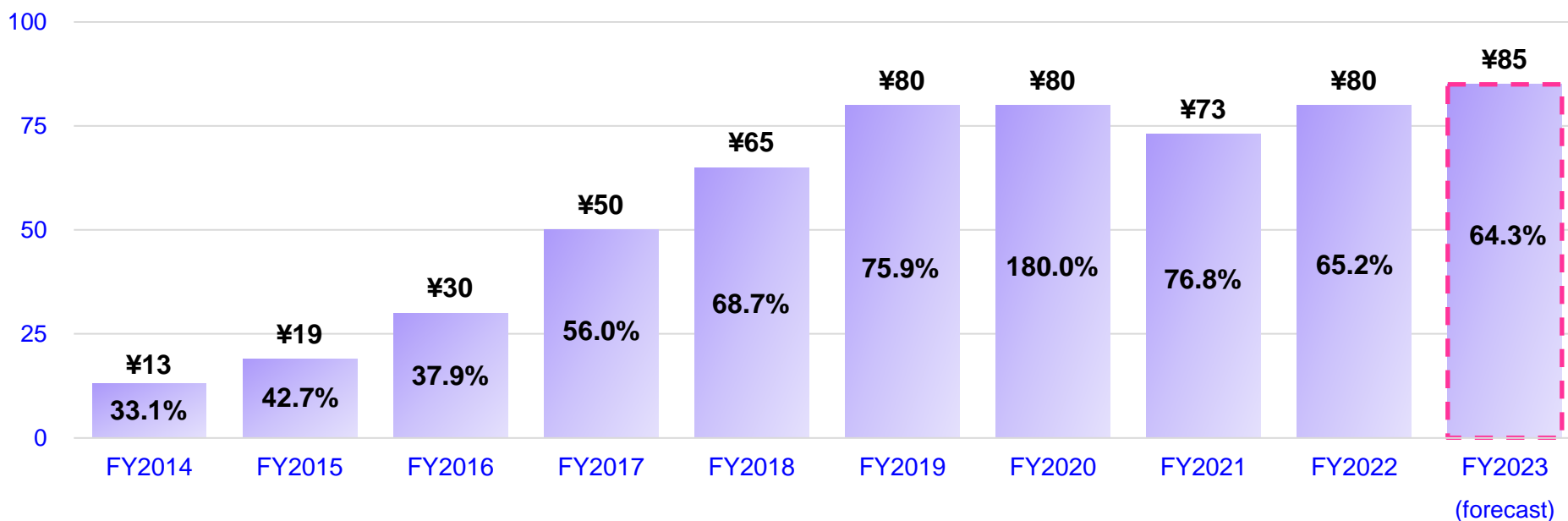
Basic Policy for Dividends

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

雨 Dividends per share and payout ratio

(Dividends: JPY)

(Payout ratio: %)



Note 1: Dividends per share in FY2014 have been retroactively adjusted to reflect stock splits.

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

2. Actions for Medium to Long-term Growth

JAC as No. 1

We aspire to be the **World's No.1** professional recruitment consultancy firm both in quality of service and profitability.

Our definition of No. 1

- **Based on our Core Values accumulated over 47 years since foundation.**
- **We provide the same high-quality service anywhere in the world.**
- **A company that customers choose over others.**
- **All stakeholders are satisfied by JAC's service.**
- **Assuring continuous stability of safety, comfort, trust and good performance.**
- **And we aim to be a company that is continuously growing, developing and advancing.**

Build stronger organization and systems needed for medium- to long-term growth

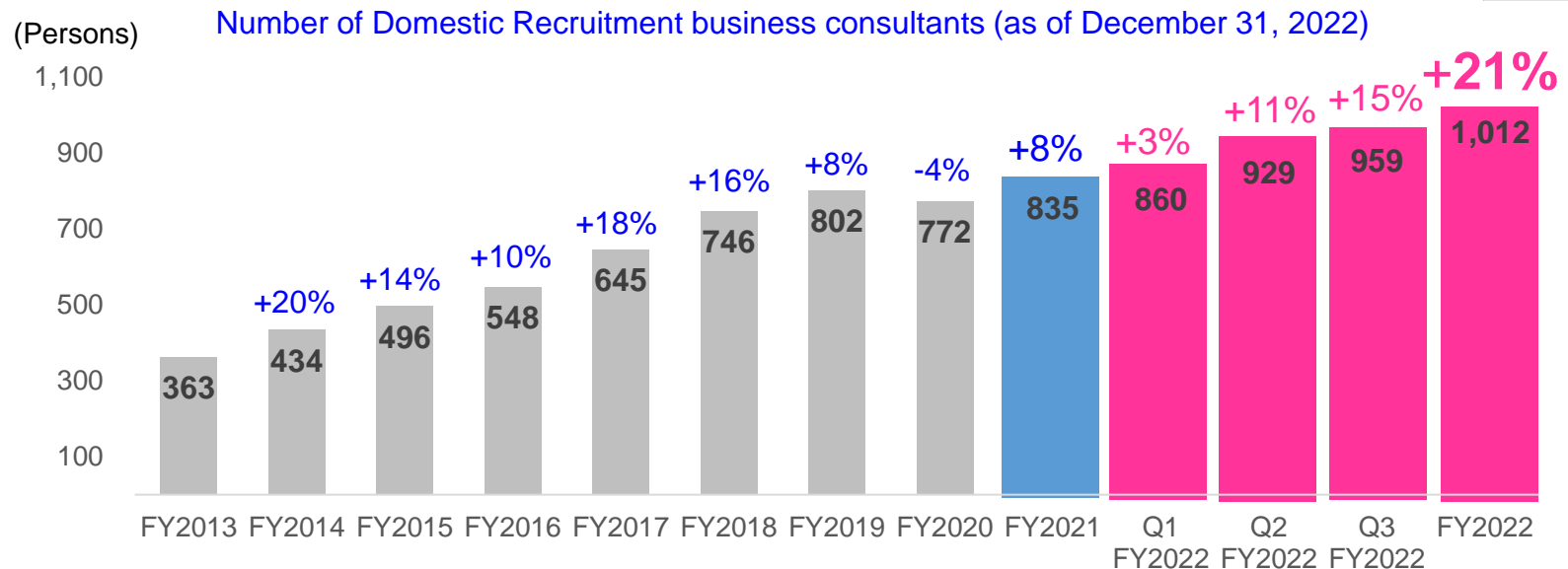
- 1 Increase in number of consultants x Training conducted through the JAC Standard
- 2 Thorough promotion of Account Management
- 3 Focus on growing markets and business Segments
- 4 Strengthening of management talent (recruitment and training)
- 5 BPR for higher efficiency (improvement of core systems)

