

Results Briefing 1H of FY2024

JAC Recruitment Co., Ltd.

9 Aug. 2024

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.

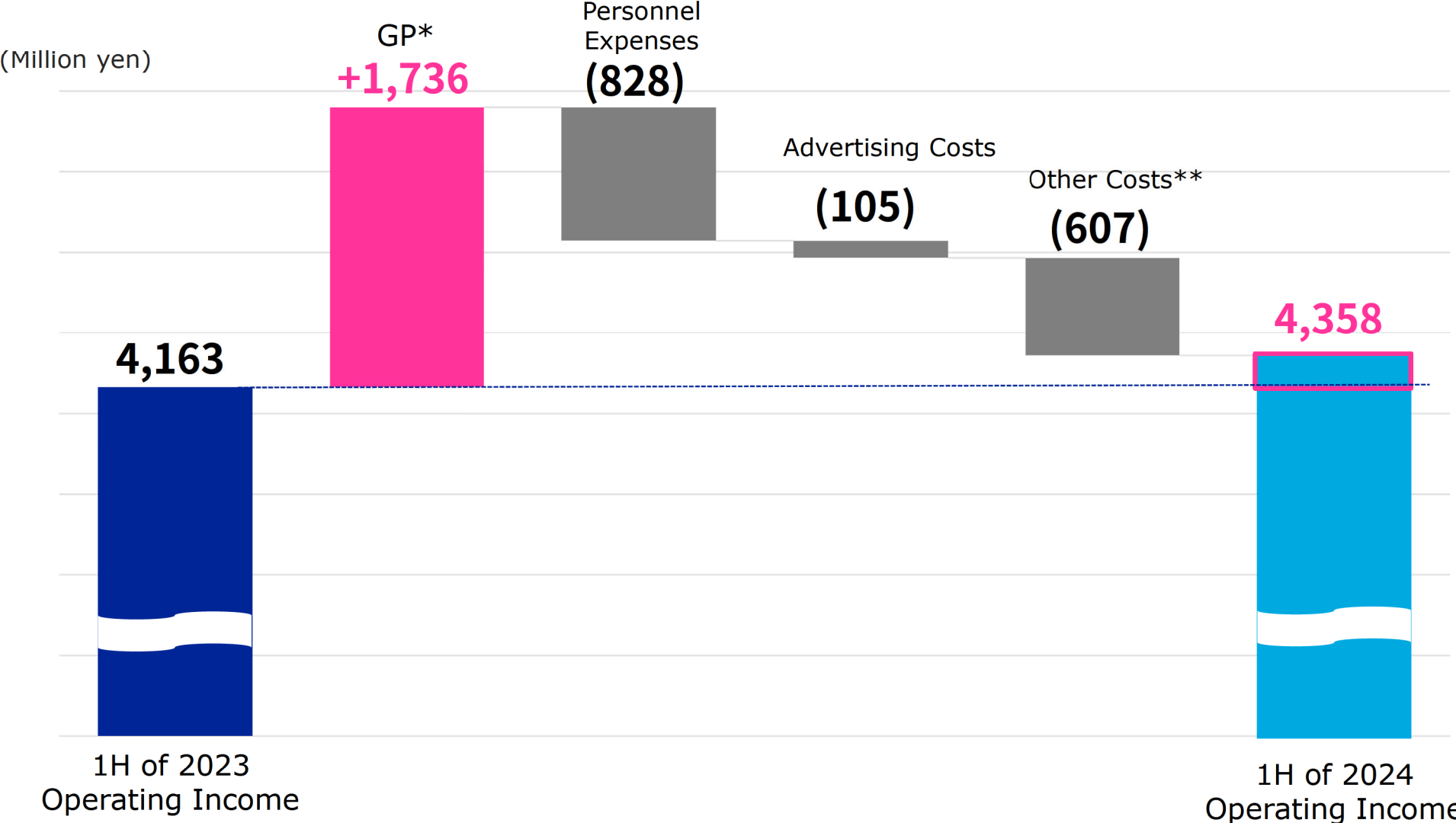
(Million yen)

