



Six Months Ended June 30, 2024 Financial Results Briefing Materials

JAC Recruitment Co., Ltd

August 22, 2024



Today's key points

1. 1H FY2024 Financial Highlights

- Both revenue and ordinary profit reached record highs.
- Net profit for the year was lower due to the lack of application of the preferential taxation system for wage increases.

2. FY2024 Full-year Revised Forecast

- The forecast for the full year has been revised downwards, taking into account the revenue in 1H and the impact of the preferential taxation of wage increases. Net sales were revised down to JPY 39 billion (-JPY 1 billion from the initial forecast) and net profit after tax to JPY 6 billion (-JPY 0.8 billion from the initial forecast).
- The dividend is maintained at 26 yen, an increase of +3.5 yen as initial forecast (dividend payout ratio of approx. 70%).
- The company plans to repurchase up to 2 million shares or up to JPY 2 billion of its own shares.

3. Progress of Management Strategies

- Sustained growth despite negative growth among global peers.
- Number of consultants secured as planned through steady ongoing recruitment and reduced turnover. Although productivity is declining due to an increase in the number of consultants who have only been with the company for a short period of time, the foundation for future growth is steadily being built.
- Steady progress is being made in the executive area and the expansion of regional offices.
- Launched 'JAC Moringa Forest' as a measure to strengthen the response to climate change in order to achieve sustainable growth.

1. 1H FY2024 Financial Highlights

Consolidated Results: 1H of FY2024

Revenue increased by 10.7% to a record high.

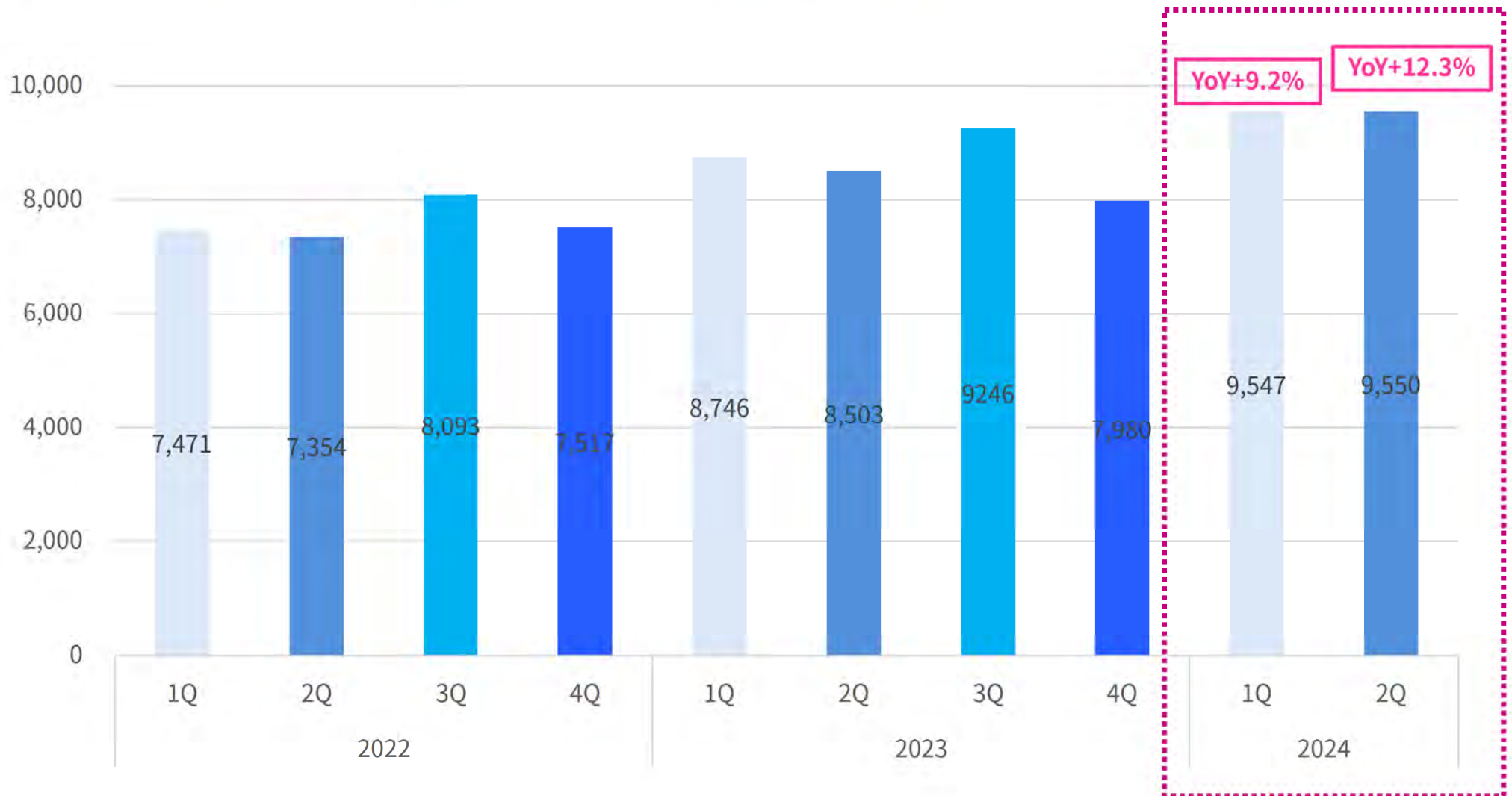
However, both revenue and profit were lower than the initial forecast.

(Million yen)

	1H FY2023	1H FY2024	Change in pct.	Vs. Forecast	
				1 st Half	Full Year
Revenue	17,249	19,097	+10.7%	97.5%	47.7%
Gross Profit	15,909	17,646	+10.9%	98.4%	48.1%
Operating Profit	4,163	4,358	+4.7%	96.3%	46.1%
EBITDA	4,480	4,690	+4.7%	-	-
EBITDA Margin	26.0%	24.6%	(1.4pt)	-	-
Ordinary Income	4,165	4,360	+4.7%	96.1%	46.1%
Profit attributable to owners of parent	3,020	2,873	(4.9%)	88.0%	42.3%

Quarterly comparison of company-wide sales

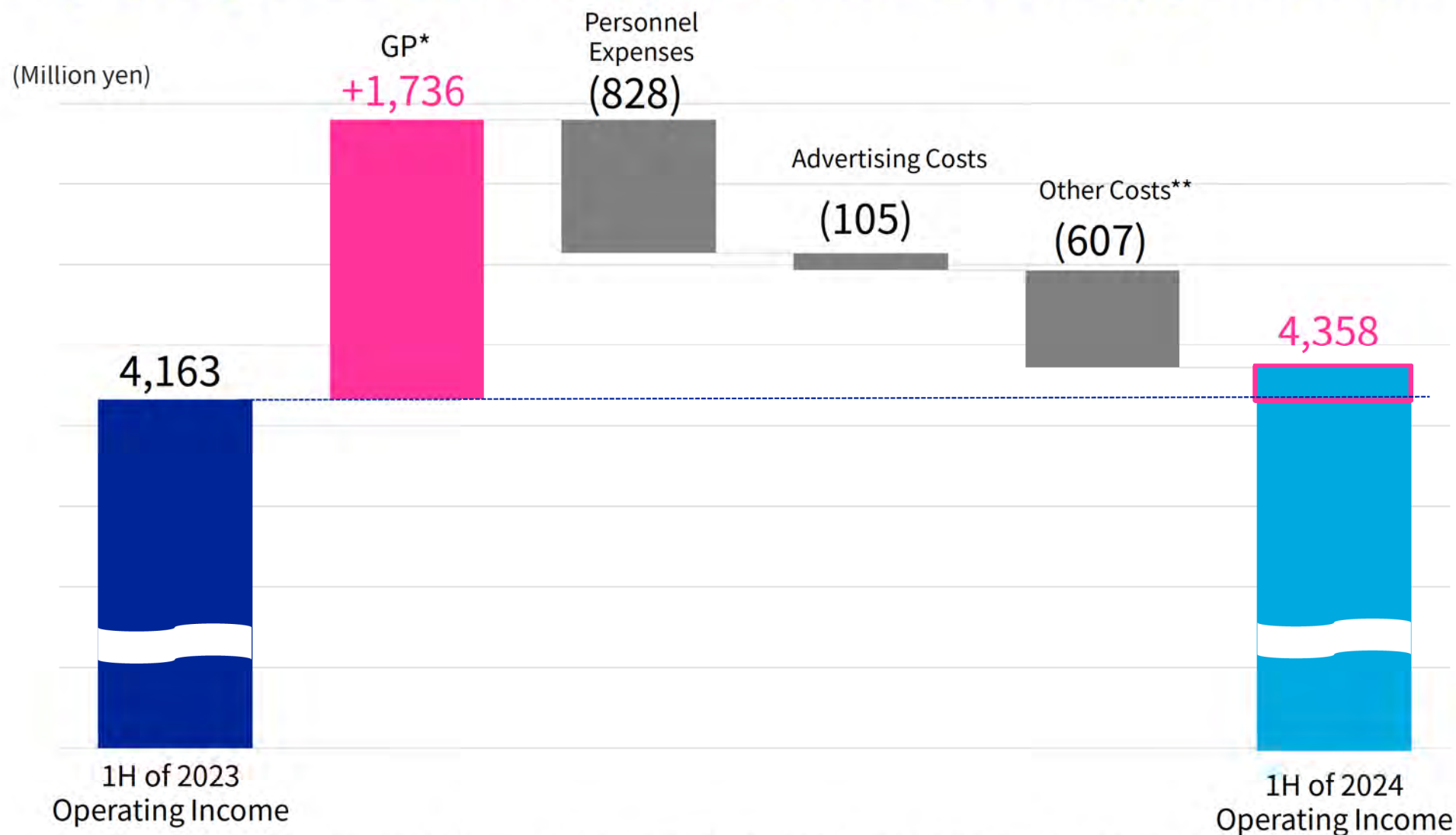
Company-wide sales **increased year-on-year** in both 1Q and 2Q.