1. Increase in number of consultants x Training conducted through the JAC Standard (1)

<h3>Strengthen recruiting departments</h3> <p>Jan. 2021 (11 staff) Jan. 2022 (18 staff) Jan. 2023 (25 staff)</p>	<h3>Enhance the training team</h3> <p>Jan. 2021 (9 staff) Jan. 2022 (14 staff) Jan. 2023 (24 staff)</p>	<h3>Educational reform achieved through the development of the JAC Standard</h3>
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Record expansion achieved through greater recruitment and lower turnover

	Consultants increase
FY2021	+63
FY2022	+177

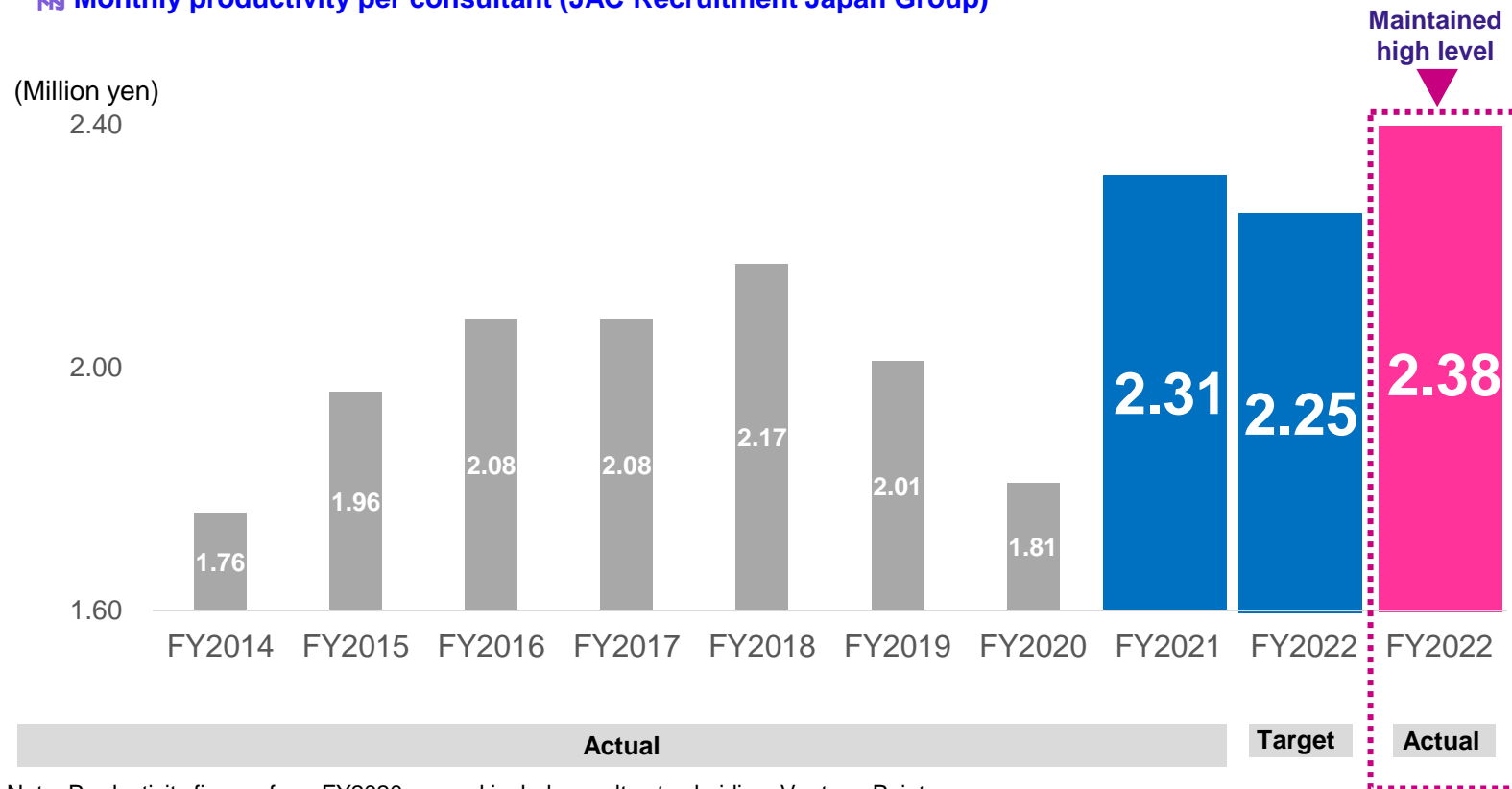