	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%
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%



Factors to Increase of Operating Income YoY

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



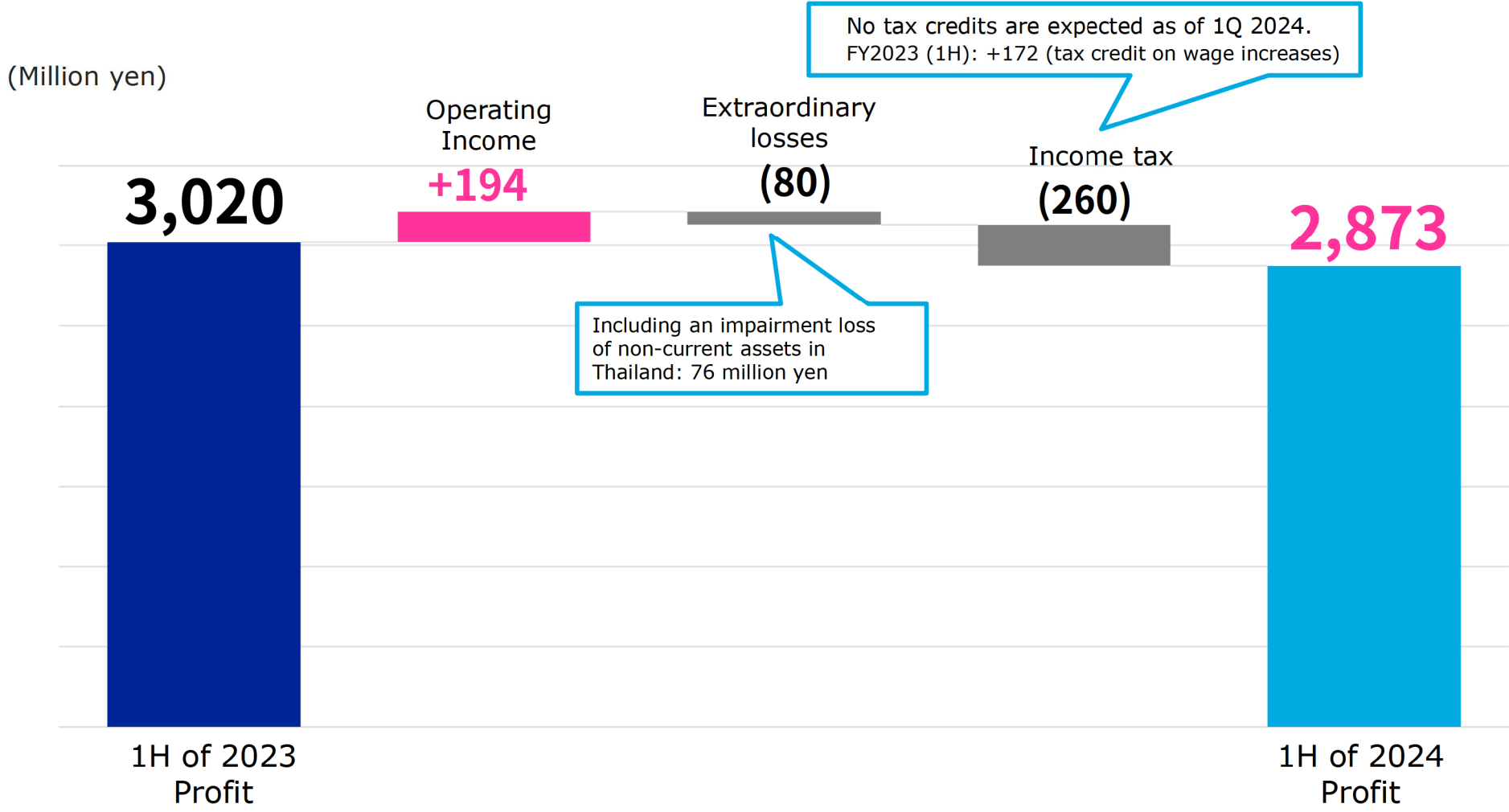
*GP: Gross Profit

**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)

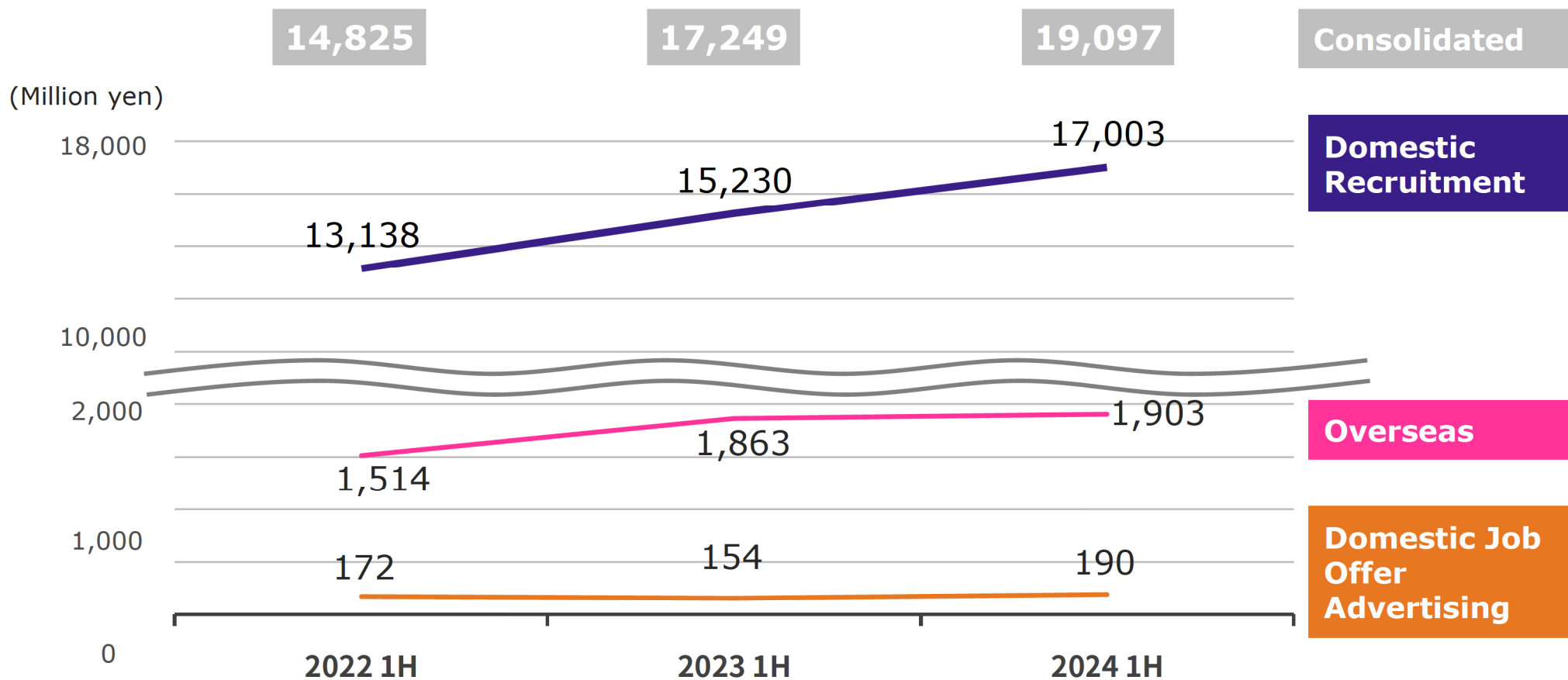
Segment revenue	1H FY2023	1H FY2024	Change in pct.
Domestic Recruitment Business	15,230	17,003	+ 11.6%
Overseas Business	1,863	1,903	+ 2.1%
Domestic Job Offer Advertising Business	154	190	+ 23.1%
Segment profit (loss)	1H FY2023	1H FY2024	Change in pct.
Domestic Recruitment Business	4,096	4,290	+ 4.7%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

