

Results Briefing 3Q of FY2023

JAC Recruitment Co., Ltd.

13 Nov. 2023

Consolidated Results: 3Q of FY2023

Revenue increased by 16%, which is lower than the initial forecast. However, the profit are growing steadily over that forecast.

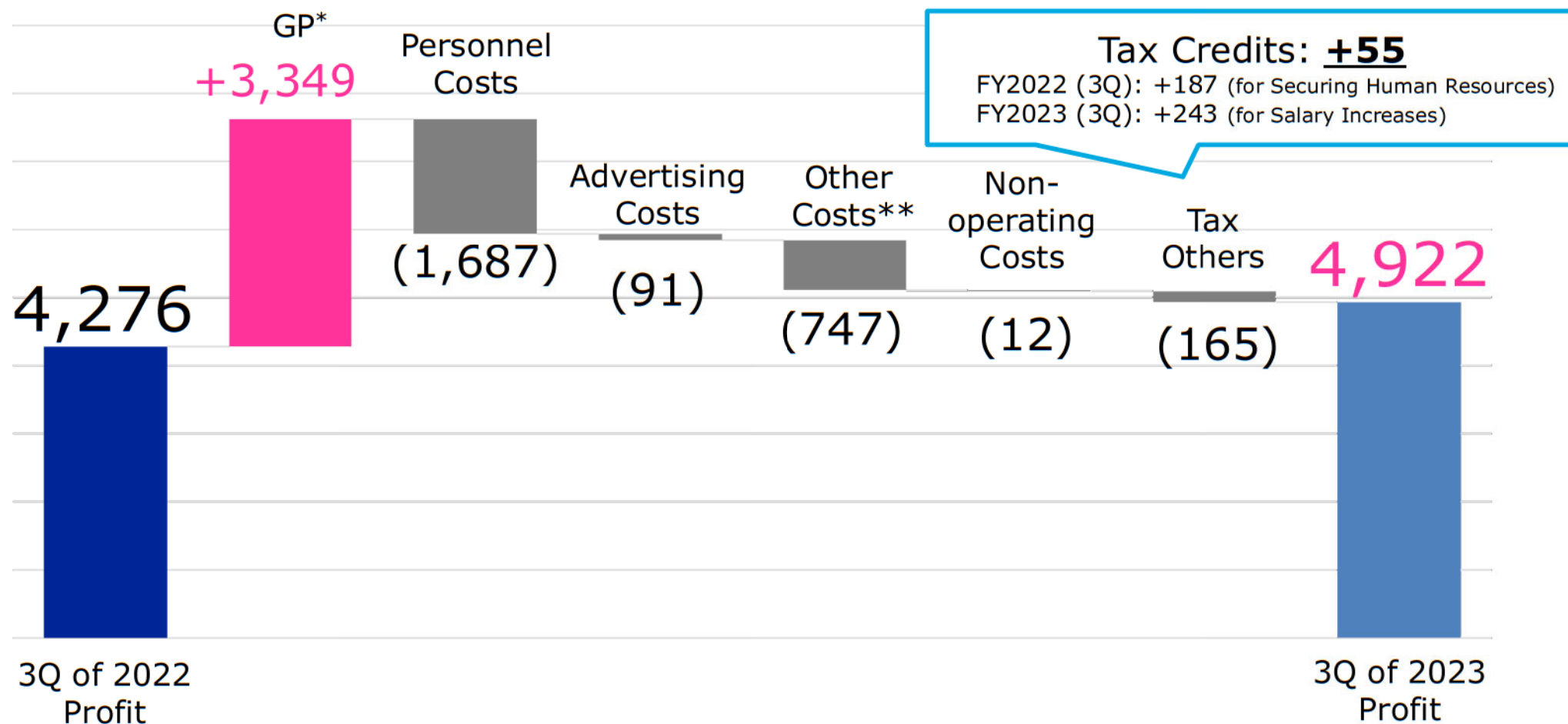
(Million yen)

	3Q FY2022	3Q FY2023	Change in pct.	Vs. Initial Forecast
				Full Year
Revenue	22,918	26,495	+15.6%	72.3%
Gross Profit	21,140	24,489	+15.8%	74.0%
EBITDA	6,413	7,308	+14.0%	-
EBITDA Margin	28.0%	27.6%	(0.4)pt	-
Ordinary Income	6,013	6,824	+13.5%	87.7%
Profit attributable to owners of parent	4,276	4,922	+15.1%	90.9%

Factors to Increase of Profit YoY

Personnel cost increased due to the steady recruitment of consultants. But profit is to achieve its initial budget with cost control and tax credits.