1. Increase in number of consultants x Training conducted through the JAC Standard (2)

Enhancement of training

Productivity was also high and exceeded our prospect

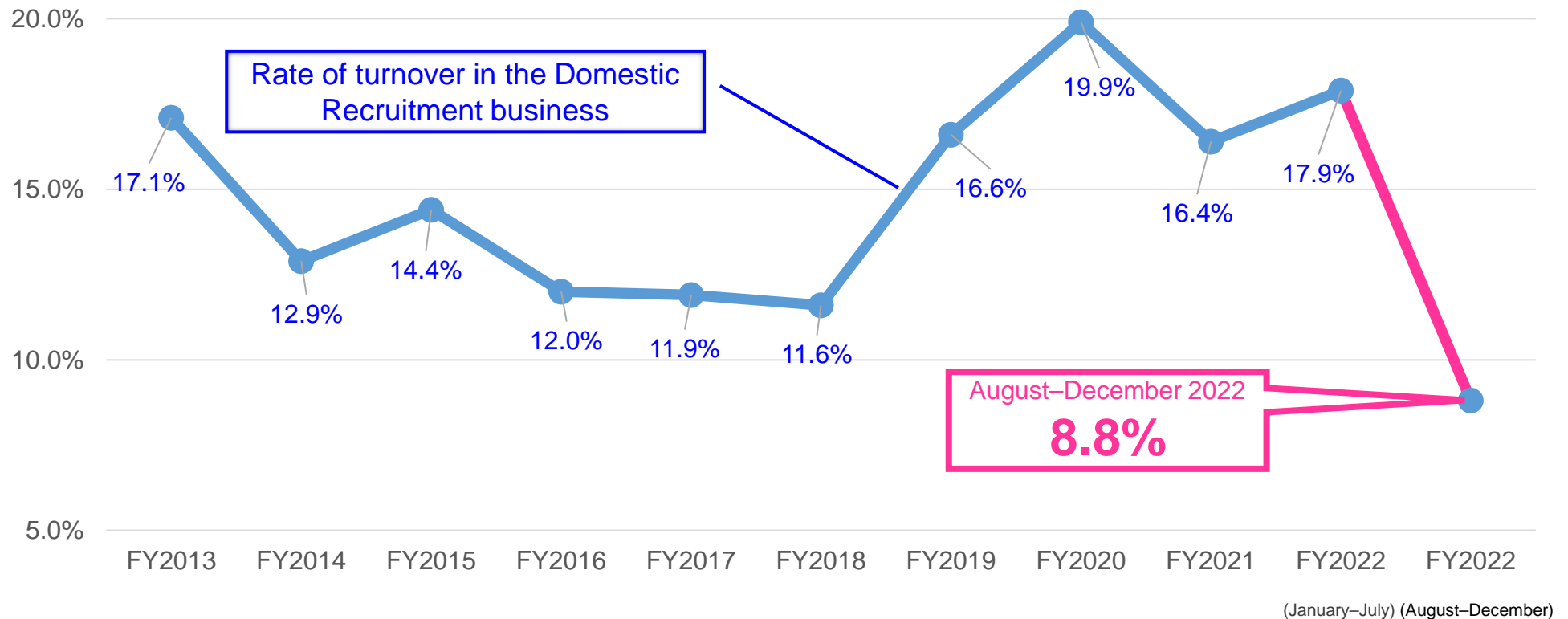
雨 Monthly productivity per consultant (JAC Recruitment Japan Group)



Note: Productivity figures from FY2020 onward include results at subsidiary Vantage Point.

1. Increase in number of consultants x Training conducted through the JAC Standard (3)

Productivity increased due to training enhancement, and we have observed significant declines in our turnover rate since August 2022.