Factors to Increase of Operating Income YoY

Operating income **increased by 4.7% YoY** due to a steady growth in GP.

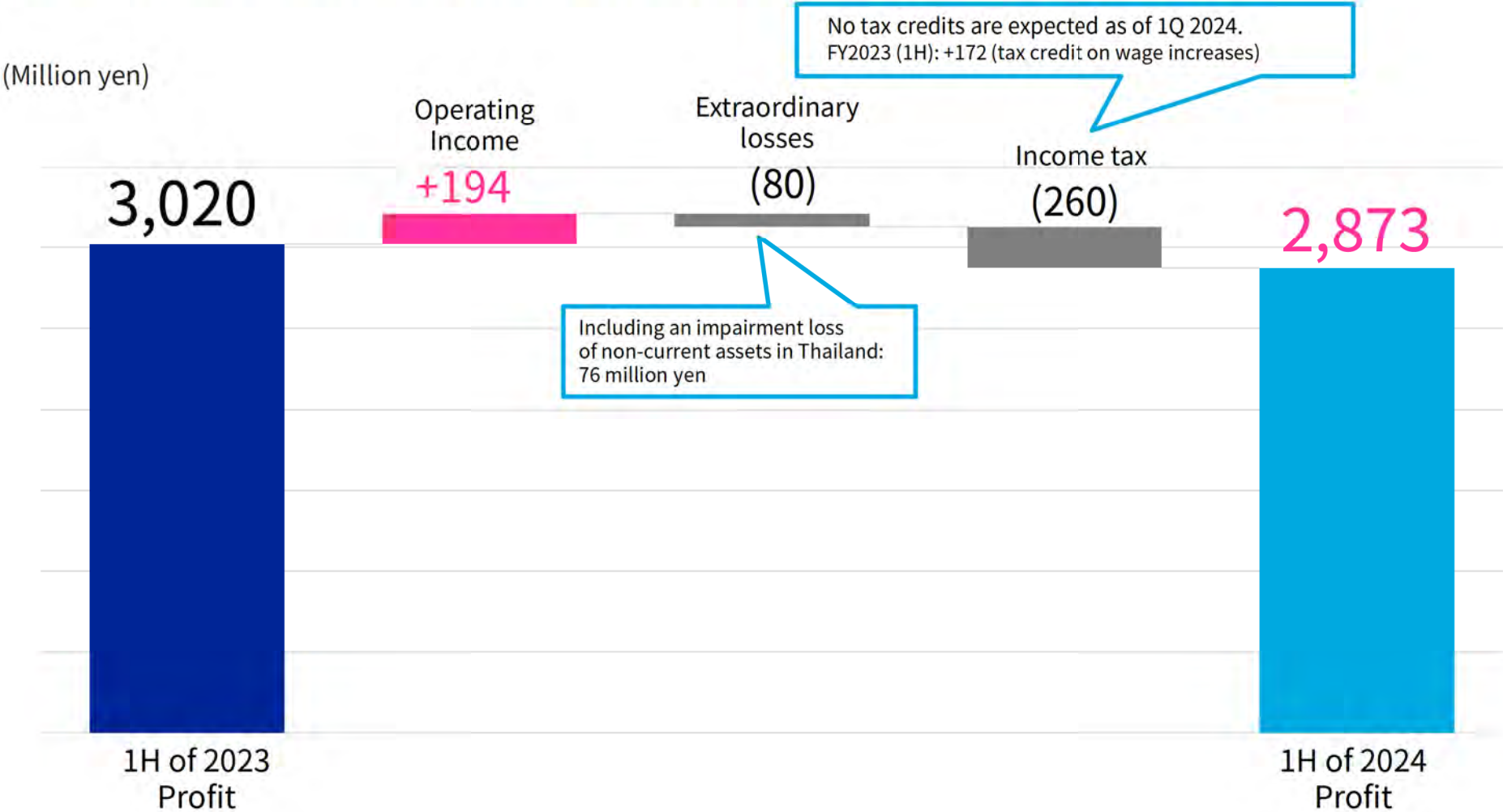


*GP: Gross Profit

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

Factors to Decrease of Profit YoY

Profit decreased slightly due to an impairment loss of non-current assets in Thailand and the absence of tax credit on wage increases.



Segment Performance

Domestic Recruitment Business: Revenue and profit rose to a record high.

Overseas Business: Maintained profitability excluding the impact of impairment losses of non-current assets in Thailand.

Domestic Job Offer Advertising Business: Growing steadily.

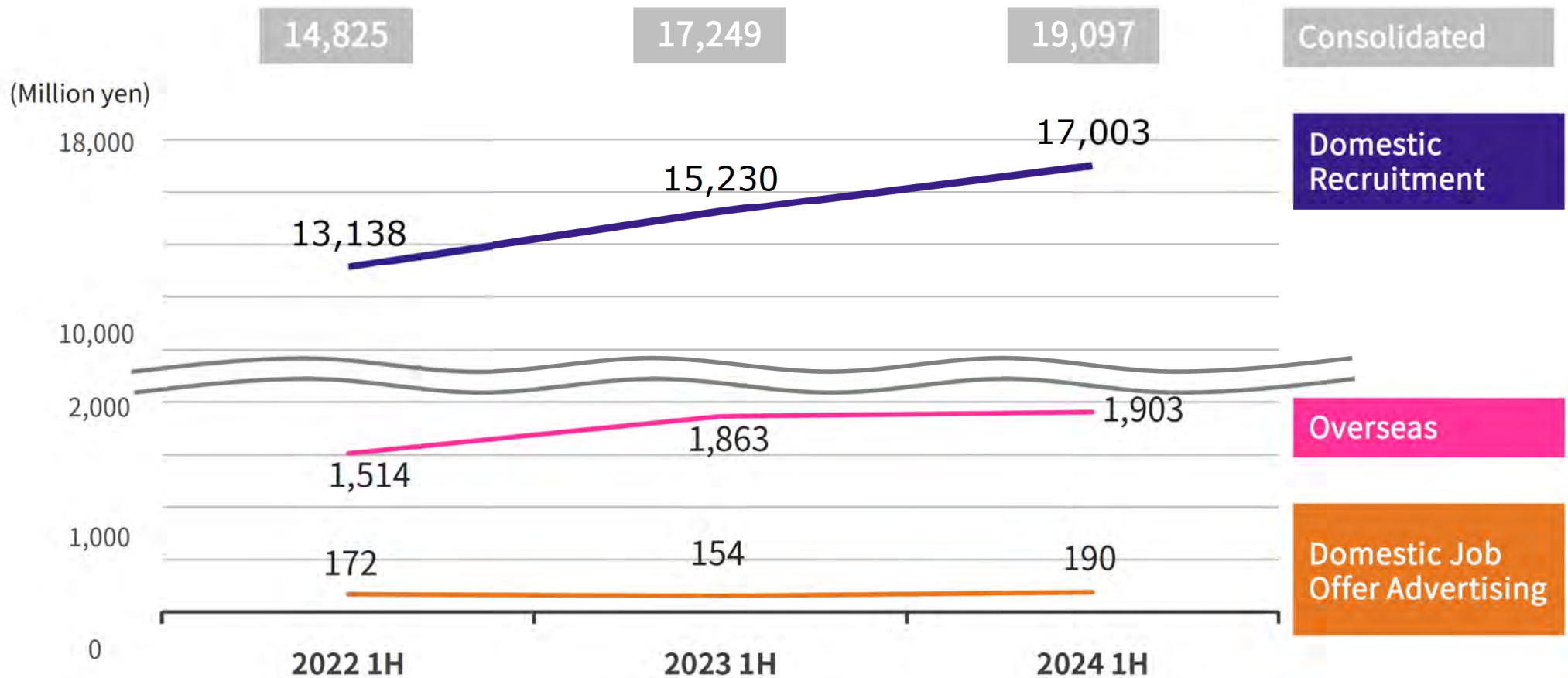
(Million yen)

Segment revenue	1H FY2023	1H FY2024	Change in pct.
Domestic Recruitment Business	15,230	17,003	+ 11.6%
Overseas Business	1,863	1,903	+ 2.1%
Domestic Job Offer Advertising Business	154	190	+ 23.1%
Segment profit (loss)	1H FY2023	1H FY2024	Change in pct.
Domestic Recruitment Business	4,096	4,290	+ 4.7%
Overseas Business	60	(31)*	—
Domestic Job Offer Advertising Business	8	20	+ 141.0%

*Including impairment losses(76 million yen) of non-current assets in Thailand

Three-year Change in Revenues by Business Segments

Domestic Recruitment and Overseas have **increased for three consecutive years**. Domestic Job Offer Advertising Business has also **improved steadily**.