(Million yen)



*GP: Gross Profit

**Expanding Offices, etc.

Segment Performance

Domestic: Revenue rises to a record high

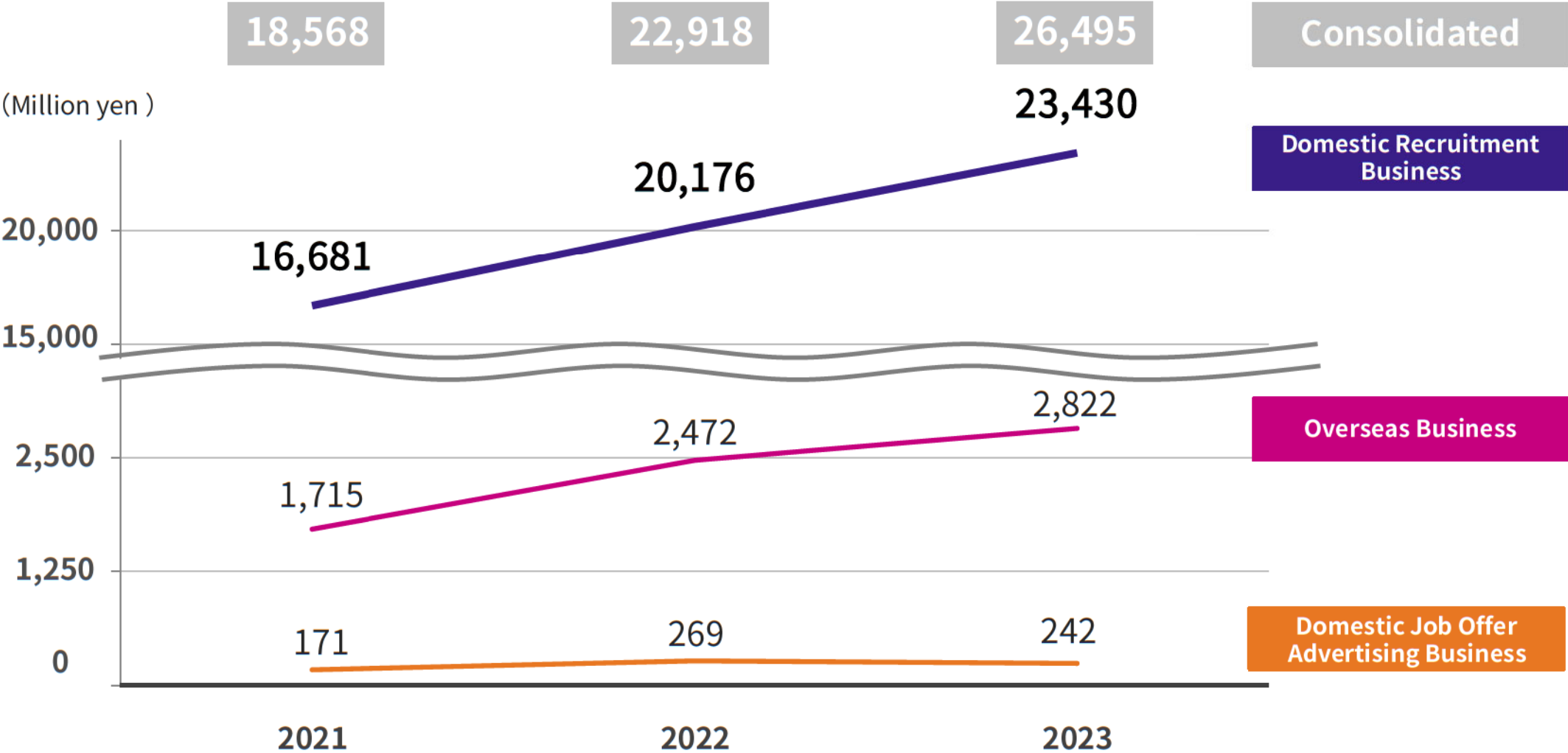
Overseas: Revenue recovers to the 2019 level (pre-COVID-19)

(Million yen)

Segment revenue	3Q FY2022	3Q FY2023	Change in pct.
Domestic Recruitment Business	20,176	23,430	+16.1%
Overseas Business	2,472	2,822	+14.2%
Domestic Job Offer Advertising Business	269	242	(10.1)%
Segment profit (loss)	3Q FY2022	3Q FY2023	Change in pct.
Domestic Recruitment Business	5,844	6,711	+14.9%
Overseas Business	108	87	(20.0)%
Domestic Job Offer Advertising Business	31	24	(21.9)%