Note: Figures associated with JAC Recruitment and JAC International

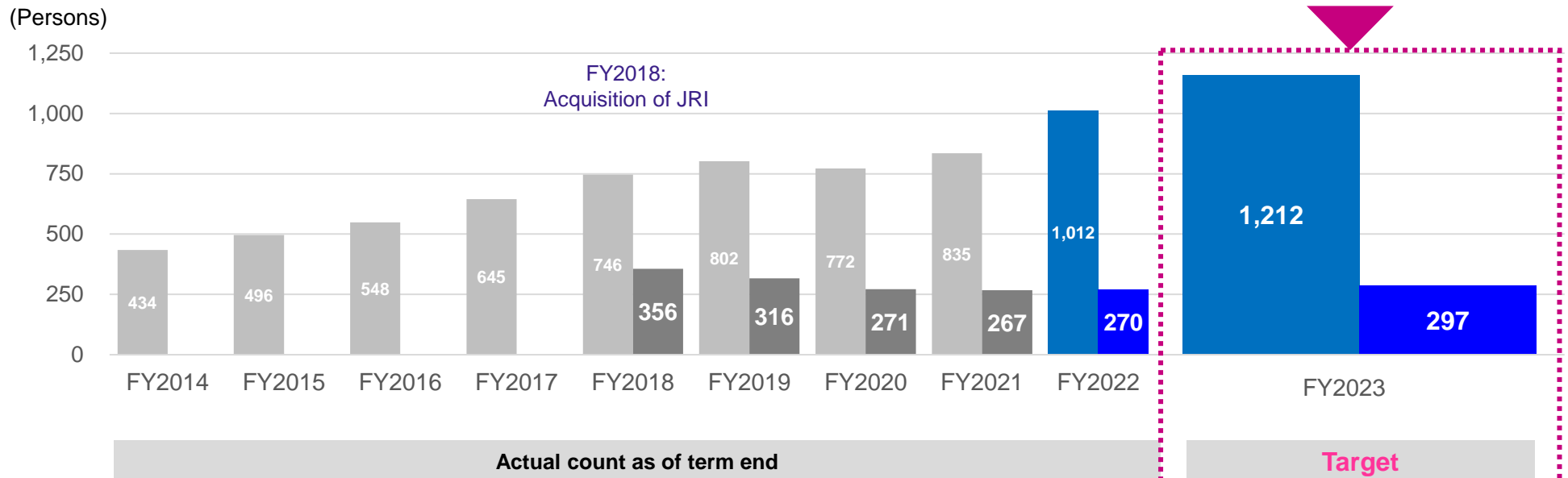
1. Increase in number of consultants x Training conducted through the JAC Standard (4)

Training rooted in the JAC Standard is effective in terms of turnover reduction

Development of both Japanese and English handbooks to be utilized throughout JAC Group, including overseas

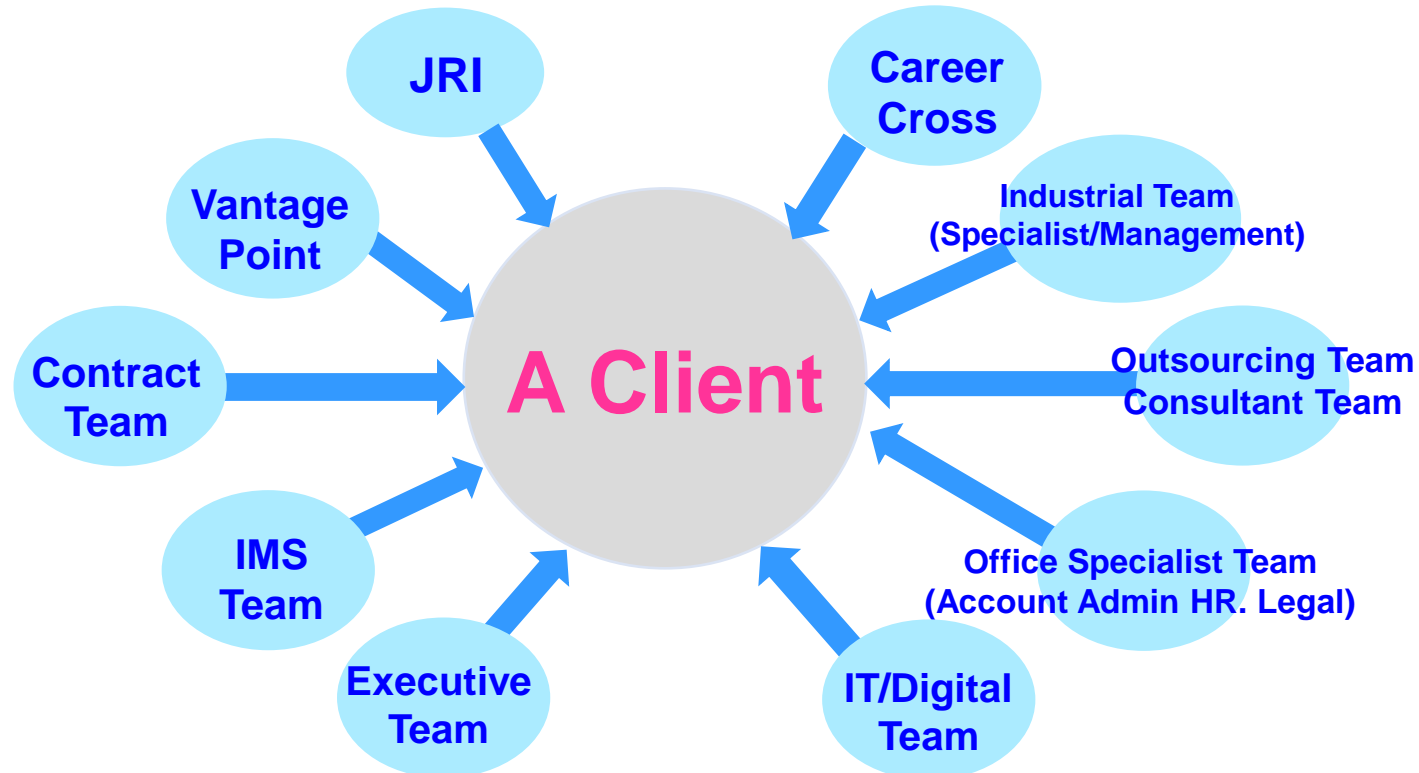
Targeting continuous growth through numeral expansion of consultants