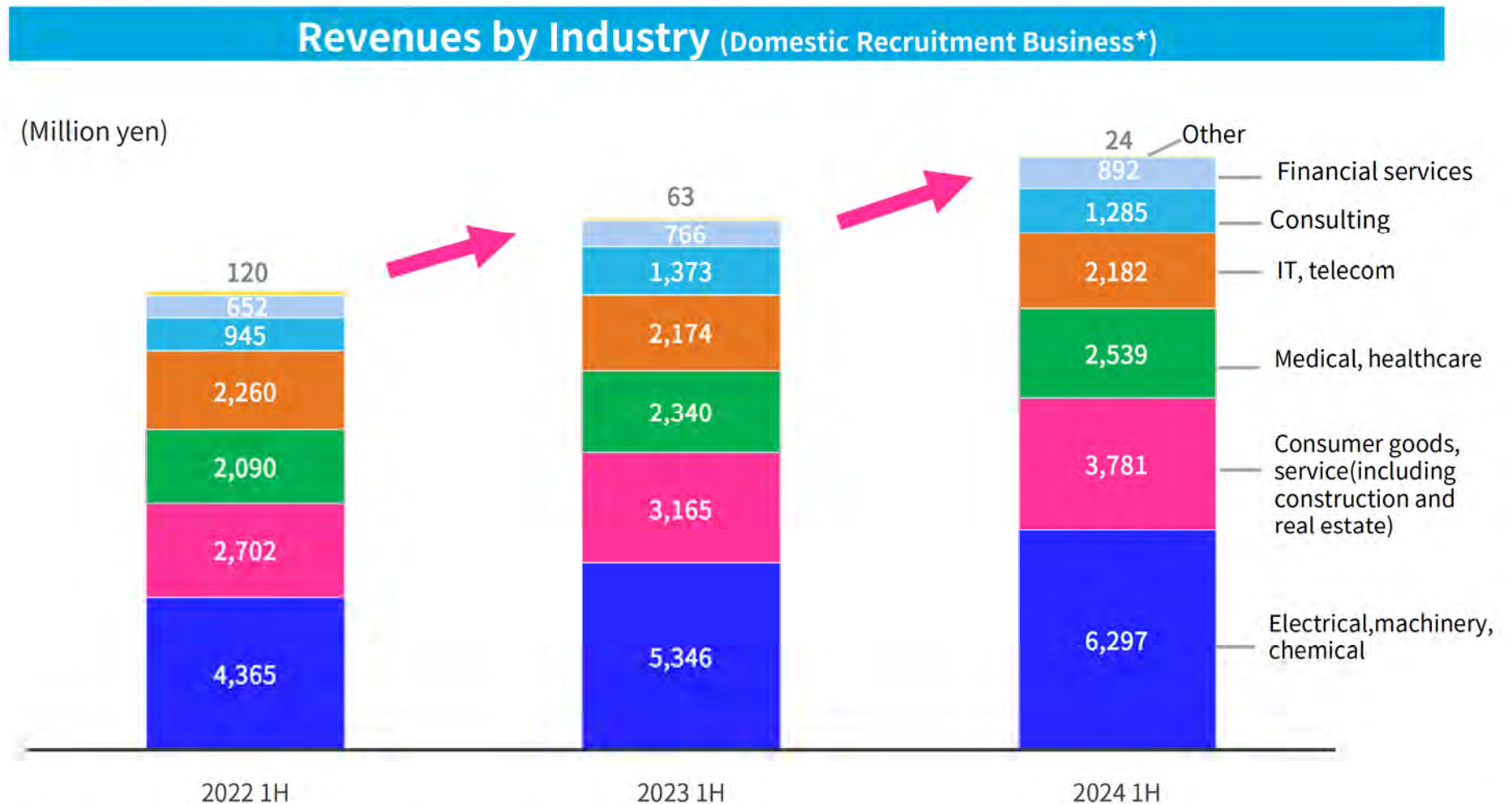


Overview of Each Segment

Domestic Recruitment Business	<ul style="list-style-type: none">● Japanese companies were still motivated to hire employees. The jobs-to-applicants ratio remained at the same level as before, in line with the government's measures to make employment more mobile and promote human capital management.● Mobility on the human resources is slowing down amidst the improvement of benefits through pay increases and the implementation of employee retention measures. However, the mobility of middle- and high-class human resources, the core target of our business, is expected to remain robust with no significant changes.● We aim to improve productivity by thoroughly teaching basic behaviours to relatively inexperienced consultants, while veteran consultants focus on strengthening their expertise and aiming for higher income brackets.
Overseas Business	<ul style="list-style-type: none">● The market conditions remained hard, especially in Asia.● We aim to achieve regrowth and improve profitability by providing services mainly to Japanese companies with strong hiring needs.
Domestic Job Offer AD Business	<ul style="list-style-type: none">● We are seeking to expand sales by shifting to a contingency fee model and increasing our contact points with Japanese companies, in addition to foreign companies.● We are also making sales efforts for direct recruiting by client companies and working to enhance synergies within our group through collaboration with our domestic recruitment business.

Domestic Recruitment Business Revenues by Industry

Consumer goods and service industries increased by **19.5% YoY**, and Electrical, machinery, and chemical industries increased by **17.8% YoY**.



*JAC Recruitment + JAC International + VantagePoint

Balance Sheet Summary: 1H 2024

Financial strength remains high with an equity ratio of **71.2%**

(Million yen, %)

Item	End of Dec. 2023		End of Jun. 2024		Change
	Amount	%	Amount	%	
Current assets	19,370	82.4	19,425	81.9	+55
Cash and deposit	16,767	71.3	15,929	67.2	(838)
Accounts receivable - trade	1,928	8.2	2,607	11.0	+679
Non-current assets	4,147	17.6	4,296	18.1	+149
Property, plant and equipment	788	3.4	803	3.4	+15
Intangible assets	1,426	6.1	1,400	5.9	(26)
Investments and other assets	1,933	8.2	2,092	8.8	+159
Total assets	23,518	100.0	23,721	100.0	+203
Current liabilities	6,052	25.7	6,579	27.7	+527
Non-current liabilities	248	1.1	257	1.1	+9
Total liabilities	6,301	26.8	6,837	28.8	+535
Total net assets	17,217	73.2	16,884	71.2	(333)
Total liabilities and net assets	23,518	100.0	23,721	100.0	+203



1H of FY2024 Cash Flows

It is our Management policy to use cash reserves for future business investment, dividends and to maintain employment (retention) during recessionary periods.

(Million yen)

	1H of FY2023	1H of FY2024
Cash flows from operating activities	3,072	3,182
Cash flows from investing activities	(232)	(423)
Cash flows from financing activities	(4,750)	(3,724)
Cash and cash equivalents at end of period	13,071	15,929

2. FY2024 Full-year Revised Forecast

Revised Forecast for FY2024

Reflecting the 1H results of FY2024, WE made the downward revision of the full-year forecast.

- Although the revenue growth is recovering, it may be difficult to catch-up the shortfall in 1H during the 2H of 2024, and we revised the full-year revenue forecast downward to JPY39 billion, -2.6% lower than the forecast at the beginning of the year.
- Despite the efforts to reduce costs (such as reducing advertising expenses and withholding system-related investments), full-year profit forecast has been revised down 11.8% from the initial forecast to ¥6 billion due to an increase in personnel costs associated with upfront investment in human resources and the absence of tax credit on wage increase.

	2023 Full Year Achievement	2024 Full Year Forecast			Vs. Full Year of 2023		VS. 1H of 2023
		Initial	Revised	Difference	Difference	Change in pct.	
Revenue	34,475	40,042	39,000	(1,042)	+4,525	+13.1%	+10.7%
Gross profit	31,821	36,695	35,900	(795)	+4,079	+12.8%	+10.9%
Operating income	8,215	9,450	8,800	(650)	+585	+7.1%	+4.7%
Ordinary income	8,209	9,453	8,800	(653)	+591	+7.2%	+4.7%
Profit attributable to owners of parent	5,978	6,800	6,000	(800)	+22	+0.4%	(4.9%)

Shareholders Return Policy

Although full-year profit forecast has been revised downward, we will keep the initial forecast of DPS at JPY26. Considering that this fiscal year includes upfront investment in human resources, the **dividends payout ratio** are expected to be around **70%**, exceeding the range of the dividend policy.

Dividend Policy

Dividend payout ratio targeted at 60%-65%.

