

Results Briefing 2Q of FY2023

JAC Recruitment Co., Ltd.

24 Aug. 2023

Summary of This Briefing

Financial Highlights

- Against the half year forecast, revenue is slightly lower, but profit is slightly higher.
- Full year forecast has not changed from the initial forecast.
- Dividends forecast (85 yen per share) has not changed from the initial forecast.

Actions for Medium to Long-term Growth

- We are reinforcing our strengths and features with the commitment to become the World's No.1 recruitment consultancy firm both in quality of service and profitability.
- The increase of consultants and the strengthening of their training, which constitute the core of profit expansion, is going on schedule.
- We still recognize the digital domain as a long-term growth field in spite of its current recruiting adjustments due to market trends. In the second half of the year, while seeing growth in markets such as local areas, MNCs, and high-end, we will further strengthen our efforts to expand the finance field and reinforce our position in the manufacturing field.

1. Financial Highlights

Consolidated Results: 2Q of FY2023

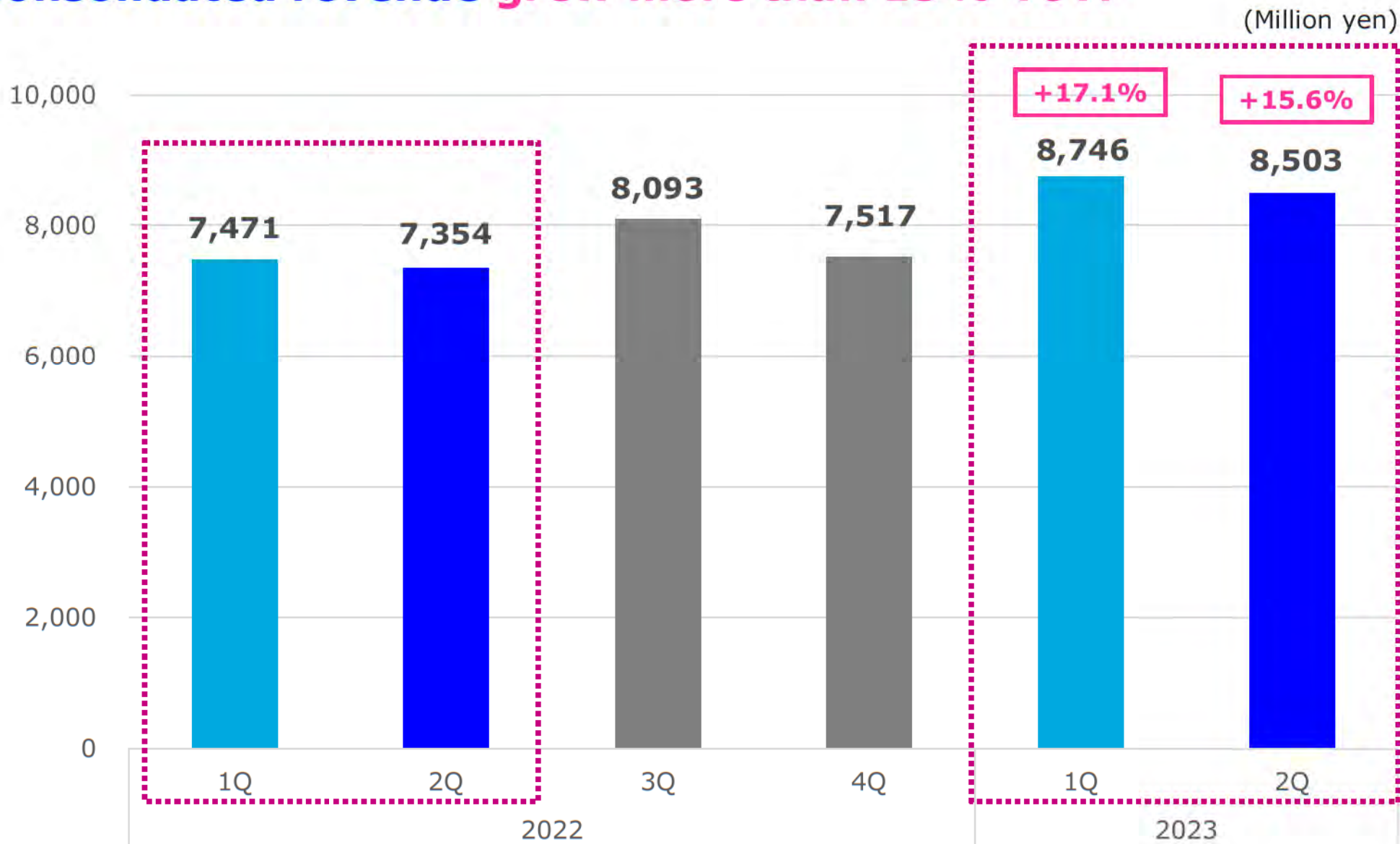
Revenue increased by 16%, which is slightly lower than the half year forecast. However, the profit met its target.

(Million yen)

	2Q FY2022	2Q FY2023	Change in pct.	Vs. Forecast	
				1 st Half	Full Year
Revenue	14,825	17,249	+16.3%	96.6%	47.1%
Gross Profit	13,679	15,909	+16.3%	98.5%	48.1%
EBITDA	4,127	4,421	+294	-	-
EBITDA Margin	27.8%	25.6%	(2.2%)	-	-
Ordinary Income	3,925	4,165	+6.1%	96.2%	53.5%
Profit attributable to owners of parent	2,731	3,020	+10.6%	100.3%	55.8%

Quarterly Revenue

Consolidated revenue grew more than 15% YoY.

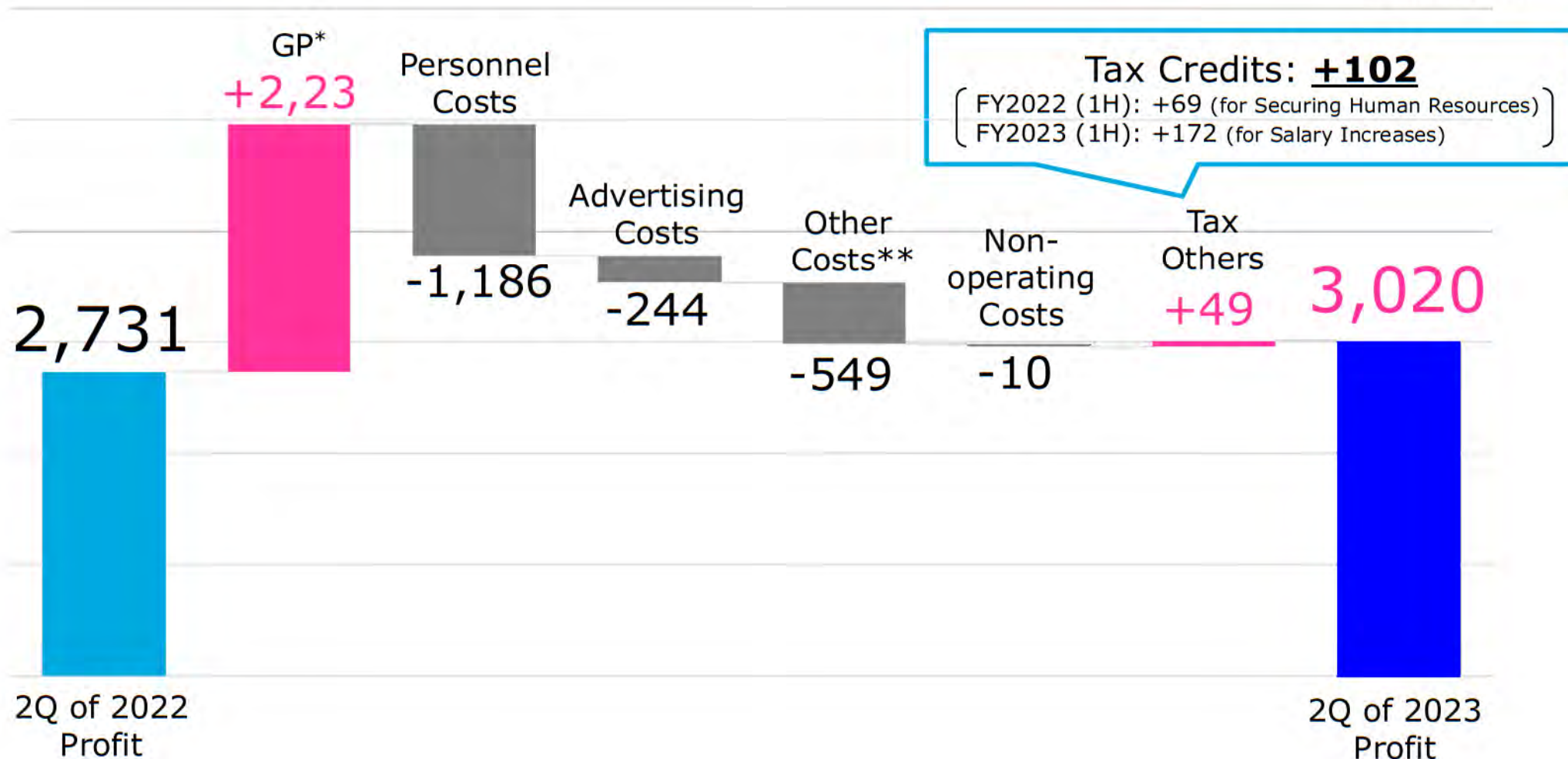


Factors to Increase of Profit YoY

Personnel cost increased due to the steady recruitment of consultants.

But profit achieved its 1st half budget thanks to tax credits for salary growth.