Number of JAC Group consultants and target (as of December 31, 2022)



2. Thorough promotion of Account Management (focus point for 2023)

Account Management (Organizational management of major client companies)

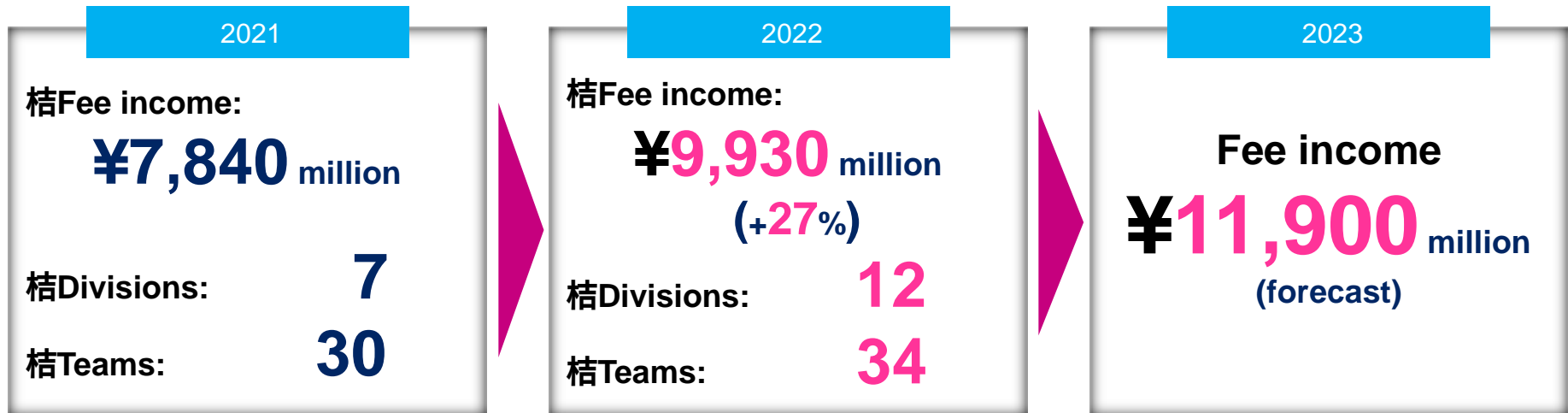


3. Focus on Growing Markets and Business Segments (1)

Growing markets
and business
segments

Digital

Multinational and major Japanese companies have cut back on recruitment since autumn 2022. However, we have observed a persistent shortage of human resources among medium-sized companies in Japan.