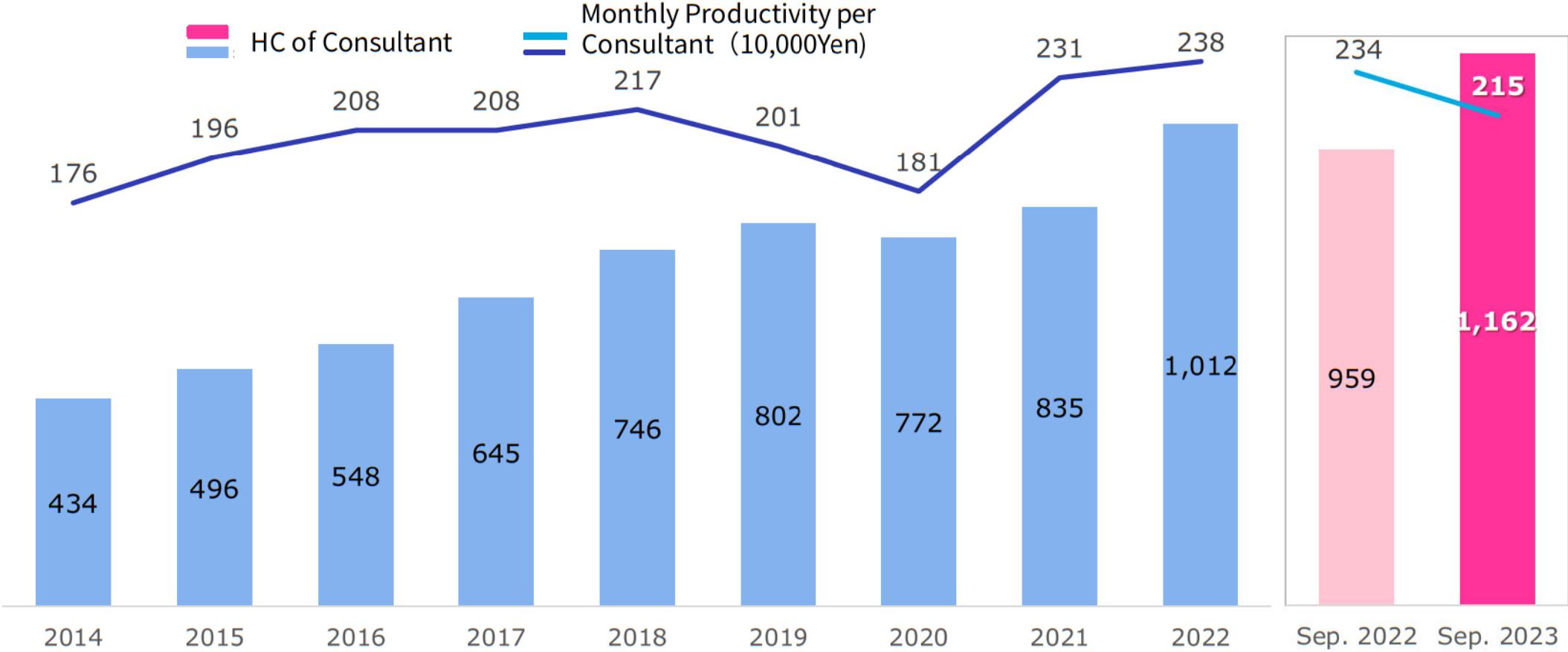
Three-year Business Segment Revenues

Domestic Recruitment and Overseas: Increasing Revenue sequentially



HC and Productivity in Domestic Recruitment Business

- **Headcount:** Kept up consultants almost as planned by strengthening recruitment activity and controlling turnover
- **Productivity:** Declined due to a sharp drop in job openings at a part of major IT companies and consulting firms



Note: Headcount and Productivity include Vantage Point K.K. since FY2020

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
- The number of consultants that are essential for business growth is increasing steadily as planned
- To prepare for business expansion, we increased the number of executive officers and general managers including the administrative HQ

Overseas Business

- Business conditions in Singapore, Thailand, and other Asian countries deteriorated due to increasing uncertainty around the global economy. Our Hong Kong office (Hong Kong SAR) ended its business in September
- Meanwhile, the European, Indian, and U.S. Los Angeles office posted high performance, and the whole sales of this business had generally returned to the level of 2019 before covid-19
- Mobilising to promising area and reviewing overall cost for shifting to a highly profitable structure