(Million yen)



*GP: Gross Profit

**Expanding Offices, etc.

Segment Performance

Domestic: Revenue rises to a record high

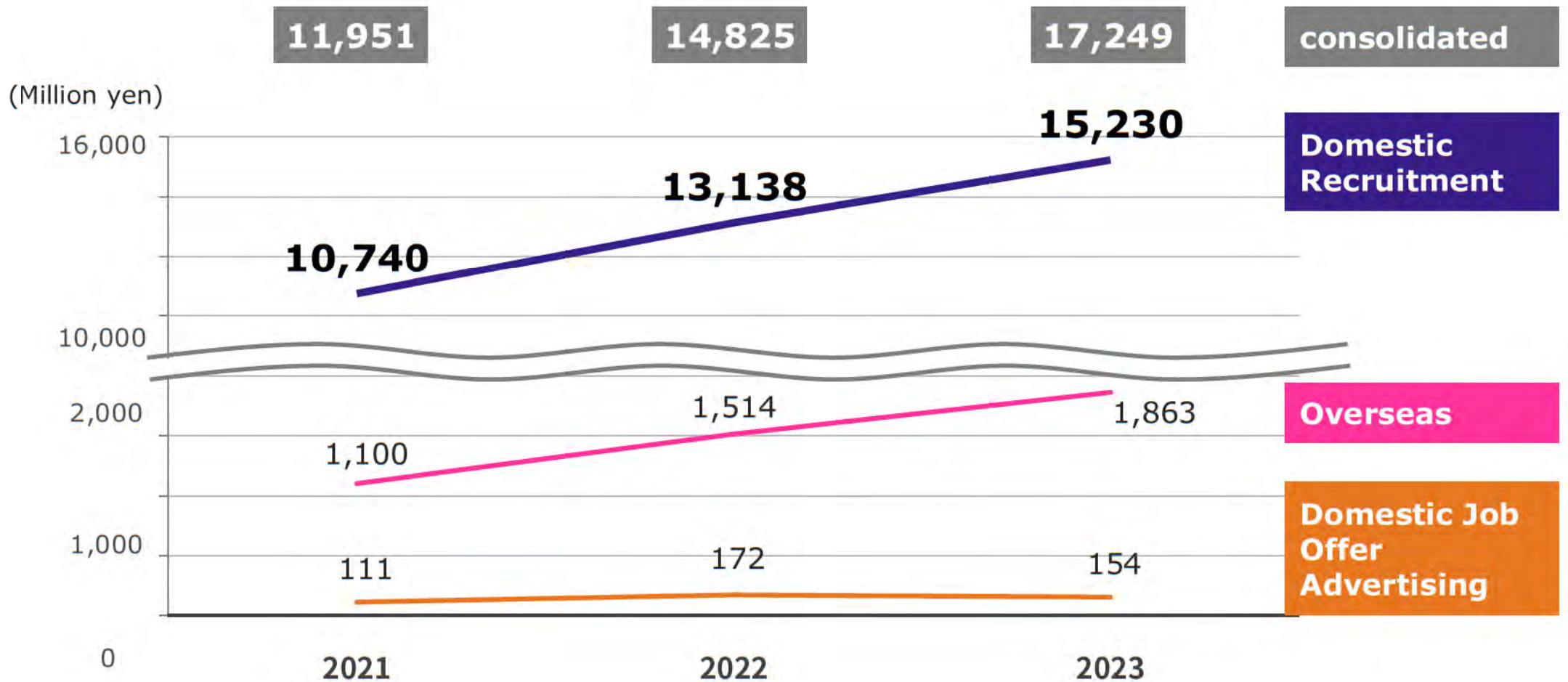
Overseas: Revenue recovers to the 2019 level (pre-COVID-19)

(Million yen)

Segment revenue	2Q FY2022	2Q FY2023	Change in pct.
Domestic Recruitment Business	13,138	15,230	+15.9%
Overseas Business	1,514	1,863	+23.0%
Domestic Job Offer Advertising Business	172	154	(10.3%)
Segment profit (loss)	2Q FY2022	2Q FY2023	Change in pct.
Domestic Recruitment Business	3,857	4,096	+6.2%
Overseas Business	28	60	+114.3%
Domestic Job Offer Advertising Business	12	8	(31.6%)

Three-year Business Segment Revenues

Domestic Recruitment and Overseas: Increasing Revenue sequentially



Overview of each segment

Domestic Recruitment Business

- Active hiring mainly in Japanese companies
- Meanwhile, U.S. IT and consultancy companies and some major Japanese IT companies continue to curtail hiring from last fall
- Due to increased use of in-house database, sales cost ratio is under 1.7 point against initial plan
- Focusing on changes in the needs for recruitment of the aforementioned companies, we will raise the productivity of the overall business by optimizing the job offers to deal with and the assignment of consultants and further strengthening organizational management

Overseas Business

- The newly established Los Angeles office and the offices in Europe and India performed strongly, while sales remain sluggish in the Hong Kong office
- It is vital to shift to a highly profitable structure by reviewing the cost structure, including personnel part

Domestic Job Offer Advertising Business

- Sales and profits decline YoY due to restraint on hiring by some foreign companies, which are major customers
- Aiming to recover results by targeting sales to companies that are motivated to hire bilingual personnel, including Japanese companies

Balance Sheet Summary

Financial strength remains high with an equity ratio of **70.4%**

(Million yen, %)

Item	End of Dec. 2022		End of Jun. 2023		Change
	Amount	%	Amount	%	
Current assets	17,820	80.7	16,024	79.2	(1,796)
Cash and depositions	14,879	67.4	13,071	64.6	(1,808)
Accounts receivable - trade	2,244	10.2	2,254	11.1	+10
Non-current assets	4,263	19.3	4,220	20.8	(43)
Property, plant and equipment	745	3.4	813	4.0	+68
Intangible assets	1,532	6.9	1,518	7.5	(14)
Investments and other assets	1,985	9.0	1,887	9.3	(98)
Total assets	22,084	100.0	20,244	100.0	(1,840)
Current liabilities	6,161	27.9	5,709	28.2	(452)
Non-current liabilities	337	1.5	274	1.4	(63)
Total liabilities	6,498	29.4	5,983	29.6	(515)
Total net assets	15,585	70.6	14,260	70.4	(1,325)
Total liabilities and net assets	22,084	100.0	20,244	100.0	(1,840)

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)

	2Q FY2022	2Q FY2023
Cash flows from operating activities	2,695	3,072
Cash flows from investing activities	(410)	(232)
Cash flows from financing activities	(3,080)	(4,750)
Cash and cash equivalents at end of period	12,295	13,071

Forecast for FY2023

No change from the initial forecast

- Revenue is slightly weak due to the curtailment of hiring by some US and Japanese major IT companies. However, we will strengthen our approach to other successful sectors and initiatives to catch up in the second half.
- Profit is higher than the 1st half budget due to tax credits for the promotion of Salary Increases. We have also begun cost cutting measures in consideration of sluggish revenue in the first half and expect to this to yield steady results.

(Million yen)

	2022	2023 Forecast	Vs. 2022	Change in pct.
Revenue	30,435	36,651	+6,216	+20.4%
Gross profit	28,043	33,109	+5,066	+18.1%
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%

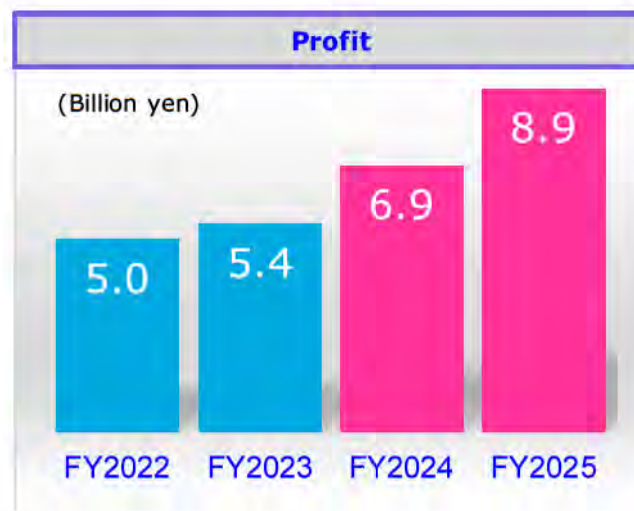
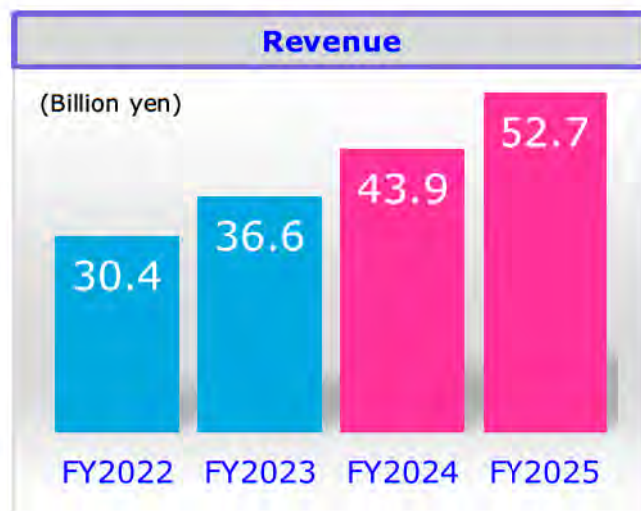
[Assumptions used for this forecast] No change from the initial assumptions

Medium-term Management Plan Numerical Targets

No change from the plan released on Feb. 13, 2023: target remains a stable growth of **20%**.

(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.



About Dividends

No change from the Initial forecast

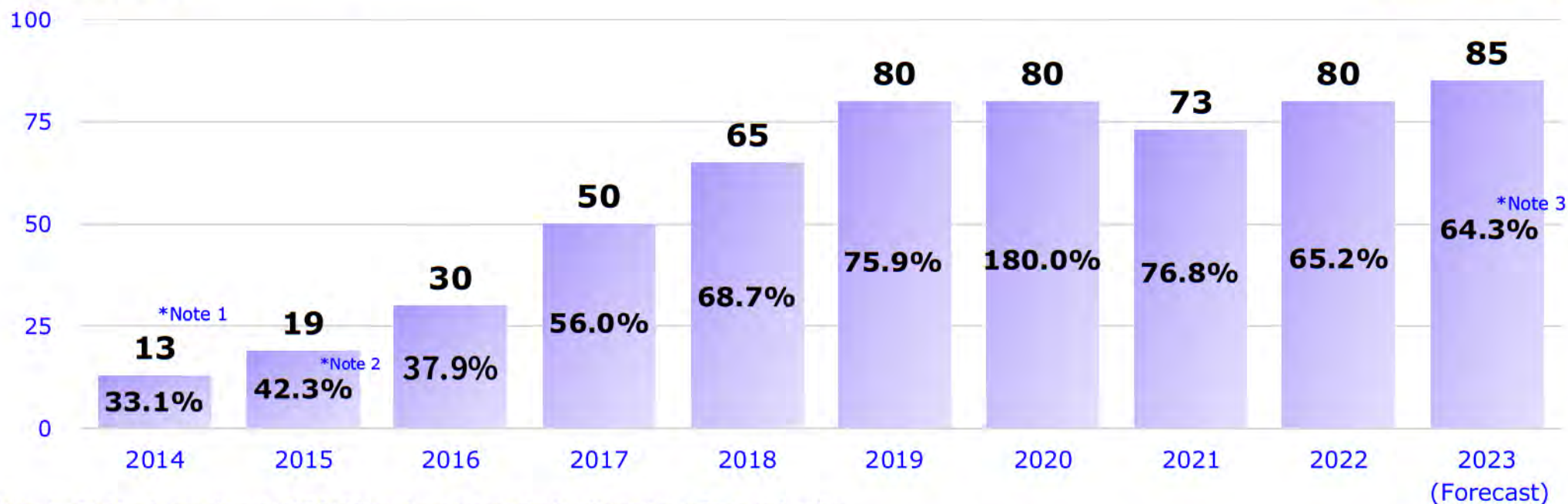
Basic Policy for Dividends

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

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.