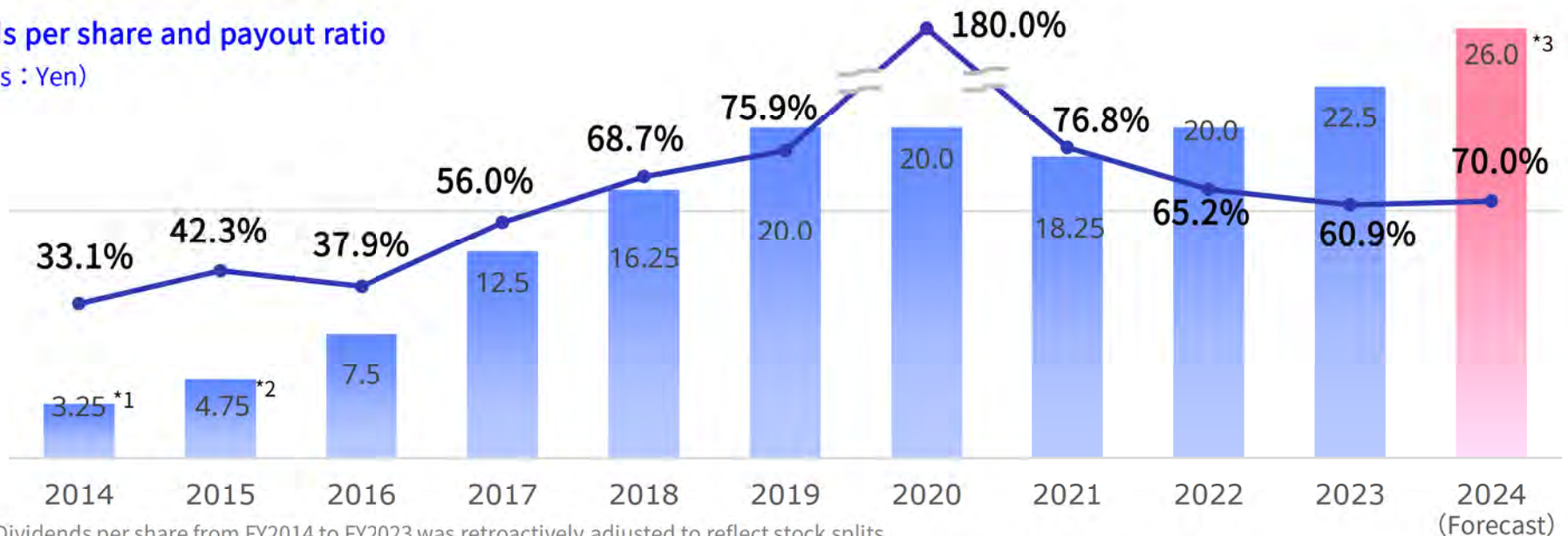
We maintain a steady trend of increasing dividends in line with profit growth.

(Dividends : Yen)

	Dividend of FY2023	Dividend of FY2024(Forecast)	
			YoY
DPS	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.

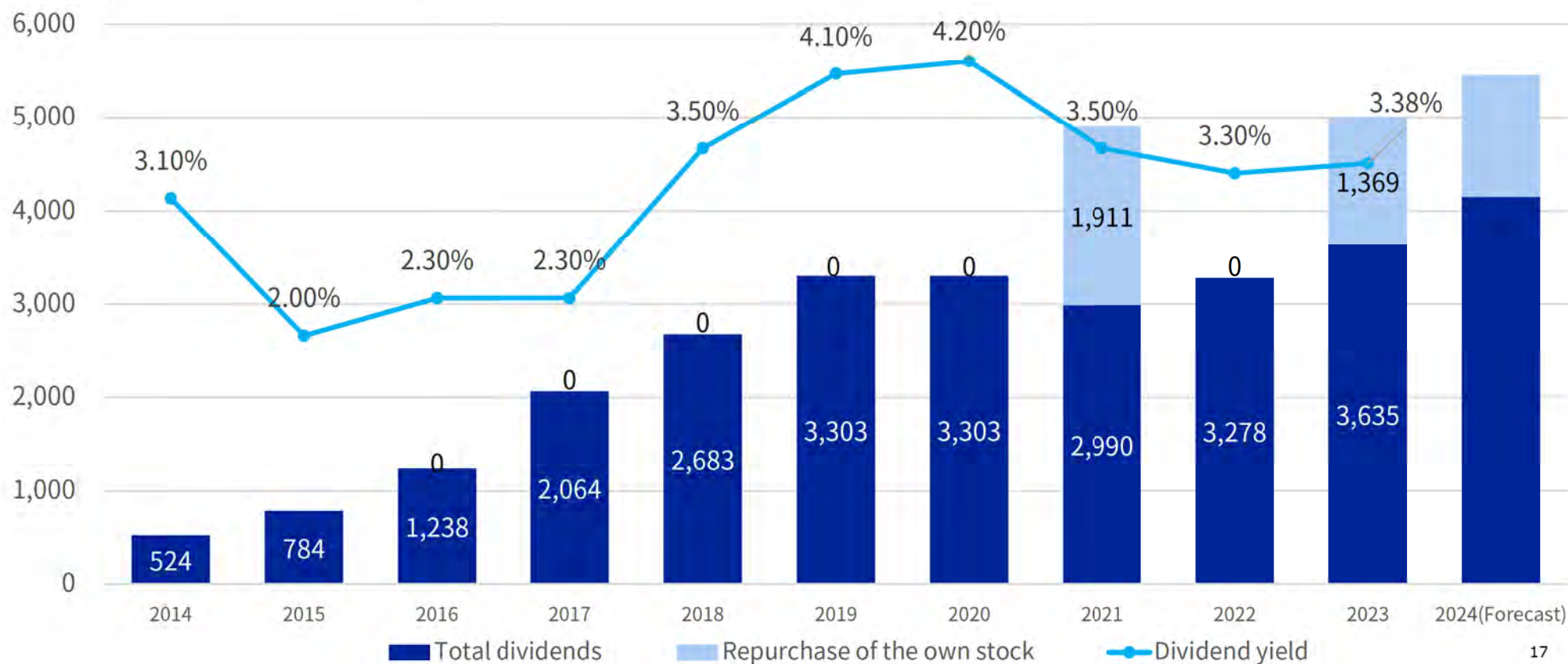
*3: The dividend payout ratio for FY2024 is the figure at the time of the forecast on 9 Aug. 2024.

Shareholder Returns

We plan to repurchase own stock up to JPY 2 billion or 2 million stocks by end of September.

	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%	70%
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%	—

(Millions yen)



3. Progress of Management Strategies

Current Human Resource Market Situation

- Global peers continue to experience double-digit negative growth.
- In Japan, foreign-owned peers are also experiencing negative growth.

YoY Growth of Gross Profit				
	1Q 2024 (Jan.-Mar.)		2Q 2024 (Apr. -Jun.)	
	Total	Japan	Total	Japan
JAC Group	+9%	(Recruitment Bus.) +10%	+13%	(Recruitment Bus.) +14%
Global peer A	▲13%	▲26%	▲12%	▲6%
Global peer B	▲14%	flat	▲15%	▲13%
Global peer C	▲16%	▲4%	▲12%	+7%
Domestic peer D	+10%	(Recruitment Bus.) +14%	+12%	(Recruitment Bus.) +14%

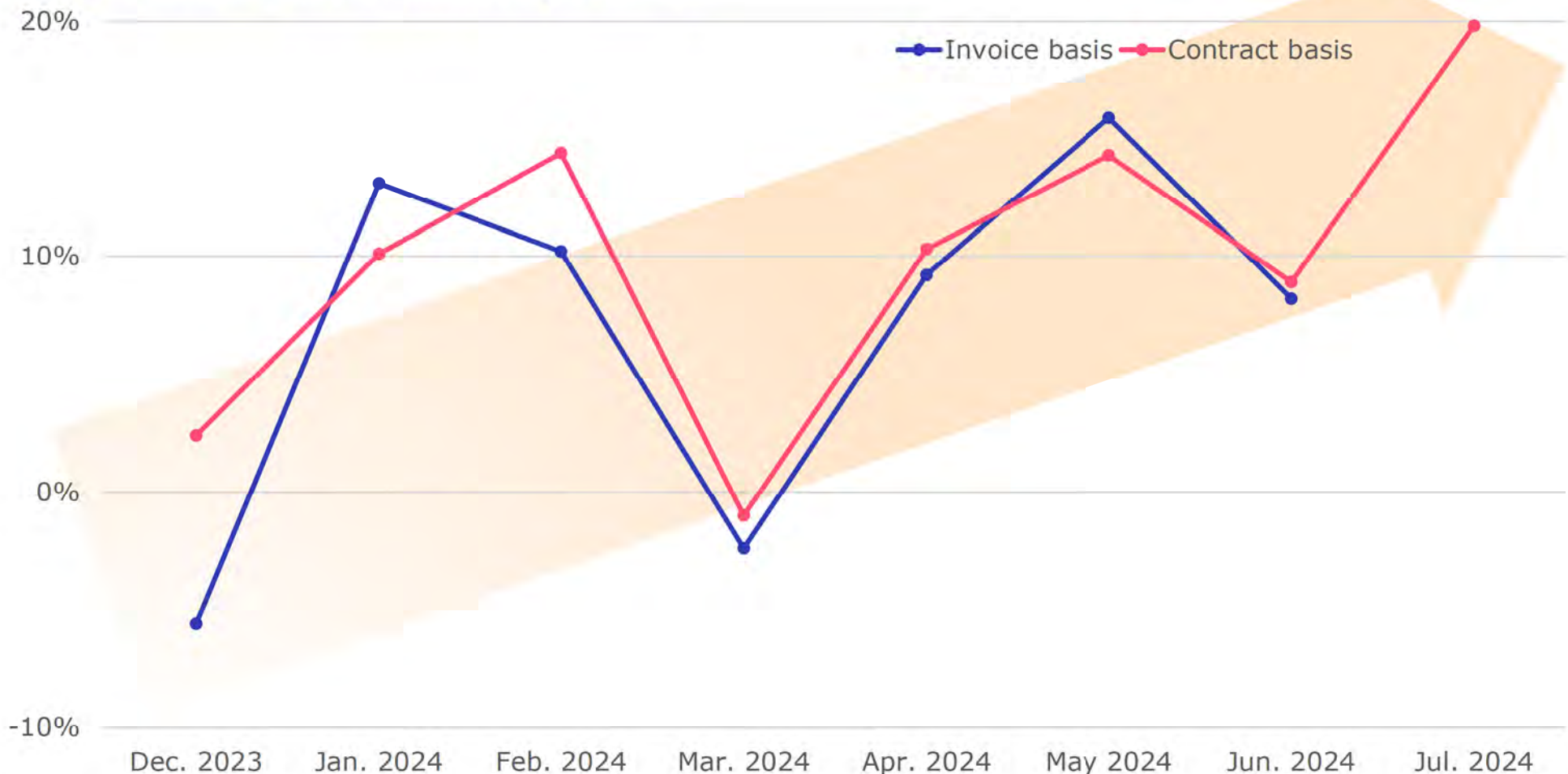
*Prepared by the Company based on each company's IR data.