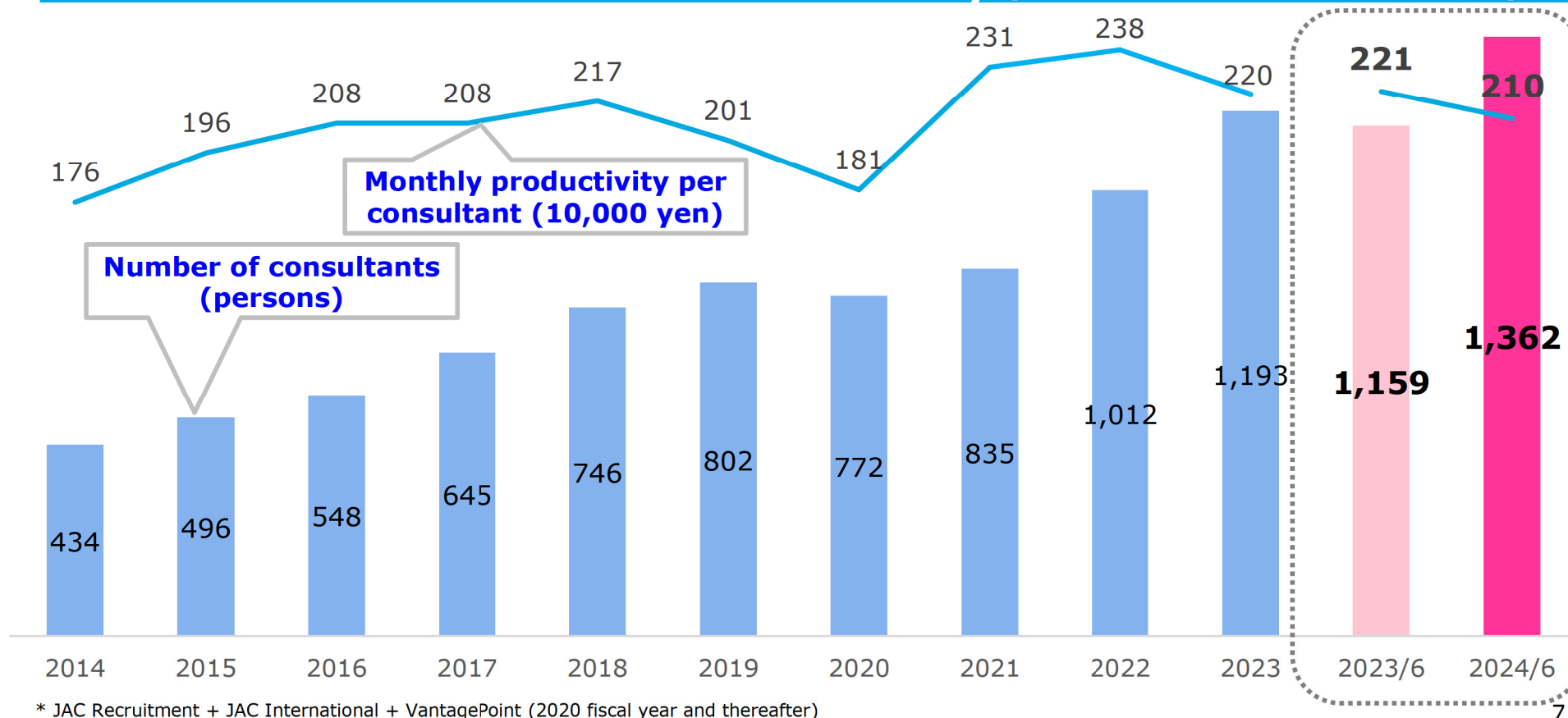


Consultant Headcount and Productivity in Domestic Recruitment Business

Number of consultants increased more than planned due to continued consultant recruitment and reduced turnover.