3. Focus on Growing Markets and Business Segments (2)-1

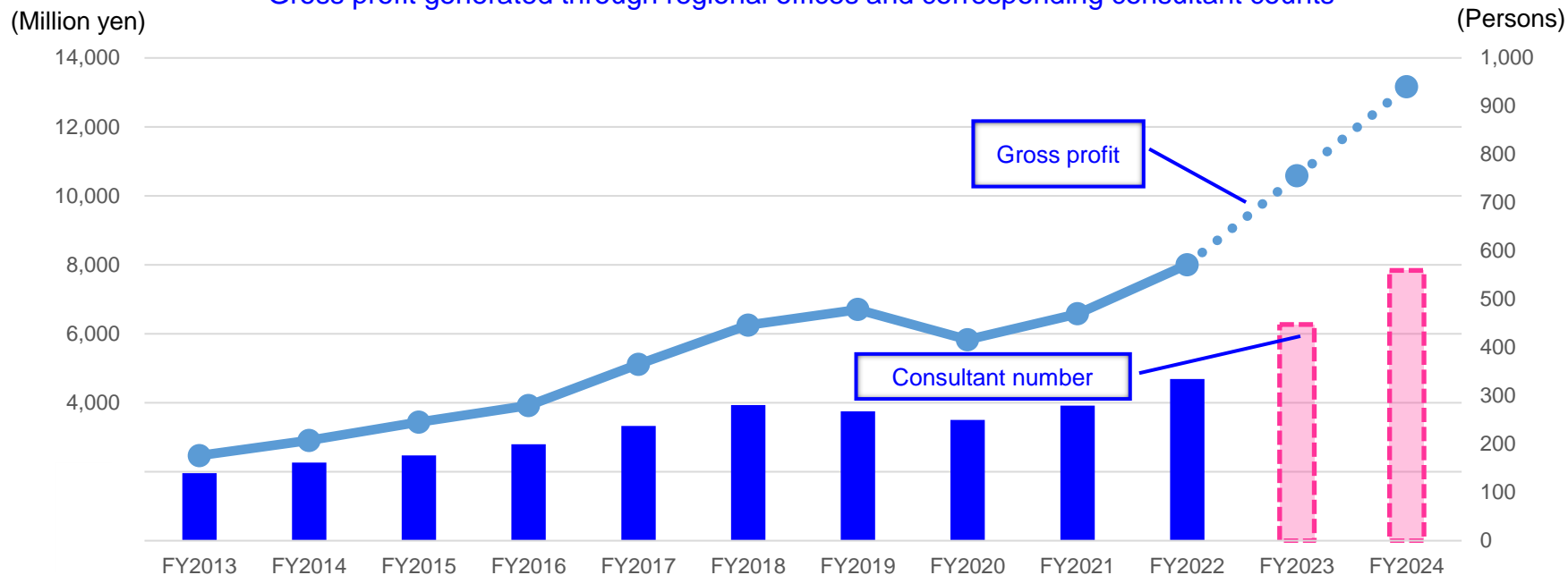
Growing markets
and business
segments

Reinforcement
of regional offices

North Kanto, Yokohama, Nagoya, Shizuoka, Osaka,
Kyoto, Kobe, Chugoku (Hiroshima), Fukuoka

We aim to **double growth in a three-year.**

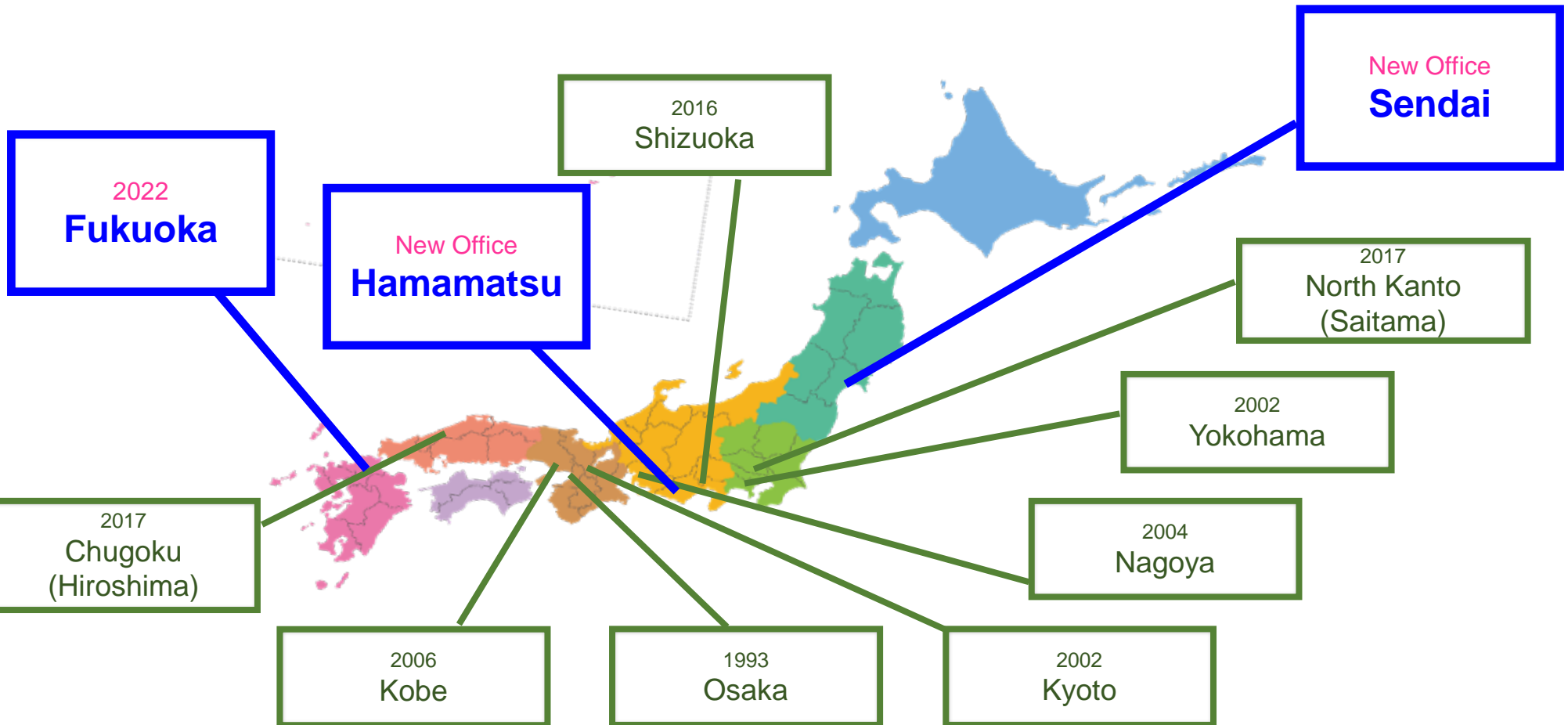
Gross profit generated through regional offices and corresponding consultant counts