Note 3: The dividend payout ratio for FY2023 is the figure at the time of the annual forecast.

2. Actions for Medium to Long-term Growth

Business Policy 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

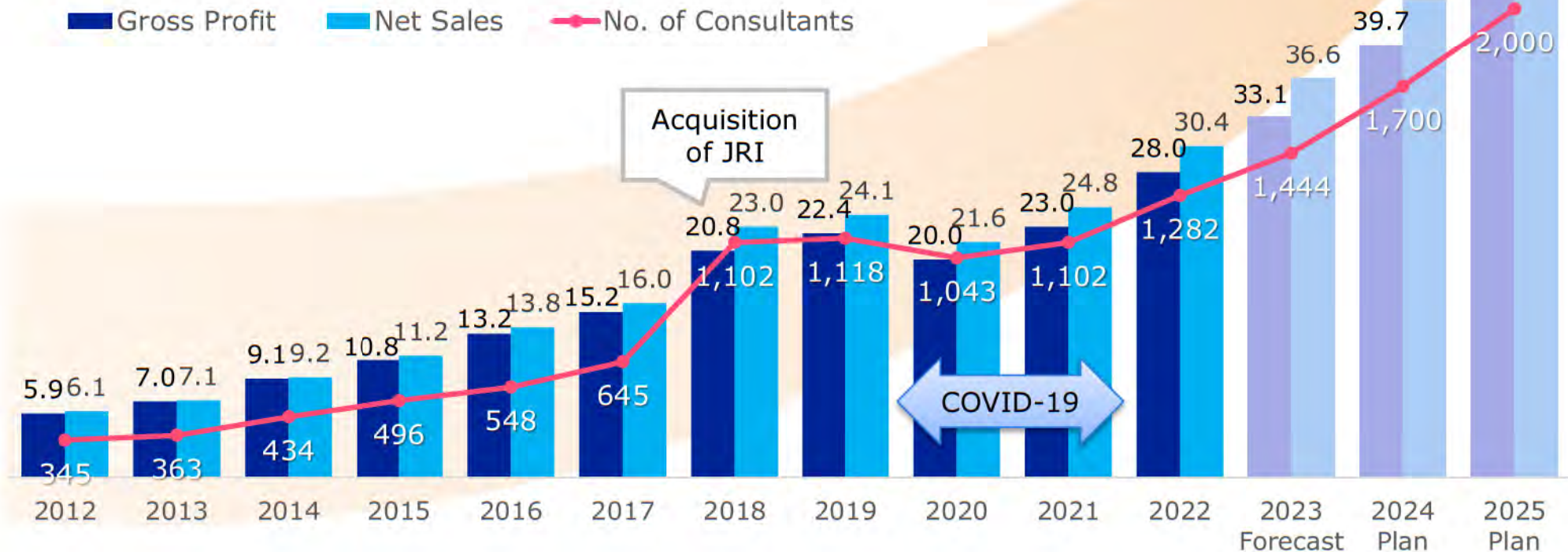
- Based on our Core Values accumulated over 48 years since foundation.
- We provide the same high-quality service anywhere in the world.
- A company that customers choose over others.
- All stakeholders are satisfied by JAC's service.
- Assuring continuous stability of safety, comfort, trust and good performance.
- And we aim to be a company that is continuously growing, developing and advancing.

10-year results and Mid-term Plan (1) Toplines and No. of Consultants

- The number of consultants steadily increased, except for 2020 and 2021 impacted by Covid-19. Accelerate business expansion by increasing the speed of recruitment from fiscal 2022.
- Investment in people through "human capital management" has attracted attention, demand for specialists and high-class human resources has expanded, and personnel mobility has progressed in line with the strengthening of globalization, that let us expect the market we target to continue expanding.

**World No.1
in Service quality
and Profitability**

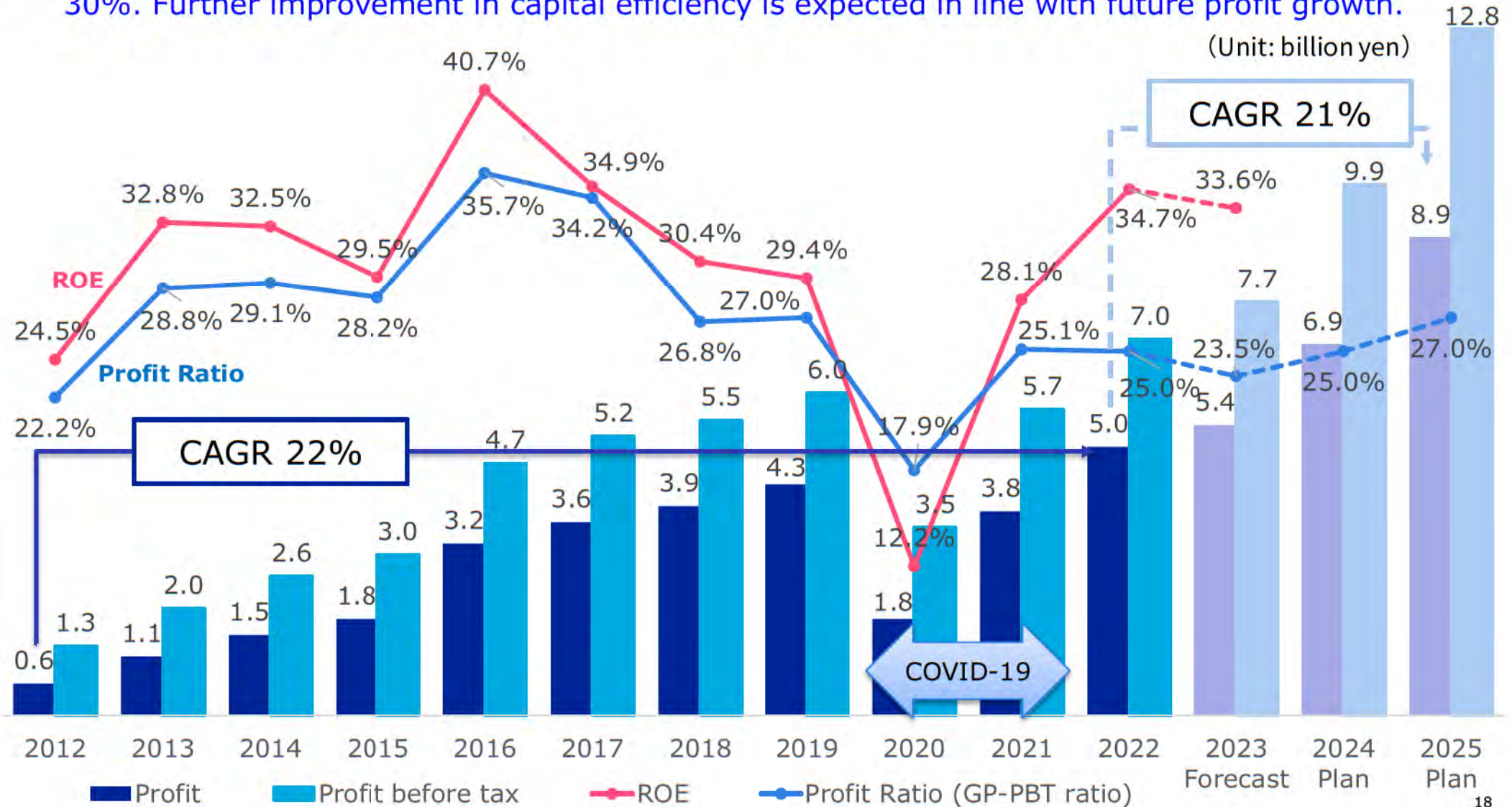
(Unit: billion yen, persons)



*The number of recruitment consultants is the sum of the Domestic Recruitment Consulting Services and the Overseas Business. Actual results are the numbers at the end of each fiscal year. Forecasts are the average for the fiscal year.