On the other hand, productivity (monthly sales per consultant) slightly decreased due to an increase in the number of consultants with a newer year of employment.

Number of Consultants and Productivity (Domestic Recruitment Business*)





Overview of Each Segment

Domestic Recruitment Business

- 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 higher income brackets.

Overseas Business

- 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

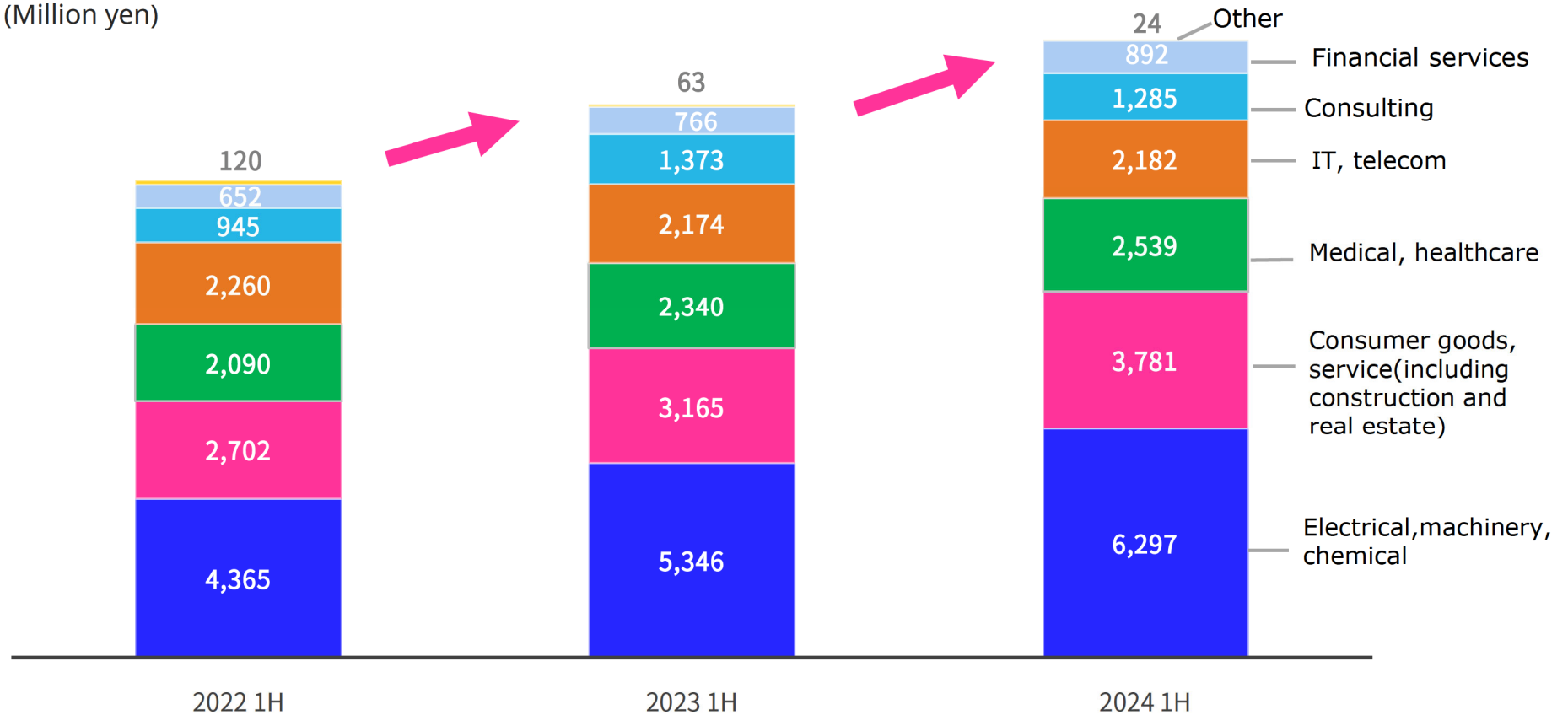
- We are seeking to expand sales by shifting to a contingency fee model and increasing our contact points with Japanese companies, in addition to foreign companies.
- We are also making sales efforts for direct recruiting by client companies and working to enhance synergies within our group through collaboration with our domestic recruitment business.