3. Focus on Growing Markets and Business Segments(2)-2

☁ Regional offices: 2023 measures

1. **Generate high earnings:** Station consultants in charge of executive recruitment at all offices
2. **Expand regional coverage:** Establish new branches in Sendai and Hamamatsu (April)



3. Focus on Growing Markets and Business Segments(3) (4)

Growing markets
and business
segments

MNC (multinational company)

☁ Prioritizing healthcare, IT, and manufacturing industries
through our **three-company alliance**



VantagePoint

Growing markets
and business
segments

Executive

☁ Targeting high-salary-range personnel with **annual salary over ¥20 million**



4. Strengthening of management talent (recruitment and training)

1. Recruitment

Corporate brand enhancement through recruitment of middle and back management

- ☁ Associate directors responsible for MNC-related business
- ☁ General managers responsible for IR/PR and marketing (including MNCs and global organizations)

2. Training

Prepare and apply the **JAC Standard** for all levels of management

- ☁ Developed and conducted manager-level training programs (2022)
- ☁ Clarification of the missions and duties of personnel over general manager (2023)

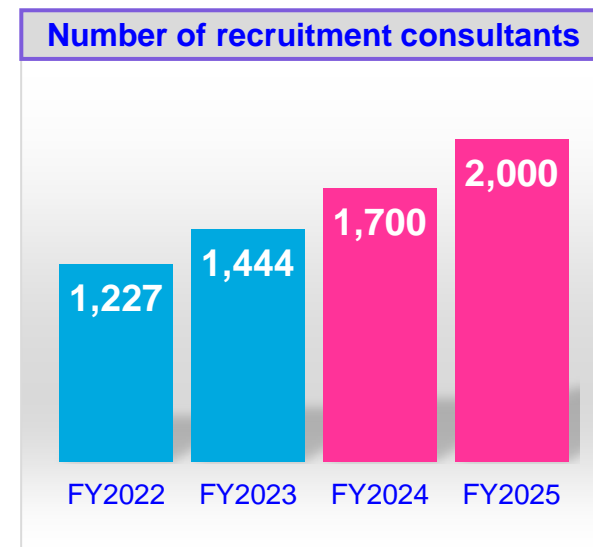
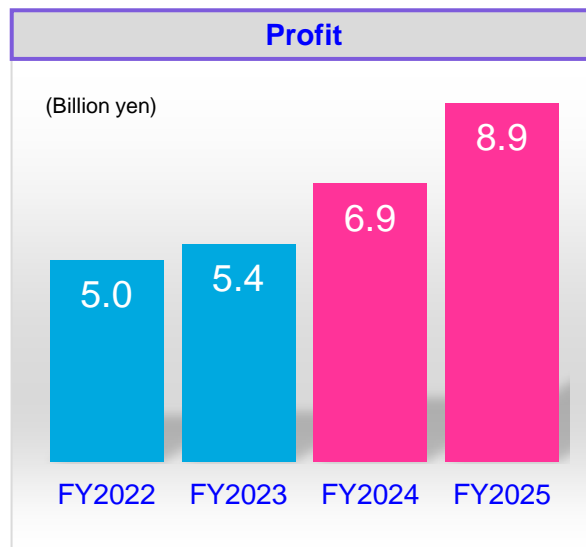
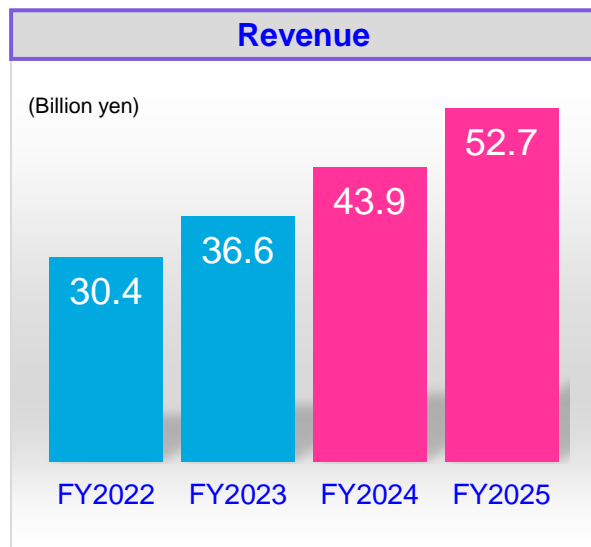


Targeting further growth through enhancement of our organization and systems

Aiming for annual growth of **20%** beginning in 2024

(Billion yen, %, persons)	2022 (Actual)	2023 (Forecast)	2024 Goals	2025 Goals
Revenue	30.4	36.6 (+20%)	43.9 (+20%)	52.7 (+20%)
Profit attributable to owners of parent	5.0	5.4 (+8%)	6.9 (+28%)	8.9 (+29%)
Profit margin	16%	15%	16%	17%
Number of recruitment consultants	1,227	1,444 (+18%)	1,700 (+18%)	2,000 (+18%)

Note: The number of recruitment consultants is the annual average for consultants in the Domestic Recruitment Business and 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.