**The figures for foreign companies exclude the effect of exchange rates.

Market outlook for the second half of the year and beyond

The number of successful placements bottomed out in March and is on an upward trend. Sales growth is also expected to recover in the second half of the year.

■ YoY growth of the number of successful placements



* JAC Recruitment + JAC International + VantagePoint

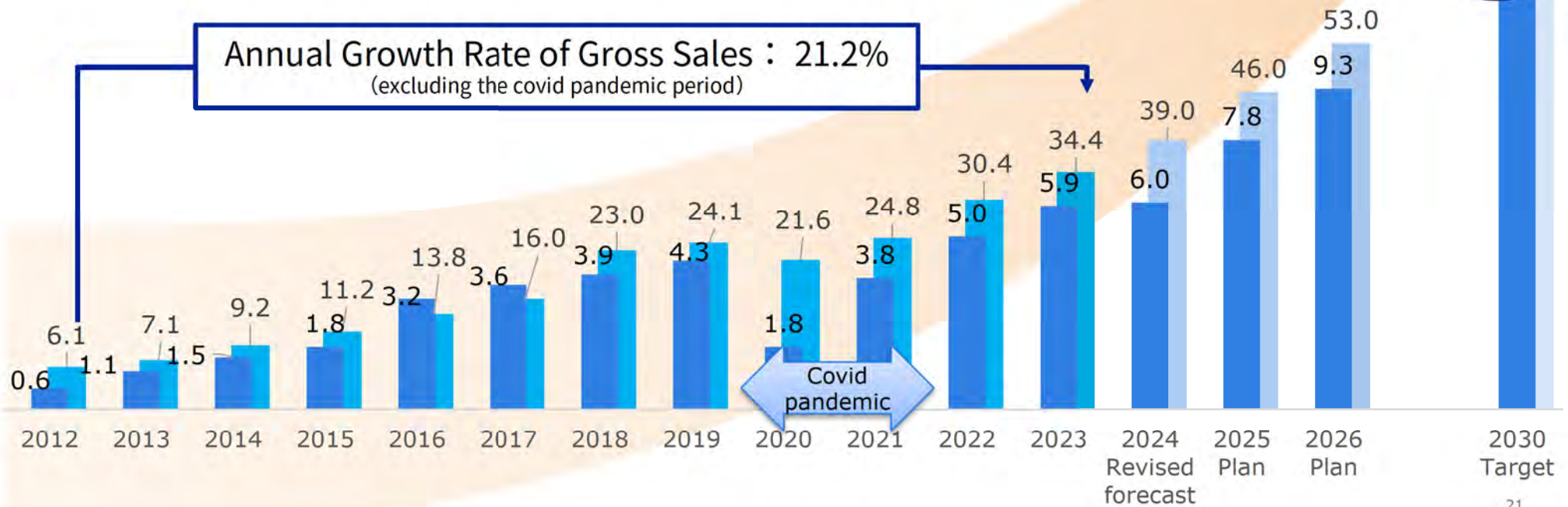
Continuous growth of revenues and profits

- Though full-year forecasts have been revised downwards, both sales and net profit are expected to reach record highs.
- The company aims to maintain the growth trend of both sales and profits and to be the world's No.1 in service quality and profitability.

**World's No.1
in service quality
and profitability**

■ Gross sales (Right axis)
■ After tax profit (Left axis)

(Unit: billion yen)





Progress of Key Measures of Fiscal 2024

1. Securing and strengthening human capital

- (1) Increasing the number of consultants and expanding training programs P. 23-25
- (2) Strengthening management (recruitment and education) P. 26

2. Selecting focus areas

- (1) Account Management to be further strengthened P. 27
- (2) Focus on growing markets and areas P. 28-31

3. Enhanced margins

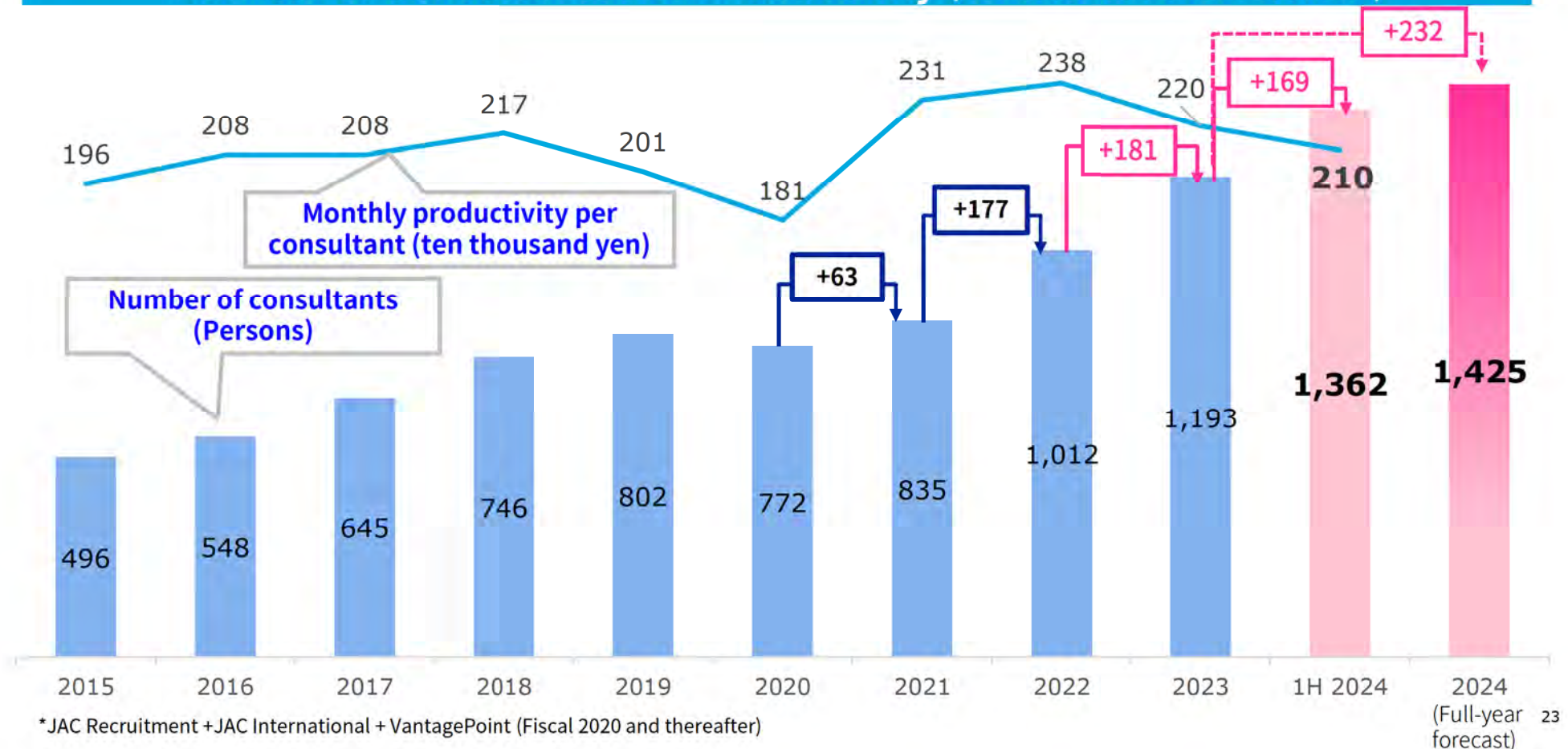
- (1) Streamlining through BPR (reducing cost of sales/improving business processes) P. 32

1. Securing and Strengthening Human Capital

(1) Increasing the number of consultants and expanding training programs (i)

- The number of consultants increased more than initial plan due to continued consultant recruitment and reduced turnover.
- Productivity (monthly sales per consultant) declined slightly due to an increase of the consultants who have only been with the company for a short period of time.

Number of Consultants and Productivity (Domestic Recruitment Business*)



1. Securing and Strengthening Human Capital

(1) Increasing the number of consultants and expanding training programs (ii)

- Efforts to improve retention rates have resulted in a steady decline in consultants' turnover rate.