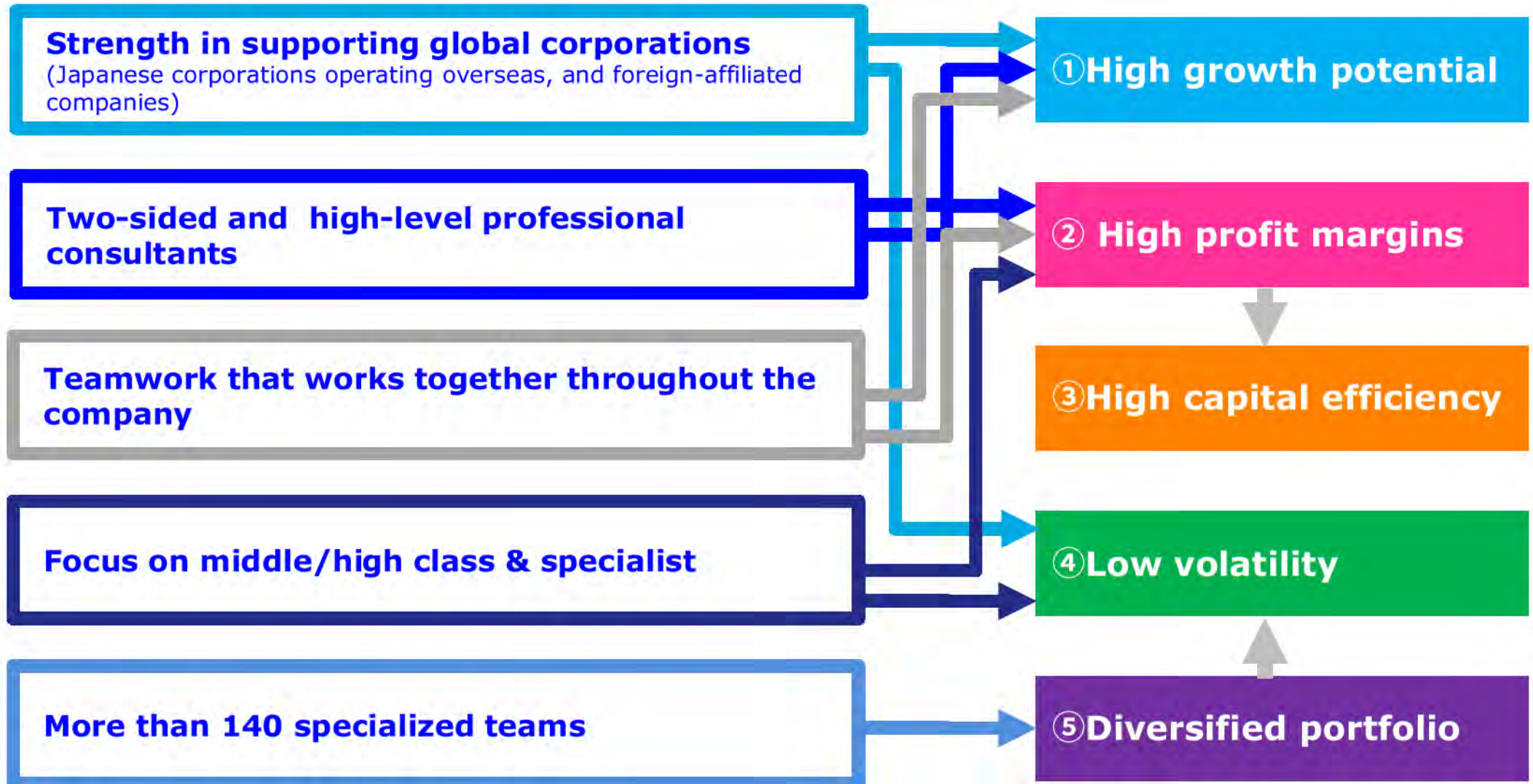
10-year results and Mid-term Plan (2) Profit and ROE

- Profit has grown at a compound annual rate of CAGR 22% over the last 10 years.
- Except for 2020, impacted by the COVID-19, ROE remains at a high level of approximately 30%. Further improvement in capital efficiency is expected in line with future profit growth.



JAC's advantages of unique business models (Core Values)

- By leveraging the strengths of its unique business model, we have established our advantages; high growth potential and high profitability.



JAC's Five Advantages:

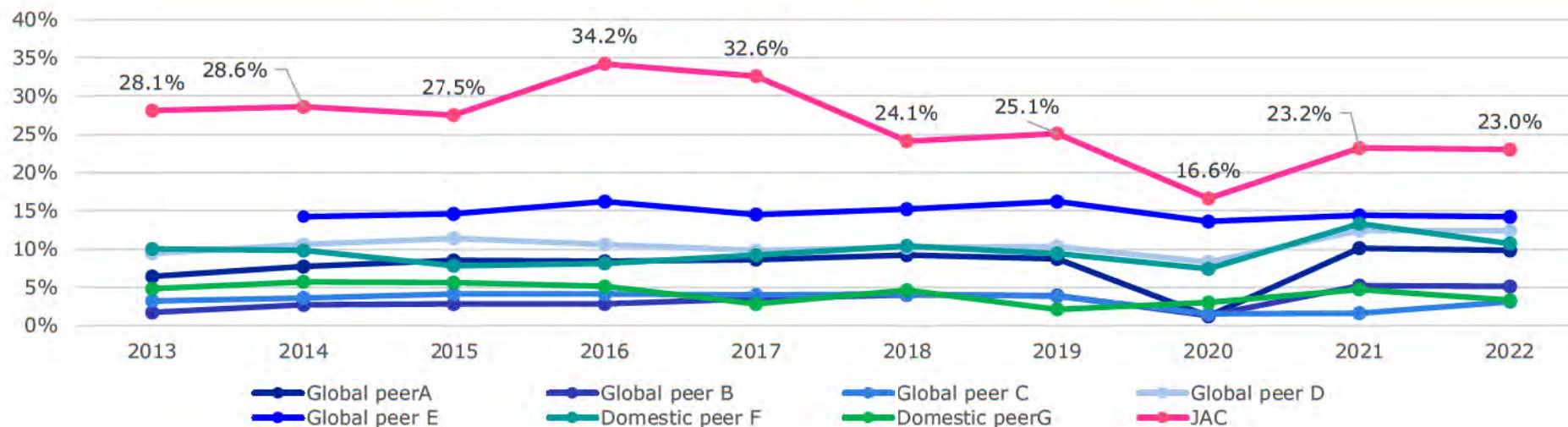
① Growth Rate, ② Profit Margin, ③ Capital-Efficiency and ④ Volatility

- By leveraging the strengths of its unique business model, we have established our advantages; high growth potential and high profitability.

	JAC Group	Global peer A	Global peer B	Global peer C	Global peer D	Global peer E	Domestic peer F	Domestic peer G
Growth rate (CAGR of gross margin over the last 10 years)	👑 ² 16.8%	7.4%	8.6%	4.9%	6.8%	4.6%	👑 ³ 14.2%	👑 ¹ 21.8%
Profit margin (10-year simple average of profit before tax on sales)	👑 ¹ 26.3%	7.9%	3.3%	3.3%	👑 ³ 10.5%	👑 ² 14.8%	9.6%	4.2%
Capital efficiency (10-Year Avg. ROE)	👑 ² 30.5%	👑 ³ 28.5%	18.1%	25.8%	👑 ¹ 35.5%	21.8%	15.6%	12.3%
Volatility (10-year standard-deviation of stock price volatility) *	👑 ³ 29.0%	👑 ¹ 21.6%	34.8%	36.1%	29.9%	👑 ² 23.8%	45.8%	50.1%

※Five years from 2018 for Global peer E and eight years from 2015 for domestic peer F

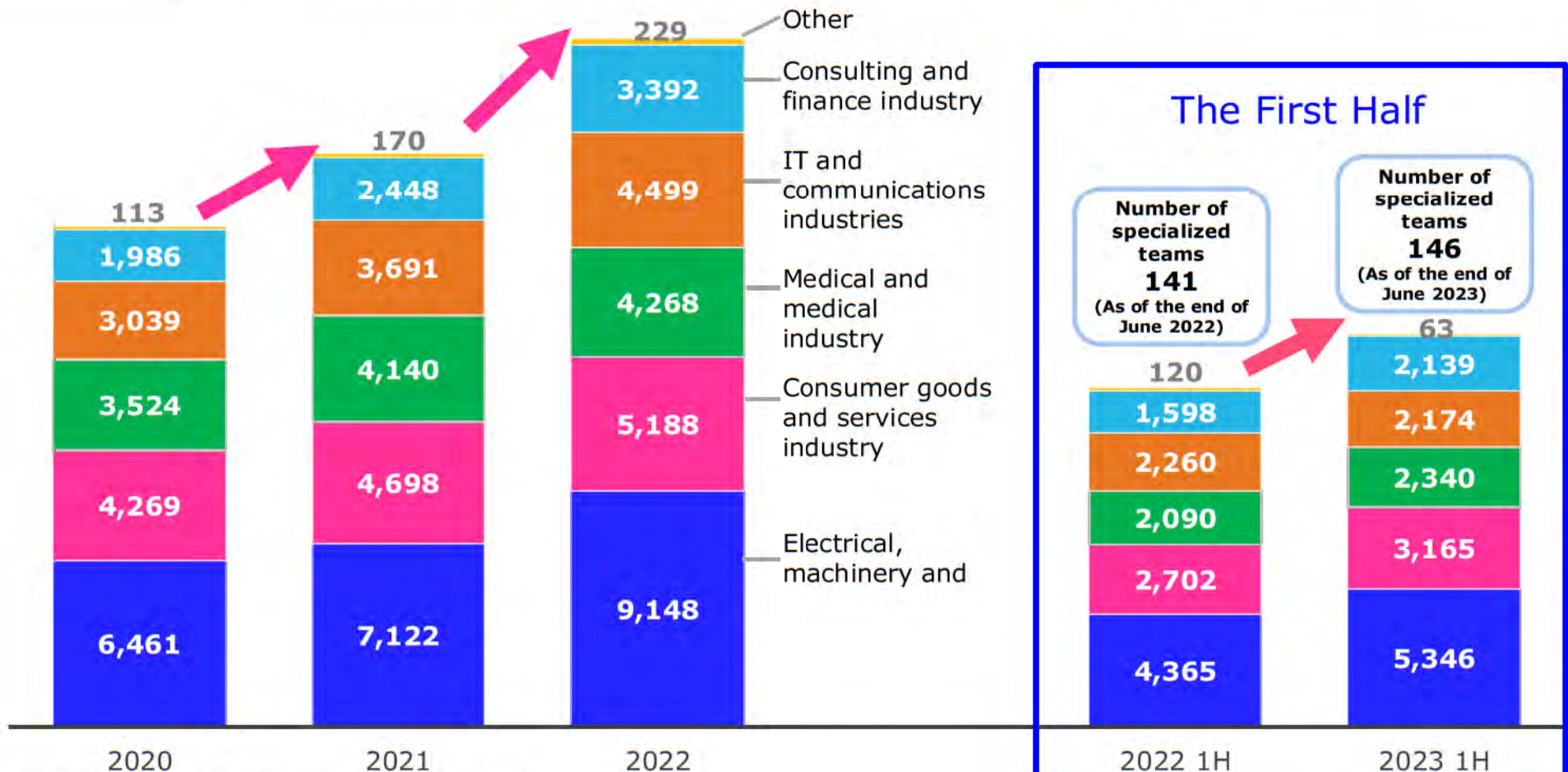
Profit margin (ratio of profit before tax to sales)



JAC's Five Advantages: ⑤ Portfolio-Diversification

- Drawing on the strengths of our consultants' expertise, we deliberately diversify our customers' business domains by focusing on the respective fields of each industry. By getting deep into different industries, we seek to diversify risk without relying on any particular industry.