Domestic Job Offer AD Business

- Sales and profits declined due to the impact of restrained hiring by foreign companies, but results have been on a recovery trend in the latest quarter

Balance Sheet Summary

Financial strength remains high with an equity ratio of **77.3%**

(Million yen, %)

Item	End of Dec. 2022		End of Sep. 2023		Change
	Amount	%	Amount	%	
Current assets	17,820	80.7	17,021	81.3	(799)
Cash and depositions	14,879	67.4	13,464	64.3	(1,415)
Accounts receivable - trade	2,244	10.2	2,958	14.1	714
Non-current assets	4,263	19.3	3,914	18.7	(349)
Property, plant and equipment	745	3.4	851	4.1	106
Intangible assets	1,532	6.9	1,501	7.2	(31)
Investments and other assets	1,985	9.0	1,562	7.5	(423)
Total assets	22,084	100.0	20,936	100.0	(1,148)
Current liabilities	6,161	27.9	4,455	21.3	(1,706)
Non-current liabilities	337	1.5	292	1.4	(45)
Total liabilities	6,498	29.4	4,747	22.7	(1,751)
Total net assets	15,585	70.6	16,188	77.3	603
Total liabilities and net assets	22,084	100.0	20,936	100.0	(1,148)

Forecast for FY2023

Profit revised upward from the initial forecast

- Revenue is slightly weak due to the curtailment of hiring by some US and Japanese major IT companies. We forecast similar trend for 4Q from the latest momentum of business.
- Profit will exceed the initial forecast due to our continuing cost control and the tax credits for the promotion of Salary Increases.

(Million yen)

	2022	2023 Forecast			Vs. 2022	
		Initial	Revised	Difference		
Revenue	30,435	36,651	34,600	(2,051)	+4,165	+13.7%
Gross profit	28,043	33,109	31,900	(1,209)	+3,857	+13.8%
Operating income	7,044	7,770	8,050	+280	+1,006	+14.3%
Ordinary income	7,052	7,783	8,050	+267	+998	+14.2%
Profit attributable to owners of parent	5,029	5,417	5,750	+333	+721	+14.3%

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

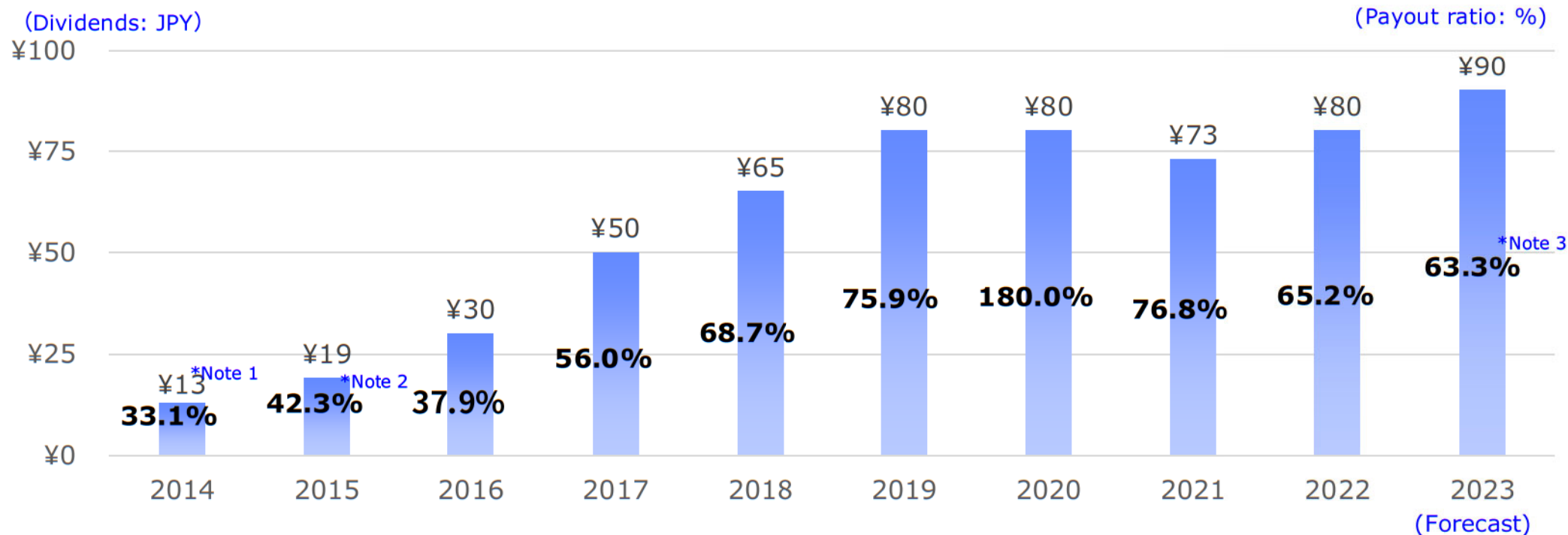
About Dividends

Gaining profit increase, Forecast revised from ¥85 to ¥90 per share.