Initiatives to improve retention rates

- Conducting a pulse survey: To follow-up with low scorers by the officer in charge and/or the HR dept.
- Implementation of human resources meetings: To support employees' career development through flexible transfer plans, etc.
- 100+ Club members provide companionship support to low performers in their second and third years with the company.

Turnover Rates of Consultants*

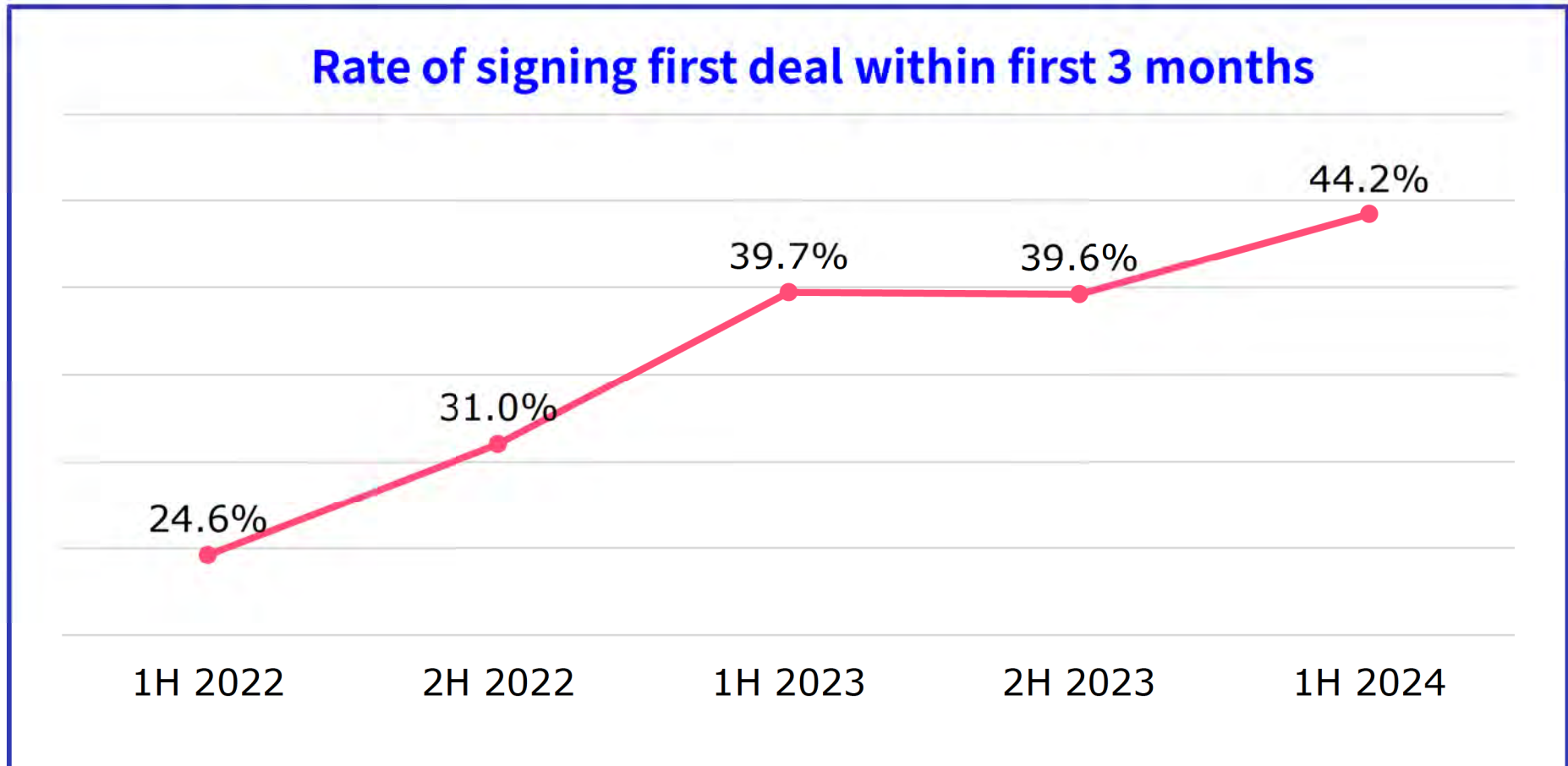


*Non-consolidated JAC Recruitment (excluding IMS Div. and RPO Div.)

1. Securing and Strengthening Human Capital

(1) Increasing the number of consultants and expanding training programs (iii)

- In addition to OFF-JT based on the JAC Standard, the post-employment training system has been expanded with trainers dedicated to each business unit to strengthen OJT.





1. Securing and Strengthening Human Capital

(2) Strengthening Management

- Focusing on hiring and training the management to lay the foundations for medium- and long-term growth.

Initiatives to strengthen management

- Career development support and training tailored to each management layer (associate director, division manager, manager, subsidiary president, and branch manager)

Trainees	Contents
Managers in Japan	Implementation of 20 online training sessions
Division managers and branch managers in Japan	Mission & Duty study sessions and comprehension assessments with the CEO as the main speaker
Director, associate director, subsidiary directors, and overseas office directors	Senior management training program provided by external lecturers

Strengthening hiring the management-level staffs in Business Div.

- Hiring new division managers in business divisions to expand the business in growth areas.

2. Selecting focus areas

(1) Thorough promotion of Account Management

Account Management (organisational management of business customers)

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

[Initiatives in FY2024]

Promotion of Account Management 2.0
⇒ Comprehensive support throughout the JAC Group

[Initiatives in 1H of FY2024]

In June, management from overseas offices gathered at the head office to conduct group-wide MTG.

⇒ Working on Global Account Management

Connect JAC



2. Selecting focus areas

(2) Focus on Growing Markets and Areas (a) Executive

Growing markets / areas

Executive



FY2024: Reinforced and merged executive sections at HQ

⇒ Aiming for positions with annual earnings over **20 mil. JPY**

< Achievement of 1H >

36%UP: No. of placements with **annual income of more than 20 million yen**
(YoY)

FY2021 FY2022 FY2023
25%UP >> 47%UP >> 27%UP

2. Selecting focus areas

(2) Focus on Growing Markets and Areas (b) Financial Sector

Growing markets / areas

Financial Sector

(Million yen)



Initiatives and targets in Fiscal 2024

- Accelerating recruitment and training of **new consultants with expertise in specialised areas.**
- Focus not only on the Japanese market but also on **major financial markets** such as NY, London, and Singapore.

< Achievement of 1H >

- * **105%UP (YoY): Deals in Asset Management positions**
- * **Expertise Enhancement: 2Div.6Team >> 2Div.10Team**

2. Selecting focus areas

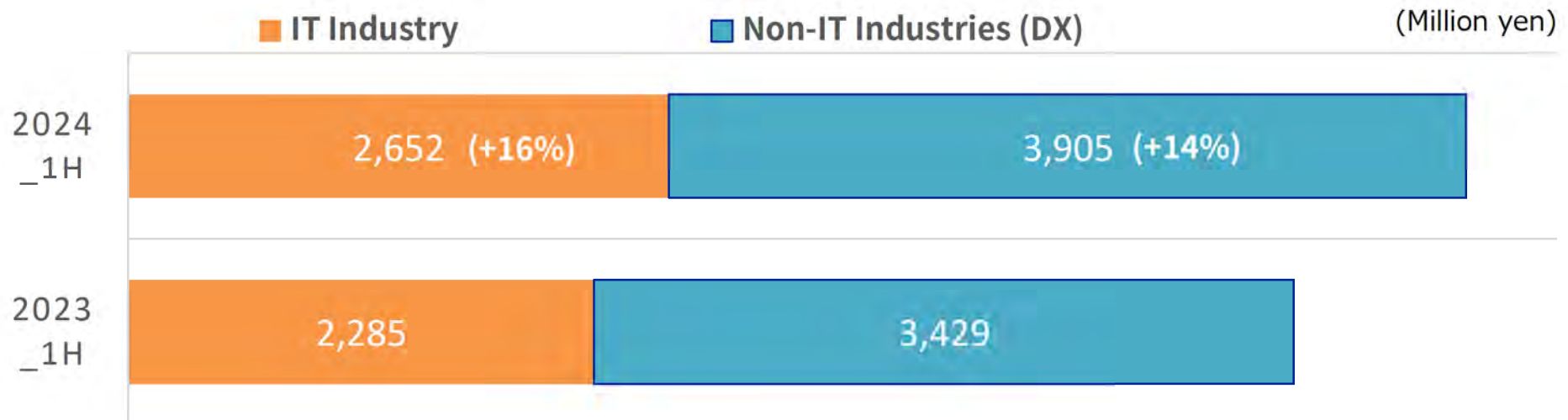
(2) Focus on Growing Markets and Areas (c) Digital-related

Growing markets / areas

Digital-related

FY2024: Focusing on DX-related hot jobs of non-IT industries

*Deal: In-house SE positions **19%UP** (YoY)