Sales by Industry (Domestic Recruitment Consulting Services ※)



※JAC Recruitment + JAC International + VantagePoint

Key Initiatives for Medium-to Long-Term Growth

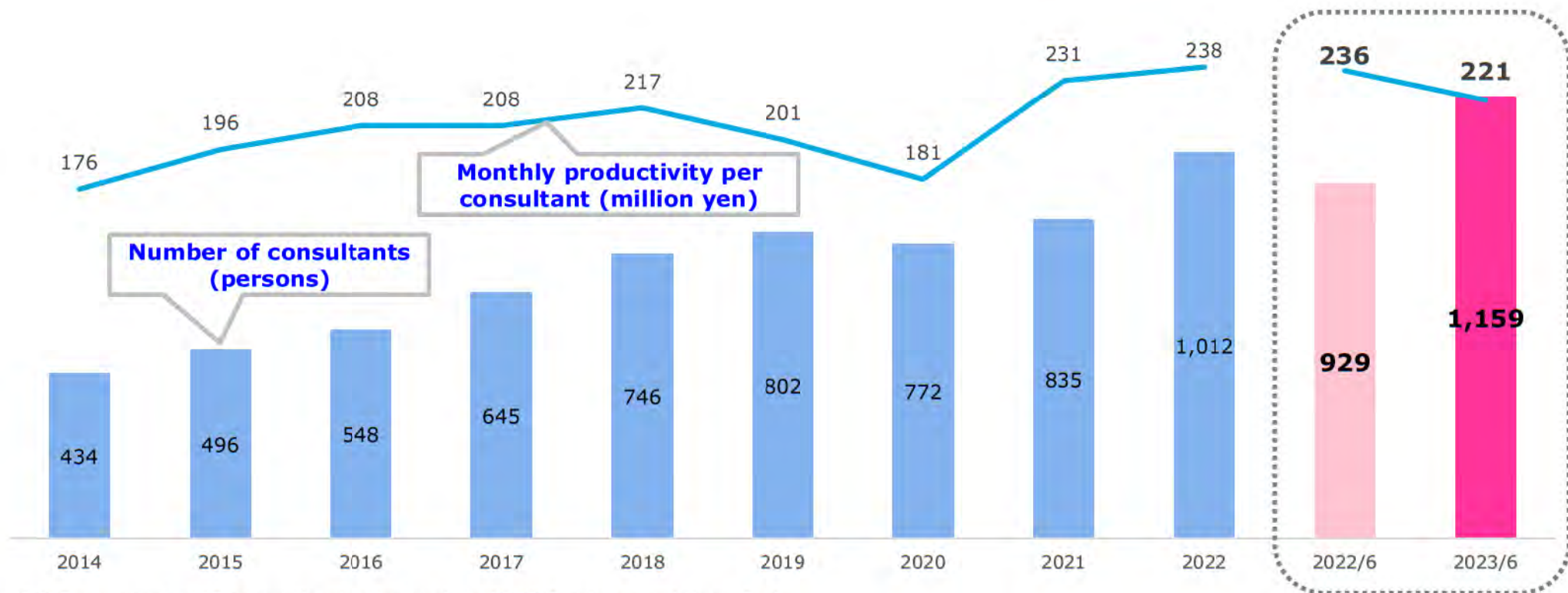
Build stronger organization and systems needed for medium- to long-term growth / Select focusing areas

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

1. Increasing the number of consultants X training by JAC Standard ①

- Trends in the number of consultants as planned due to strengthening of consultant recruitment and smaller of turnover rate.
- On the other hand, productivity (monthly sales per consultant) worsened YoY due to a sharp decline in job openings by U.S. IT companies and major consulting firms, which used to drive high productivity.

Number of Consultants and Productivity (Domestic Recruitment Consulting Services ※)

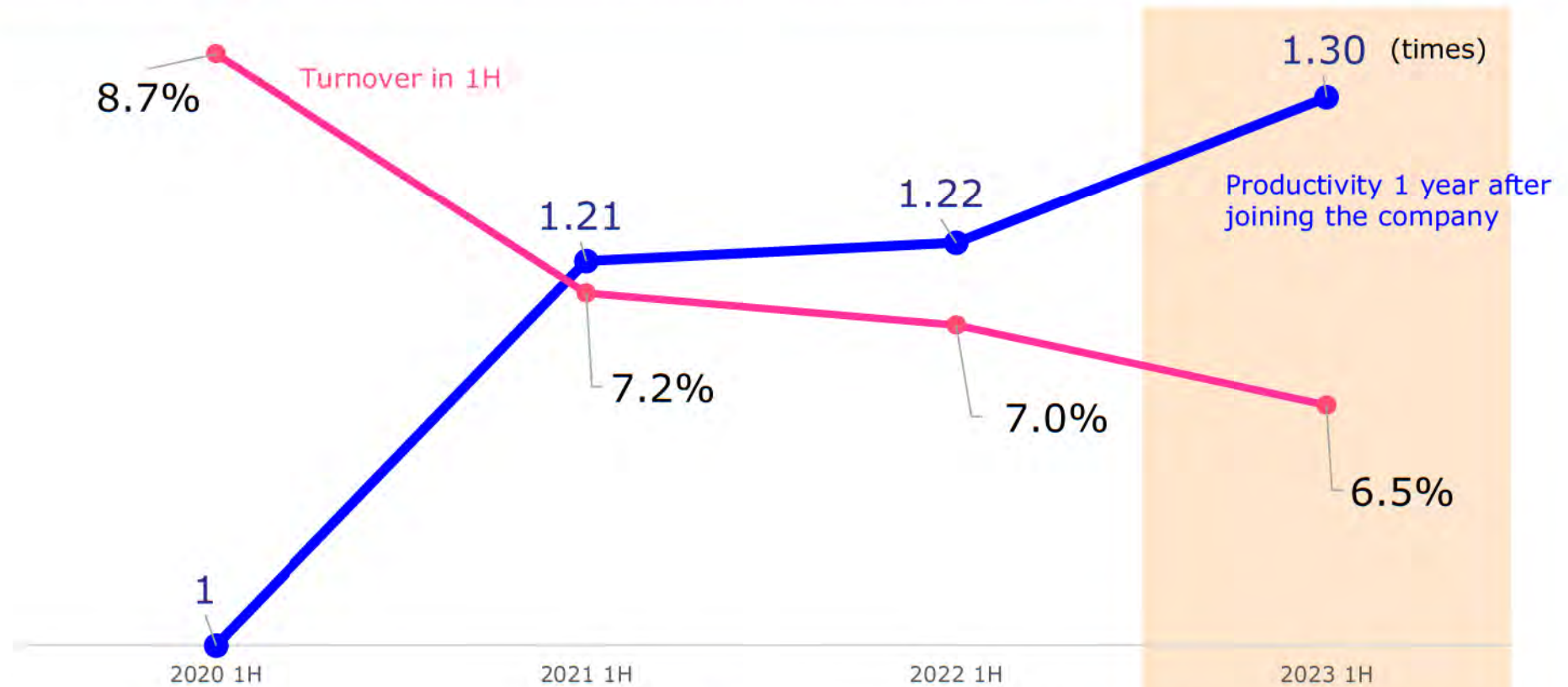


※JAC Recruitment + JAC International + VantagePoint(2020 fiscal year and thereafter)

1. Increasing the number of consultants X training by JAC Standard ②

- Introduced JAC Standard and Staff Handbook and enhanced training, resulting in improved productivity 1 year after joining the company
- Turnover rate continued to decline YoY

Productivity and consultant turnover rate after one year of employment



※JAC Recruitment +JAC International

● Productivity improvement rate 1 year after joining the company
● Turnover in the first half

2. Strengthen management (recruitment and education)

① Recruitment in the first half

Recruitment of executive class with industry experience (4 hired in half-year)

- 1) Executive in charge of Marketing (CMO: Chief Marketing Officer)
- 2) General Manager of Public Relations & IR Department (CCO: Chief Communication Officer)
- 3) Executive /MNC General Manager
- 4) General Manager of Global Marketing Department

② Education

Creation and introduction of **rank-based Mission&Duty as a management JAC Standard**

- ◆ To clarify Mission & Duty of managers and above and create training manuals
- ◆ Started a training program for section managers and general managers (for 200 people)
- ◆ Introduced an English-language version and expanded it to foreign directors and overseas bases, to ensure the Standard group-wide
- ◆ Establishment and introduction of training programs for Associate Directors, subsidiary managements, and overseas base managers



Strengthen the organization and structure to create a foundation for medium-to long-term business expansion

3. Thorough promotion of Account Management

Account Management (Organizational Management of Corporate Customers)

Cultivate and strengthen relationships with client companies through key persons.
Build organizational relationships with client companies.

[Results for the first half]

- ① Number of companies with 2 or more placements increased by 13%
- ② In above, clients with more than 20 placements

Up 60%
(YoY)

[Initiatives in the Second Half]

Expand No. of clients eligible and further strengthen Account Management at all branch offices

Maximize synergies As a Group



4. Focus on growing markets and areas ① Digital-related

Growing markets / areas

Digital-related

Recruitment restrained by some of the major foreign/Japanese IT companies since autumn 2022
On the other hand, demand for job offers by other IT companies and surrounding areas is strong.



4. Focus on growing markets and areas ② Regional branches

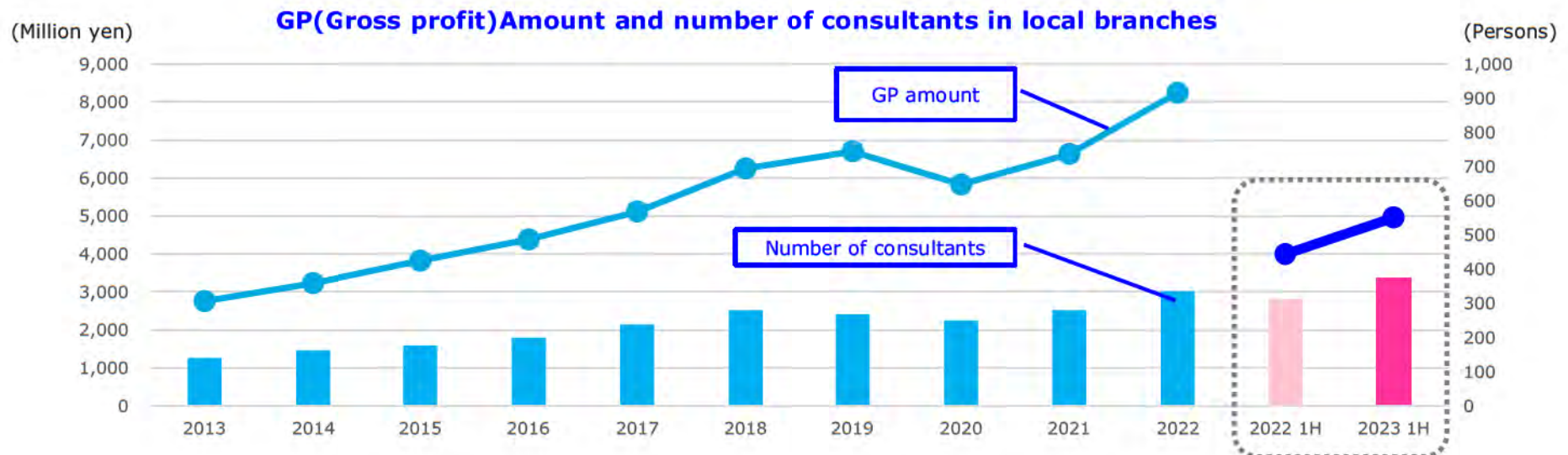
Growing markets / areas

Strengthen regional branches

- ① [To make them highly profitable] Deployment of Executive at all branches
- ② [Regional expansion] Established new branches in Sendai and Hamamatsu (April)

With GP/ personnel

+20% or more in the first half (YoY)



4. Focusing on growing markets/areas ③ MNC

Growing markets / areas

MNC (multinational company)

Strengthen and expand MNC areas



- Increased the number of employees in charge of MNCs:
25 (as of the end of 2022) ⇒ **35** (as of the end of June 2023)



- Hired Executive /MNC General Manager
- Established Executive Search Division

Expansion into the U.S.