The JAC Group uses many activities to play a role in achieving the SDGs.



Create employment opportunities and support the growth of companies and their people



Diversity and inclusion



Efforts regarding health management



Disclosure of information and employee education about the SDGs



Environmental activities (Reuse, Reduce and Recycle)



Switch to use of green electricity



Reforestation (The PPP Project)

1. Raise the ratio of female managers from the current 23% 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 promote diversity

Established a committee responsible for measures aimed at transforming JAC Recruitment into a **LGBTQ-friendly** company

- Held training sessions designed for **all directors, associated directors and all employees** to acquire basic knowledge
- Held **various events** both internally and externally during **Pride Month**
- Created an **Ally sticker**, which allies can post on their desks





JAC Recruitment was recognized under the “2022 Certified Health & Productivity Management Organization Recognition Program,” marking its fifth consecutive year of recognition.

Employee Wellness Activities

Health monitoring

- 曳 Promotion of medical check-ups
- 曳 Promotion of complete check-ups (thorough physical examination) and assistance for expenses
- 曳 Stress level tests

Health promotion initiatives

- 曳 Program that encourages people to exercise
- 曳 Stretching classes at workplaces
- 曳 Support for clubs at workplaces
- 曳 Healthcare support for no smoking, supplementary payments for fitness club memberships, provision of healthy meals at offices, and other activities

Opportunities for measures to prevent diseases

- 曳 Influenza vaccinations with assistance for expenses
- 曳 Free dental check-ups



Goals for 2025

Medical check-ups	Employees receiving check-ups	100%
	Employees receiving stress check	100%
	Specified health guidance participation	25%
Lifestyle/ Working style measures	Employees exercising regularly	30%-plus
	Employees who smoke	0%
	Employees with check-up items requiring attention	20%
	Days of standard and summer vacation special paid leave used	11

**Absorb approximately 500 tons of CO2 per year,
achieving net-zero Scope 1 and Scope 2 carbon emissions**

JAC Group's
reforestation
program

The PPP Project

One Placement creates One Plant to save the Planet

To help combat global warming, the JAC Group plants one seedling every time a person finds a job by using a group company.

JAC Group reforestation locations

曳 Bali Island

(Penelokan District, Kintamani County, Bangli, Bali Province, Bali, Republic of Indonesia)

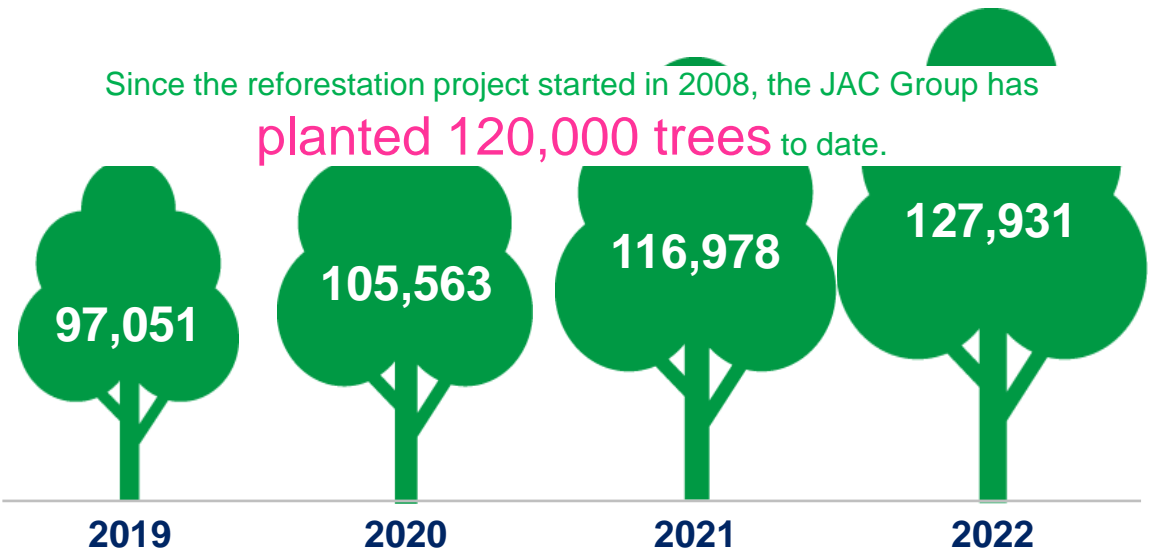
曳 Borneo Island

(Apeng Forest Reserve, Serian District, Sarawak Province, Borneo Island, Malaysia)



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

Since the reforestation project started in 2008, the JAC Group has **planted 120,000 trees** to date.



This reforestation project increases the commitment to social contributions of the people who participate in the project. Another benefit is the creation of jobs for local students who perform reforestation work with JAC Group employees.

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



公益財団法人
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.

- u The foundation gained accreditation as a public interest incorporated foundation and has formally launched activities.
- u The foundation is currently selecting projects for which it will provide support in 2023 and plans to begin disbursing grants in April.

Precautions and Contact Information

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 21 February 2023 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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