2. Selecting focus areas

(2) Focus on Growing Markets and Areas (d) Regional Branches

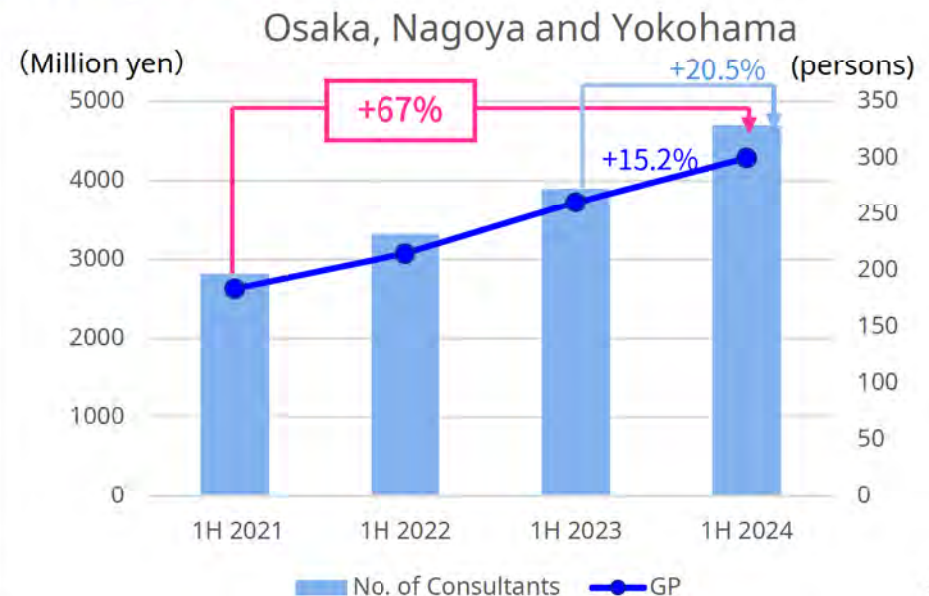
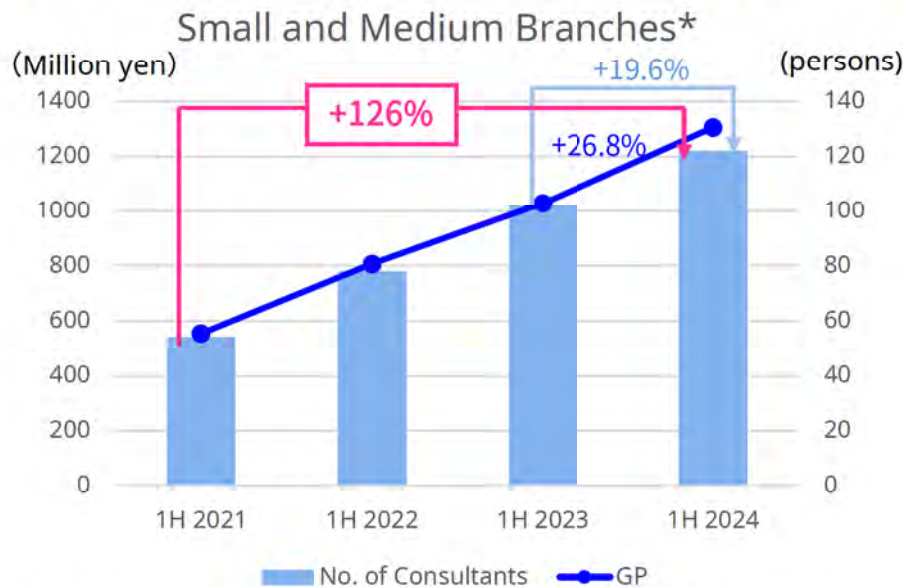
Growing markets / areas

Regional branches

[FY2024] Continuous increase of consultants and shift into the higher income range.

[Results]

- Number of consultants in small and medium branched are increased by **126%**,
GP increased by **136%** in 3 years.
(1H 2024 vs. 1H 2021)
- Sales of Regional branches × Executive increased by **38.3% YoY**.



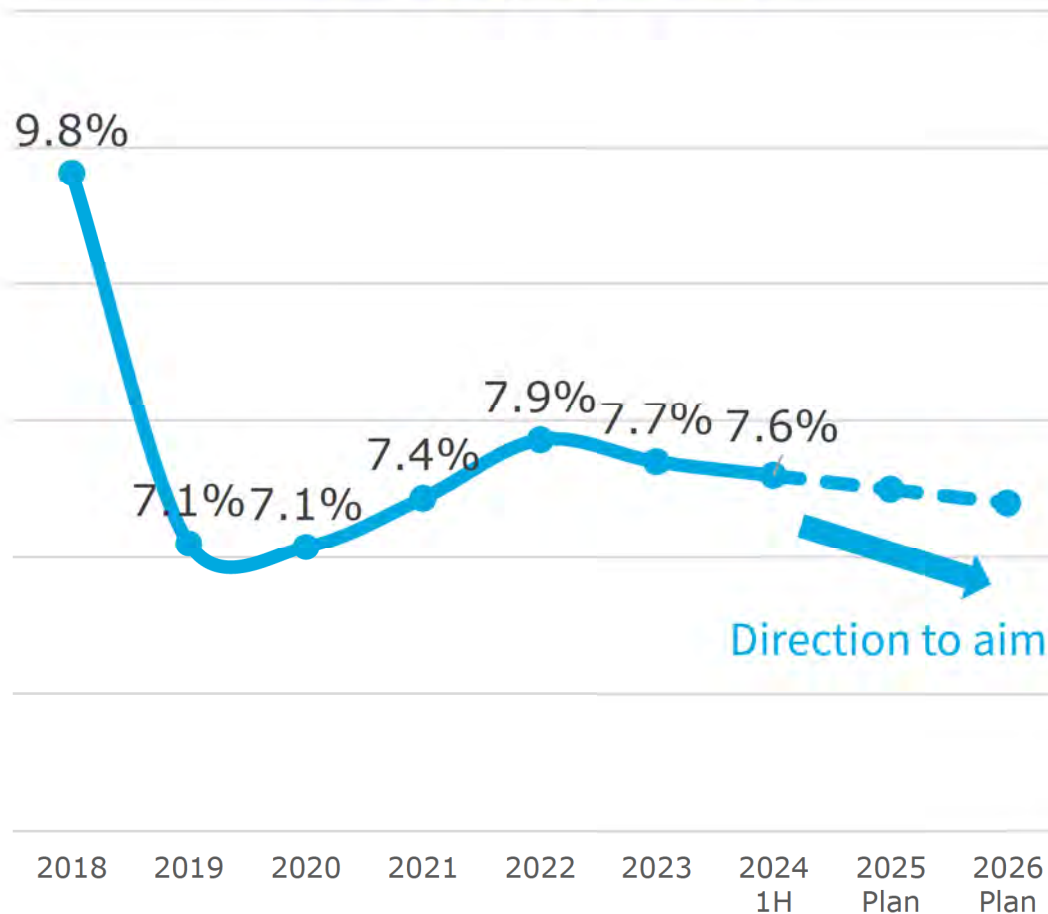
* Small and medium branches are domestic branched excluding Osaka, Nagoya and Yokohama

3. Improving Profit Ratio

(1) Streamlining through BPR (reducing cost of sales/improving business processes)

Activate the internal database with AI and promoting DX to reduce cost of sales and other expenses.

Reducing cost of sales



Improving business processes

Achievement of 1H

- Uncovering talent registered in the internal database
- Use AI to improve the efficiency of job application generation
- Expand job seeker registration channels using SNS

Initiatives to Achieve Non-Financial Targets

(1) Starting 'JAC Moringa Forest'

New project of '**JAC Moringa Forest**' started in 2024 on Miyako Island, Okinawa and Borneo, Malaysia, contributing to a significant increase in GHG absorption and local revitalisation.



Regions: Borneo, Malaysia (commenced June 2024)
Miyako Island, Okinawa (commenced July 2024)

Tree plantation: Total **10,000 trees/year** of moringa trees and other indigenous species

Absorb approx. **6,000t/annual** GHG by 2030 to achieve carbon net zero including Scope 3.

JAC Group Planting Results from PPP Projects

PPP Project:

One Placement creates One Plant to save the Planet

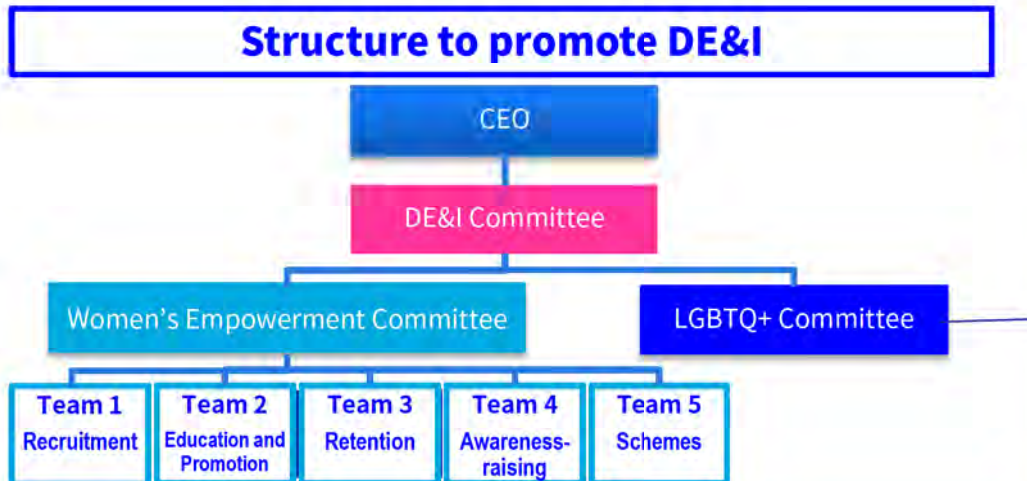
By planting one tree for each person who changes jobs through JAC companies around the world, forests are nurtured, ecosystems are protected, and the project contributes to the fight against global warming.