- Opened **LA office** in January
⇒ Recruitment support for global companies in the U.S. market



- Opened **North Carolina office** in July
⇒ Developing Executive Search Business in the U.S.

4. Focusing on growing markets/areas ④ Executive

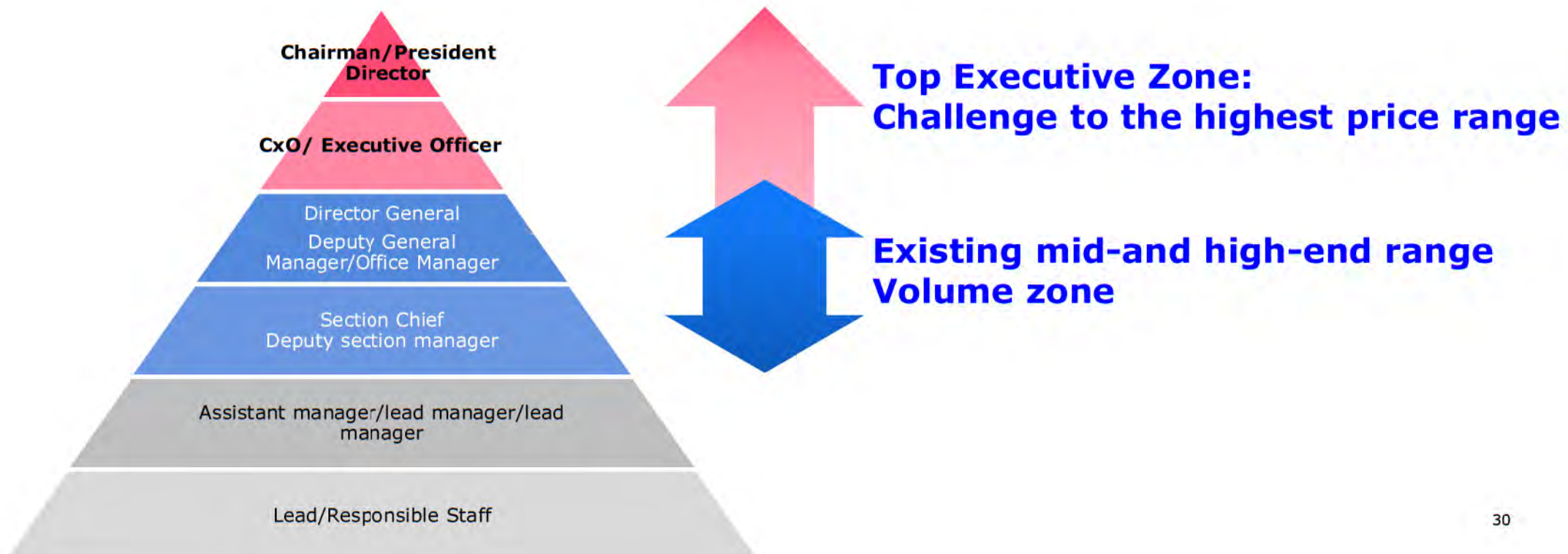
Growing markets / areas

Executive



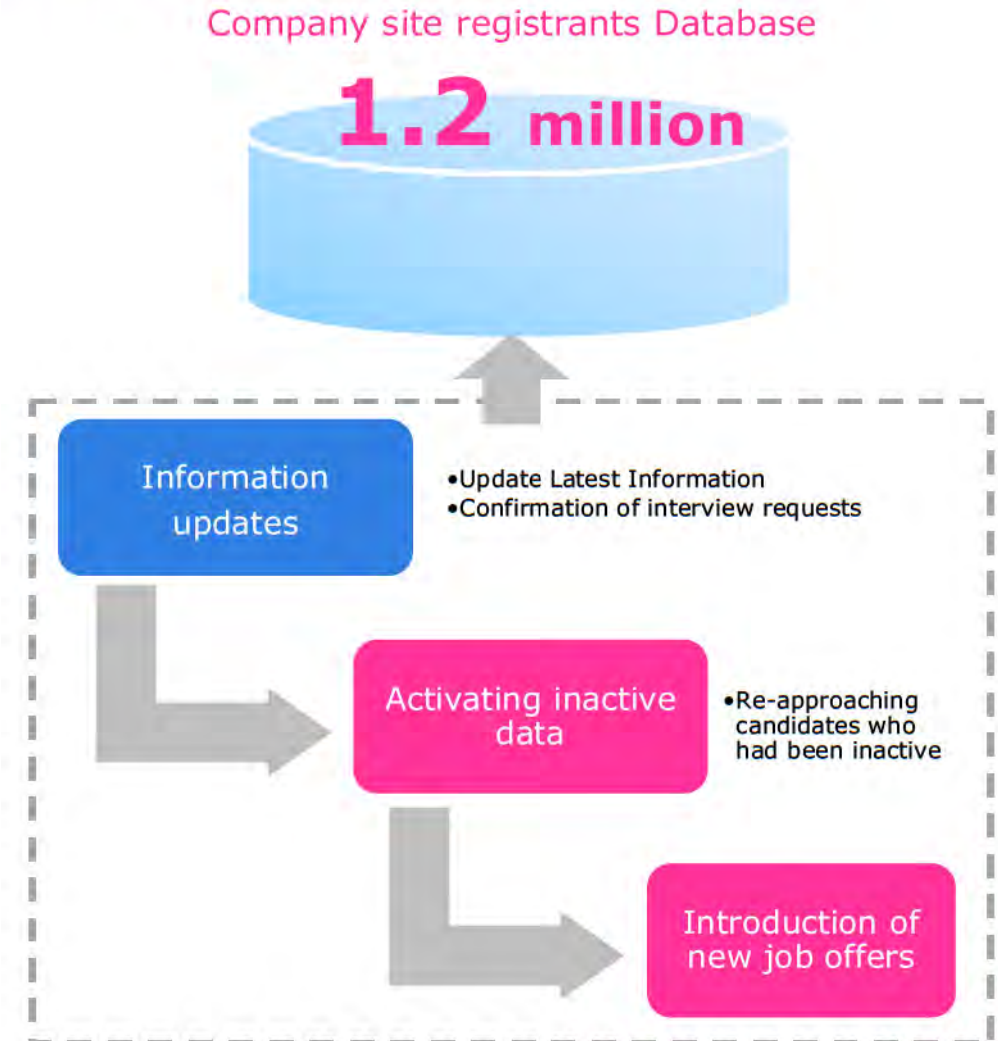
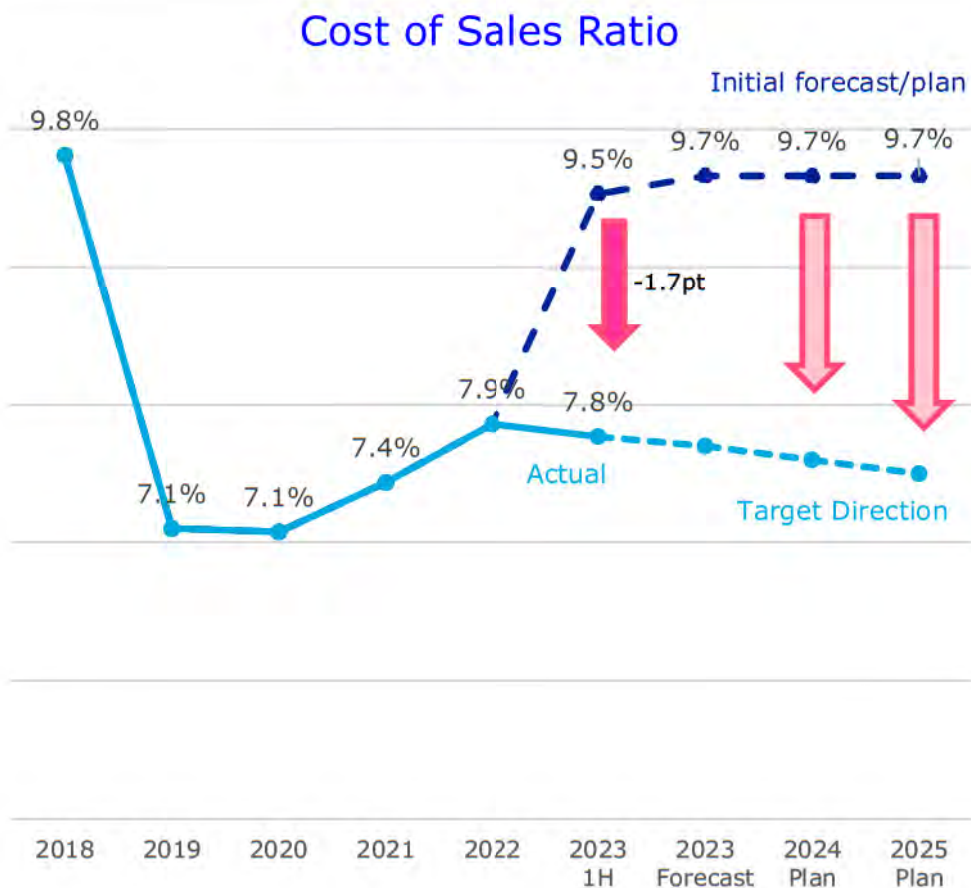
Executive Search Division established in the second half

⇒ Targeting high-end human talents with **annual income of JPY20 million or more**



5. BPR for higher efficiency (start to improve core systems/business processes)

- Through the reuse of assets by enhancing the discovery of the registrants of our own sites
- Cost of sales ratio improved + 1.7pt compared to initial forecast



3. Foundation for Sustainable Growth

~Sustainability Initiatives

JAC's Basic Approach to Sustainability

Basic Approach to Sustainability

We contribute to a sustainable society by connecting people and companies and continuing to contribute to their growth

JAC is working to achieve the SDGs through a variety of activities.