Domestic Recruitment Business Revenues by Industry

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

Revenues by Industry (Domestic Recruitment Business※)

(Million yen)



※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

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, down 2.6%.
- Despite the efforts to reduce costs (such as reducing advertising expenses and withholding system-related investments), full-year profit forecast has been decreased to JPY6 billion, down 11.8% 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%)

[Assumptions used for this forecast]

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



Shareholders Return Policy

Although full-year profit forecast has been revised downward, we will keep the initial forecast of DPS, 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.

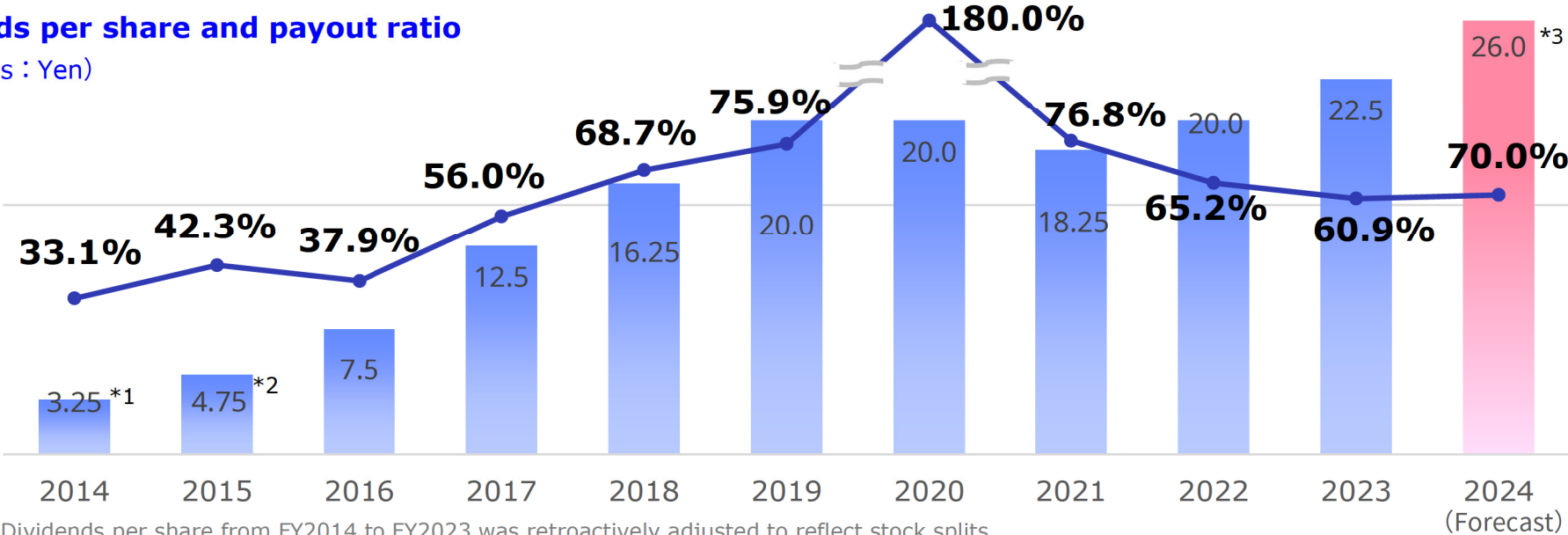
Dividend Policy	Dividend payout ratio targeted at 60%-65%.
	We maintain a steady trend of increasing dividends in line with profit growth.