Over 140,000 trees planted in total since 2008



Initiatives to Achieve Non-Financial Targets (2) DE&I Initiatives

The DE&I Steering Committee headed by the CEO is promoting the DE&I initiatives.



LGBTQ+ Initiatives

- Participation in Tokyo Rainbow Pride 2024
- Establishment and dissemination of LGBTQ+ consultation service
- Addition of an LGBTQ+ friendly company search function to the internal system
- Compilation and dissemination of support tips for LGBTQ+ candidates.
- Applying the same benefits to same-sex couples and de facto couples as legally married couples.



Women Empowerment Initiatives

- | | |
|----------------------------------|---|
| Education and Schemes | <ul style="list-style-type: none"> • Roundtable discussion among the CEO and potential female managers • Monthly luncheon MTGs with role models as speakers • Working Parents Committee, a forum for employees raising children to exchange information and collaborate, etc. |
| Recruitment and Promotion | <ul style="list-style-type: none"> • Setting 5:5 gender ratio as the target for recruitment • Selection of manager candidates in each division and formulation and monitoring of training plans, etc. |
| Public Awareness | <ul style="list-style-type: none"> • Organising 'the JAC Women's Empowerment Salon', information exchange meetings between DE&I promoters of client companies, etc. |

External Evaluation

Forbes WOMEN AWARD 2023

work with Pride WIP Gold 2023

MSCI ESG RATINGS AA

D&I AWARD BEST WORKPLACE for diversity & inclusion 2023

Initiatives to Achieve Non-Financial Targets (3)Others

Selected for the first time as a constituent of the **'FTSE Blossom Japan Sector Relative Index'** (decided in the June review), which is one of the ESG indices used by the GPIF. From end-August, the company has also returned to **the JPX-Nikkei Index 400**.



FTSE Blossom
Japan Sector
Relative Index

Publication of the **JAC Group Integrated Report 2024**, updated in accordance with the <IR> Framework and the Guidance for Collaborative Value Creation (published at the end of June).



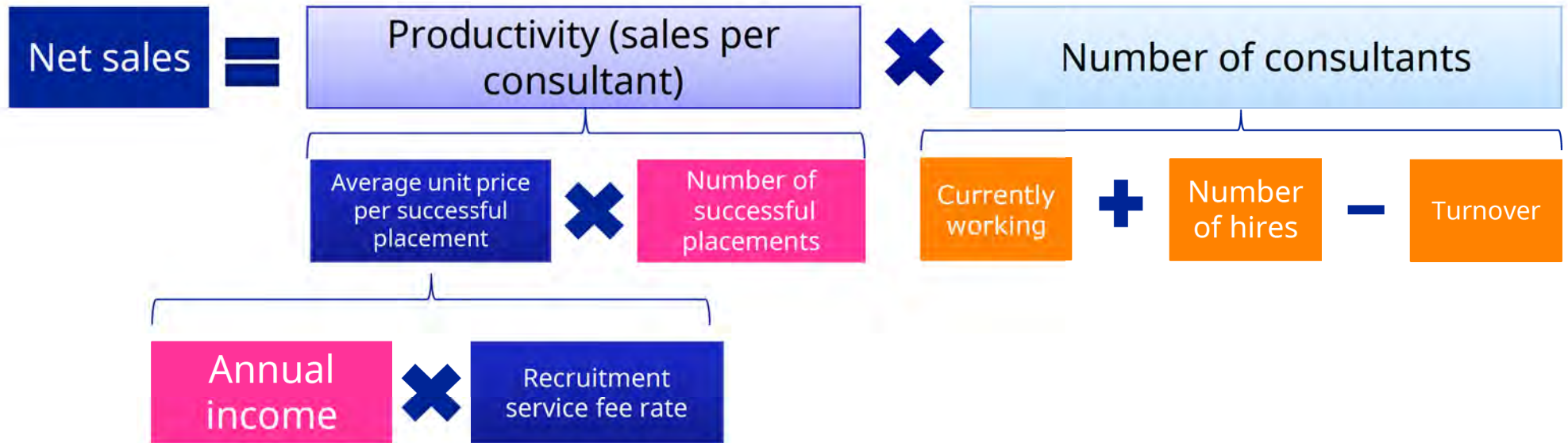
Appendix

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 Jun.
Profit (Million yen)	1,584	1,811	3,269	3,685	3,908	4,354	1,834	3,882	5,029	5,978	2,873 (Forecast) 6,000
EPS: Earnings per share (yen)	9	11	20	22	24	26	11	24	31	37	17 (Forecast) 37.5
Stock price (closing price, yen)	208.3	236.8	329.3	546.3	467.8	485.8	473	521	607.3	650	658
Increase/Decrease rate	15.7%	13.7%	39.1%	65.9%	(14.4%)	3.8%	(2.6%)	10.1%	16.6%	7.0%	1.2%
<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%	18.7%
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%	10.8%
BPS: Net assets per share (yen)	34	42	57	73	85	96	86	82	96	107	105
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	6.24
PER: Price Earnings Ratio	21.5	21.1	16.3	24.0	19.5	18.2	42.3	21.7	19.5	17.3	17.5 (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	1,089

*Figures from FY2014 to FY2023 have been retrospectively amended to take into account stock splits.

Revenue Model (Recruitment Business)

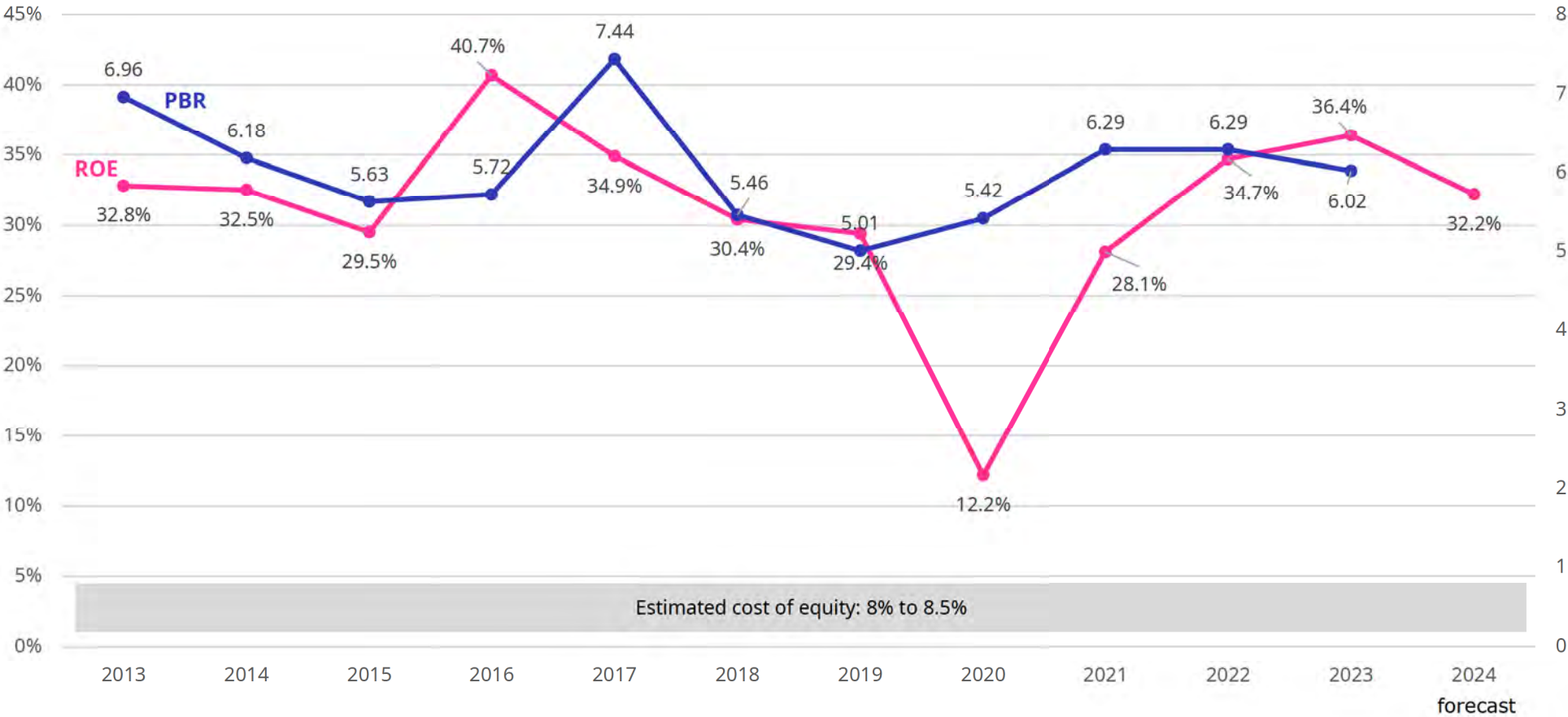




Cost-of-capital and ROE

ROE has always been significantly higher than the **cost of capital of 8%-8.5%** over the past 10 years, and the P/B ratio has been consistently above 5x. The company will continue to maintain high capital efficiency.

ROE and PBR



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 22 Aug 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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