At 33 sites in 12 countries
The creation of employment opportunities
Supporting the growth of companies and human resources



Diversity & Inclusion



Health management



Info about SDGs
Disclosure and employee education



Addressing environmental issues



Green power consumption Initiatives



Responding to Climate Change

 : Details are provided in following pages.

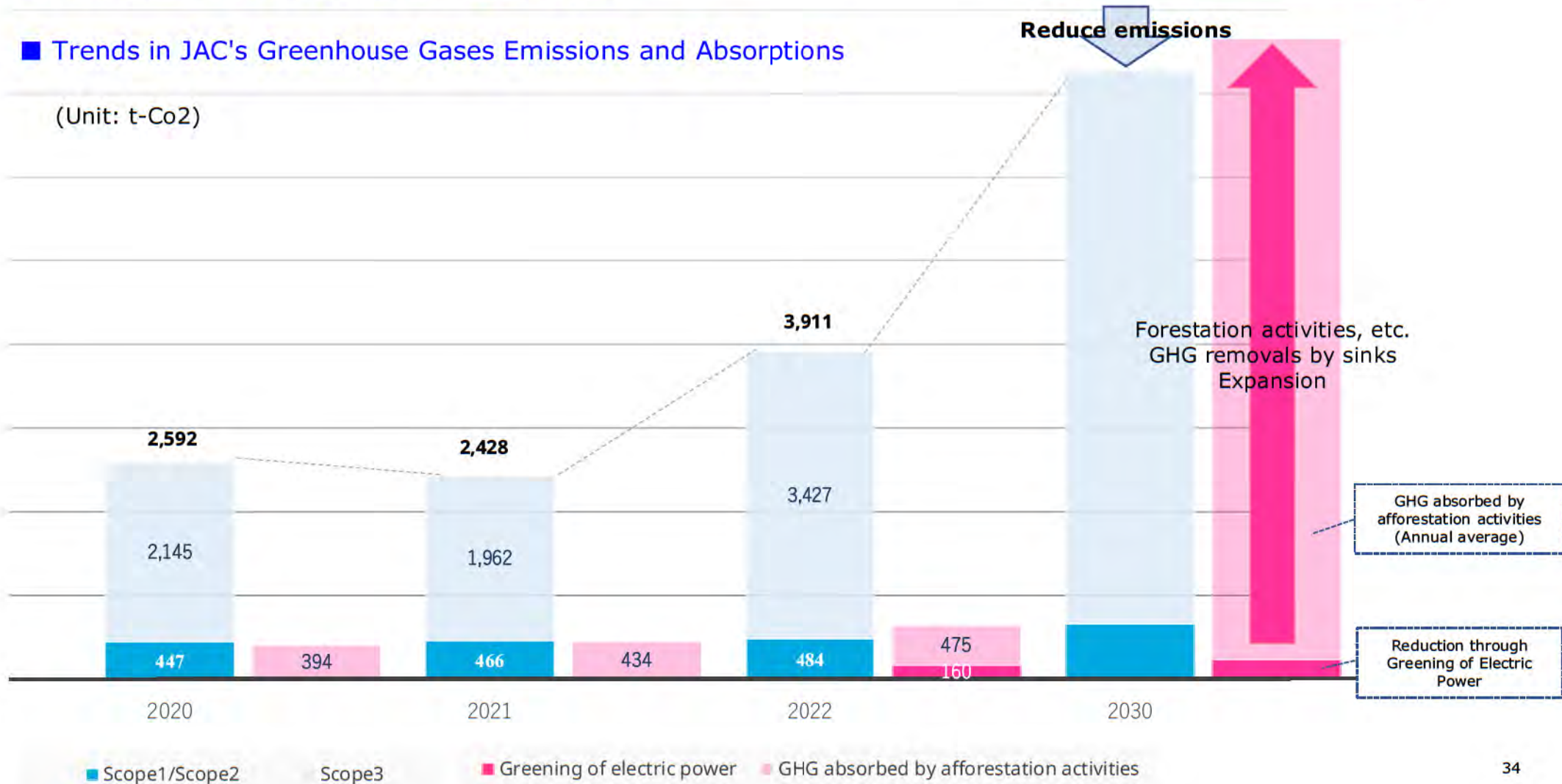
Sustainability Initiatives (1) Addressing Environmental Issues and Responding to Climate Change ①



**Achieved zero-net Scope1/Scope2.
By activities aiming to reduce GHG emissions and expanding tree-planting activities, Aiming for zero carbon net in 2030, including Scope3.**

■ Trends in JAC's Greenhouse Gases Emissions and Absorptions

(Unit: t-Co2)



Sustainability Initiatives (1) Addressing Environmental Issues and Responding to Climate Change ②



Since 2008, the placement of one candidate by us becomes a single seedling, that will then protect the forests, prevent global warming and foster a sustainable future for the planet.

JAC Group
Afforestation
activities

PPP project

One Placement creates One Plant to save the Planet

Contribute to combating global warming by planting tree for each person who changes their job through JAC companies worldwide

JAC Group tree plantations

- Bali
(Penelokan District, Kintamani District, Banri Province, Bali Province, Indonesia)
- Borneo
(Aven Reserve in the Serian District of Sarawak, Borneo Island, Malaysia)



Grow forests



Protect diverse ecologies

JAC Group Tree Planting Results (Cumulative Number since 2008)

Planning to plant 13,258 trees for the entire group in 2023, bringing the total to more than 140,000



This activity encourages participants to change their awareness of social contribution, and creates local employment by having employees and local students work together on tree planting activities.

Strengthening Sustainability Initiatives through 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

(Established March 2022, Chairman of the Board: Hiromi Tazaki)

Mission of the foundation

Contribute to a sustainable coexistence of humans and animals and the natural environment through grants to groups that protect animals and the natural environment associated with them

- Recognized as a public-interest incorporated foundation in February and began full-fledged support activities
- From 141 applications, 59 projects were selected in May in accordance with the intention of the foundation, and a total of JPY82,660 thousand was allocated to the selected applicants
- Japan's largest foundation for the protection of the environment and animals



Certified as an "Excellent Health and Productivity Management Corporation 2023" (for the sixth consecutive year)

Specific initiatives for promoting employee health

General health checkups

- Promotion of health checkups
- Promotion of medical checkups and cost subsidies
- Implementation of stress checkups

Health Promotion Initiatives

- Introduction of campaign promotion programs
- Holding in-house stretch courses
- Support for in-house club activities
- Medical support aiming to eliminate smoking, sports club expenses support, and health-conscious meals provided in offices, etc.

Provision of disease prevention opportunities

- Implementation of influenza vaccination and cost subsidy
- Implementation of free dental examinations

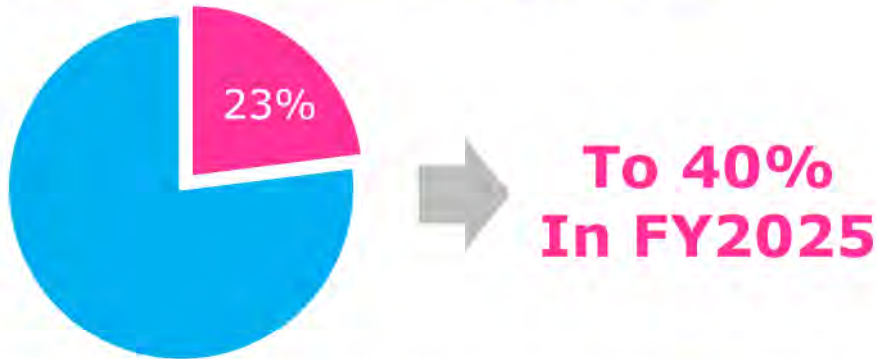
2025 Targets and Progress

	2022 Actual	(YoY)	Target for 2025
Health Checkup Rate Achieved	100%	+0.2pt	100%
Stress check rate	87.7%	+1.6pt	100%
Specific Health Guidance Implementation Rate ※	6.4%	(6.1pt)	25%
Percentage of people with exercise habits	27.3%	(0.6pt)	30% or more
Smoking rate	7.4%	+0.3pt	0%
Percentage of employees with medical checkups	27.0%	(0.2pt)	20%
Paid Leave and Number of days of special summer leave taken	10.54 days	+1.96 days	11 days

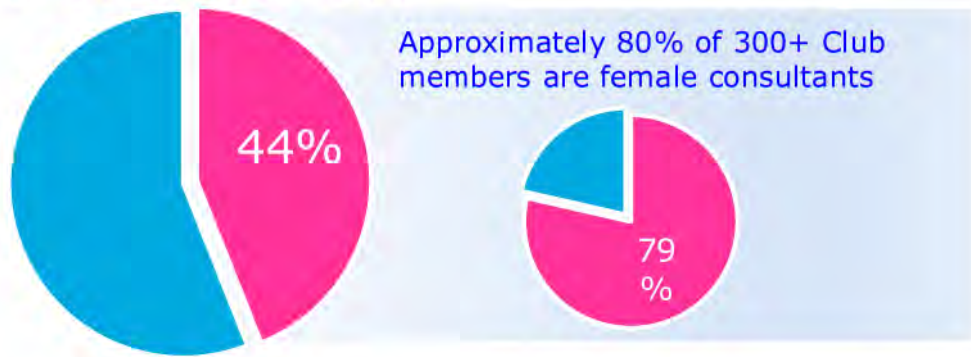
※ Regarding the rate of specific health guidance implementation, the results for 2021 are shown because the results are obtained in May of the following year.