(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.

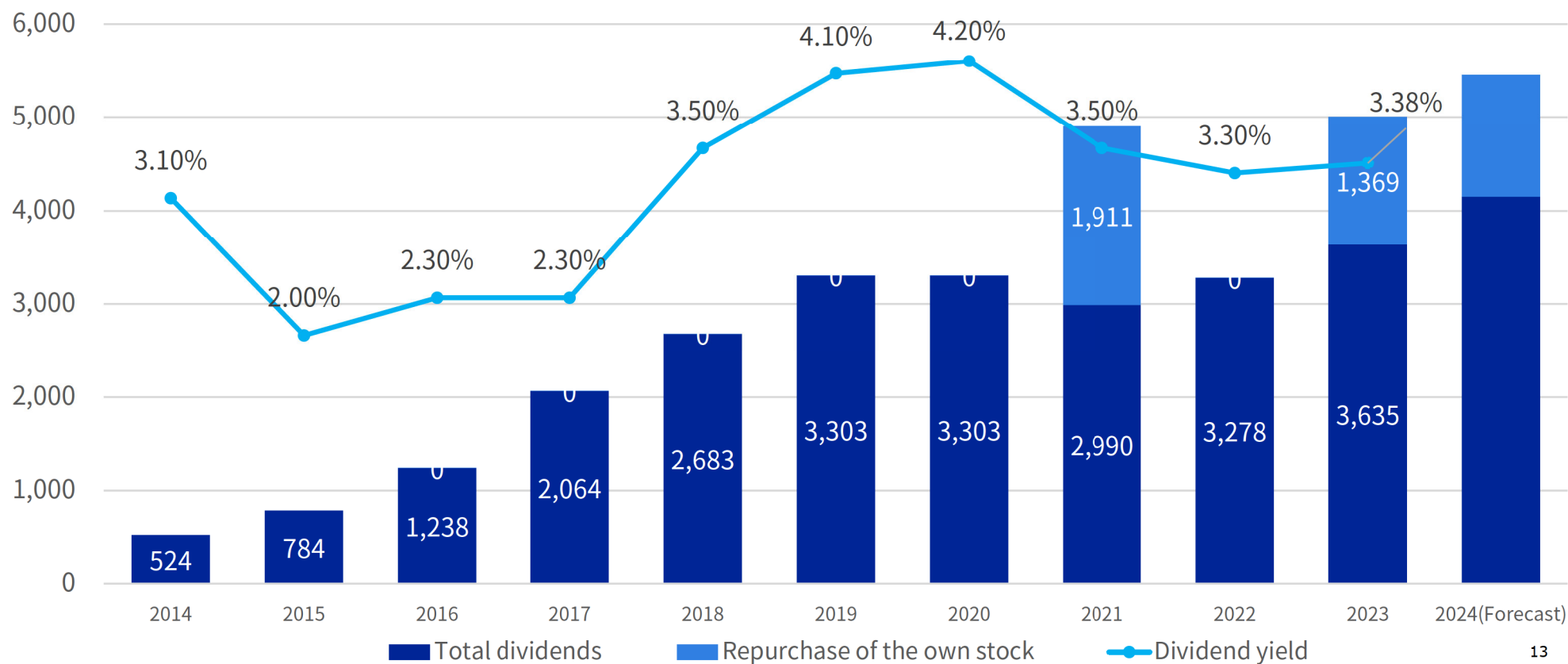
*3: The dividend payout ratio for FY2024 is the figure at the time of the forecast on 9 Aug. 2024.

Shareholder Returns

We plan to repurchase own stock up to JPY 2 billion or 2 million stocks.

	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)



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.



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