① Initiatives to Promote female employees

Percentage of female managerial staff



Professional female consultants who are the member of 100+ Club ※

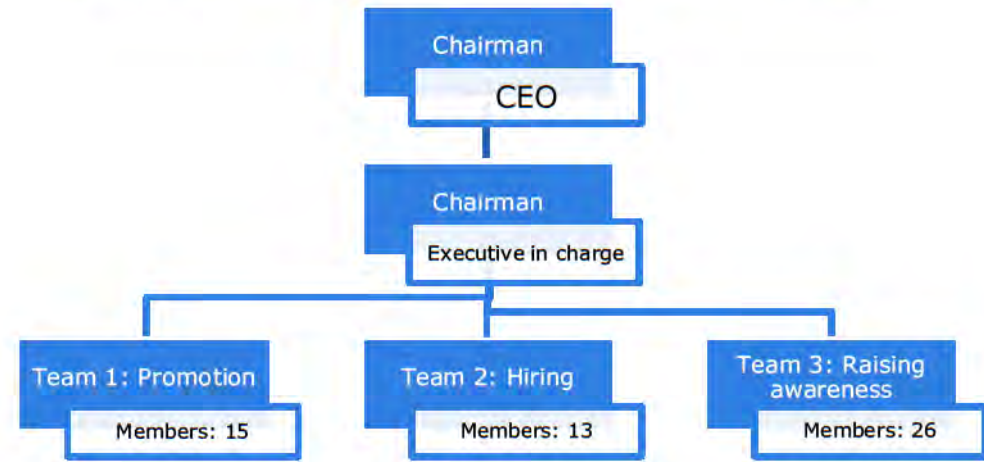


※100+Club: an internal certification system for consultants who have successfully assisted more than 100 people in their job change. The 100+ Club committee is a role model for all consultants and a driving force in the national and international recruitment business

(JAC Group-wide, as of the end of June 2023)

Women Empowerment Committee (Initiatives in 2023)

- Members from throughout the company participate in order to achieve the target of 40% female managers in 2025. The committee is divided into 3 teams to promote initiatives



[Major Activities]

- Roundtable discussions between management candidates and CEO
- Mentor system
- Recruitment seminars for women
- External seminars for D&I promotion staff, etc.

② Spreading understanding of LGBTQ+



Aiming for a workplace where LGBTQ+ employees can shine in their own way, the LGBTQ+ Committee was established to raise awareness and promote correct understanding of the LGBTQ+ community. Contribute to increasing the diversity of society through recruitment by consultants with an understanding of diversity.

Initiatives in 2023

Initiatives to support LGBTQ+ candidates

- Creation and distribution of "LGBTQ + Registrant Supporting Tips"
- Added LGBTQ + Friendly Company Search function to internal system

Thorough understanding among executives and raising awareness among employees

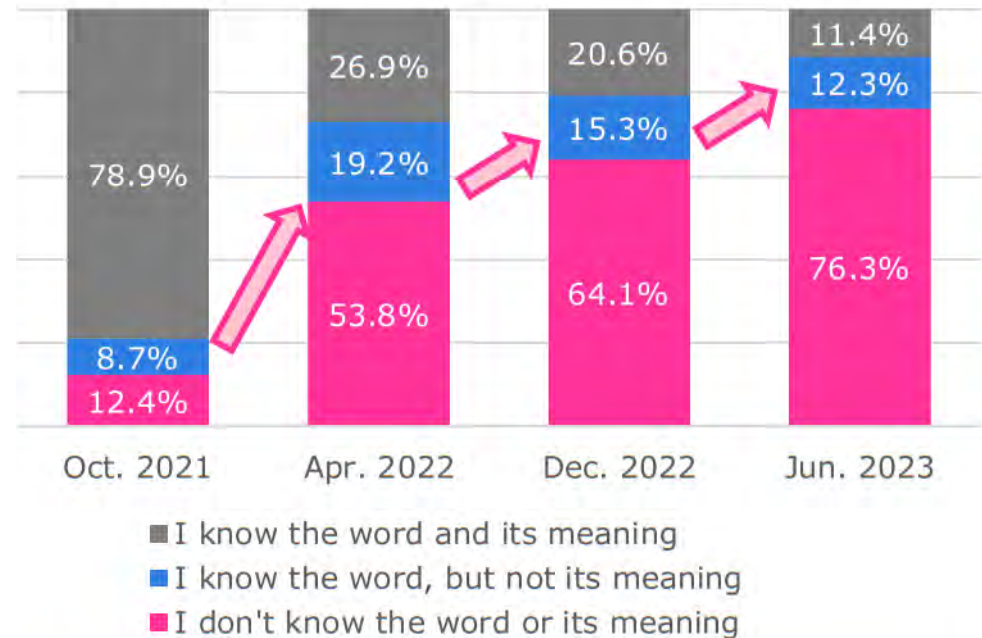
- Implementation of awareness-raising seminars for directors
- Holding internal seminars inviting LGBTQ+ parties
- Holding Movie Night in conjunction with Pride Month
- Distribution of Ally stickers to applicants for expressing Ally

External activities

- Participation in Tokyo Rainbow Pride 2023
- Announcement of support for BME (Business for Marriage Equality)



[Ally] Understanding of the meaning of the word



Received the Work with Pride Gold Award, the highest evaluation in PRIDE Index 2022, an evaluation index for efforts in sexual minorities formulated by a voluntary organization.

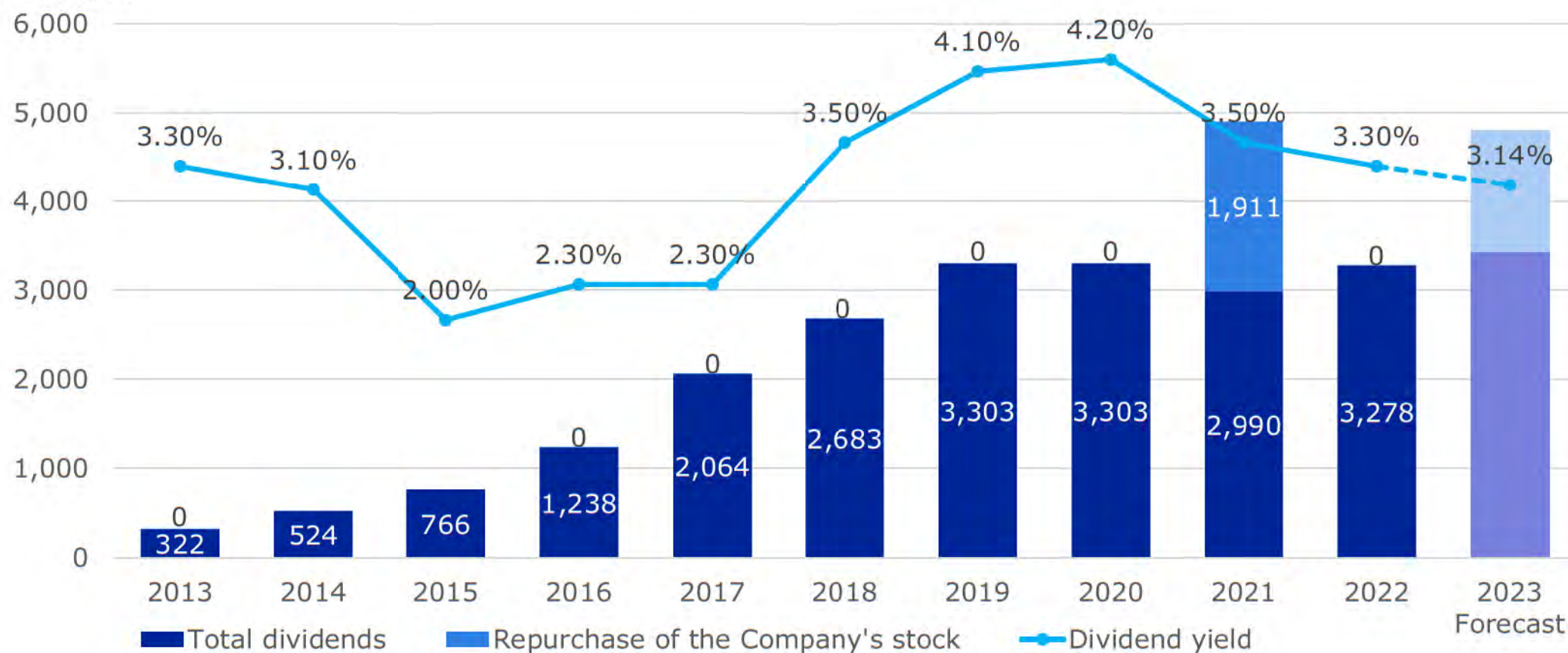


Appendix

Shareholder Returns

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	2023 (Forecast)
Dividend payout ratio	26.8%	33.1%	42.3%	37.9%	56.0%	68.7%	75.9%	180.0%	76.8%	65.2%	66.6%	64.3%
Total return ratio	27.1%	33.1%	43.3%	37.9%	56.0%	68.7%	75.9%	180.1%	126.3%	65.2%	72.4%	87.7%

(Millions of yen)



Stock price indicators

	2013 Year-end	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 End of 1H
Net income (Million yen)	1,193	1,584	1,811	3,269	3,685	3,908	4,354	1,834	3,882	5,029	3,010 Full-year forecast 5,413
EPS: Net income per share (yen)	60 (Adjusted) 30	39	45	81	91	96	107	45	96	125	74 Full-year forecast 134
Stock price (closing price, yen)	1,440 (adjusted) 720	833	947	1,317	2,185	1,871	1,943	1,892	2,084	2,429	2,595
Rate of decline	41.3%	15.7%	13.7%	39.1%	65.9%	(14.4%)	3.8%	(2.6%)	10.1%	16.6%	6.8%
<Reference> TOPIX increase /decrease rate	51.5%	8.1%	9.9%	(1.9%)	19.7%	(17.8%)	15.2%	4.8%	10.4%	(5.1%)	21.0%
Service industry Exponential drop	56.3%	13.6%	13.7%	(3.0%)	28.3%	(10.1%)	24.8%	13.6%	15.0%	(20.2%)	8.9%
BPS: Net assets per share (yen)	210 (adjusted) 105	136	168	230	293	341	385	347	331	386	386
PBR: Price Book Value Ratio	6.96	6.18	5.63	5.72	7.44	5.46	5.01	5.42	6.29	6.29	6.72
PER: Price Earnings Ratio	24.7	21.5	21.1	16.3	24.0	19.5	18.2	42.3	21.7	19.5	19.4
DPS: Dividends per share (yen)	48 (Adjusted) 24	26	19	30	50	65	80	80	73	80	85 (Forecast)
Market capitalization (Billion yen)	29.7	34.4	39.1	54.4	90.2	77.3	80.2	78.1	86.3	100.5	107.4

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.

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