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



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 revised forecast on 13 Nov. '23.

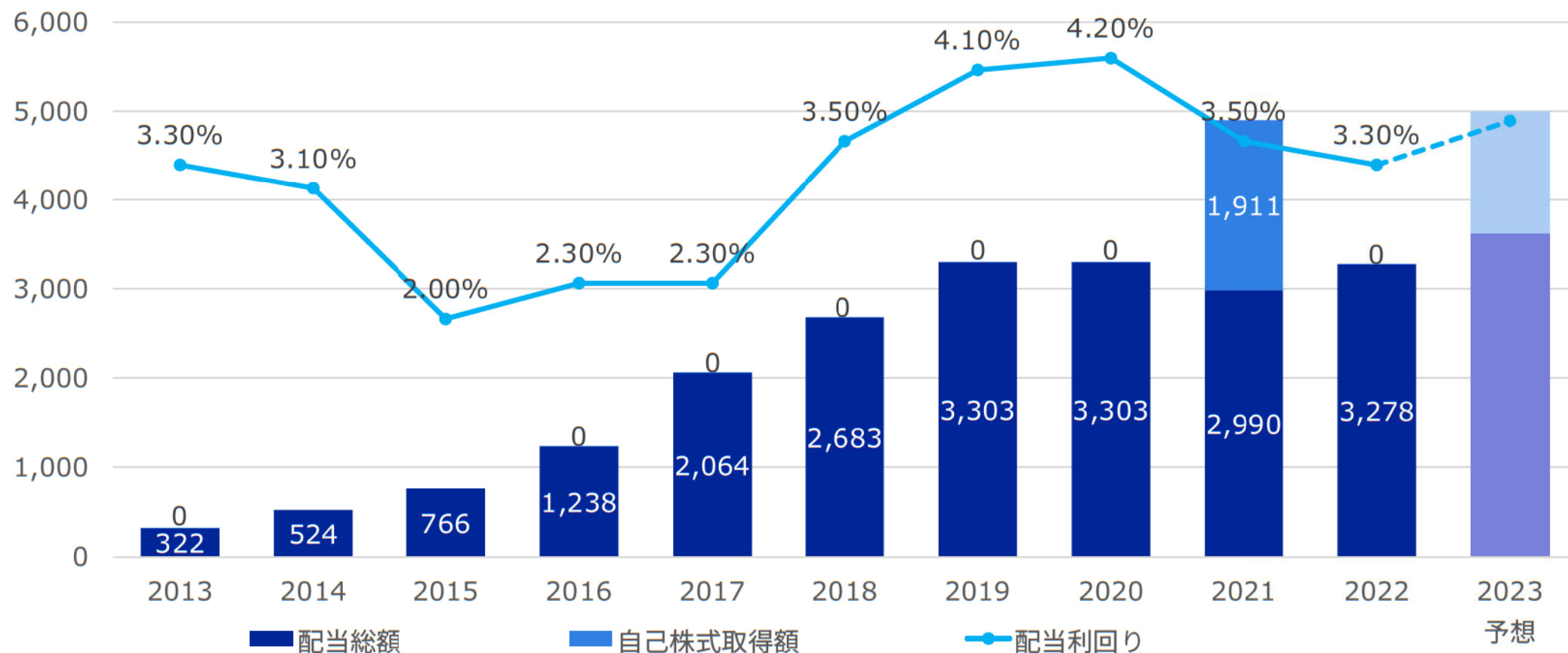
Appendix

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%	63.3%*
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%	87.0%

(Millions of yen)

※ Dividend payout ratio of FY2023 is the ratio amended on 13 Nov. '23



Stock price indicators

5.8	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	4,922 (Full-year forecast 5,750)
EPS: Net income per share (yen)	60 (Adjusted) 30	39	45	81	91	96	107	45	96	125	123 (Full-year forecast 143)
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	2,542
Rate of decline	41.3%	15.7%	13.7%	39.1%	65.9%	(14.4)%	3.8%	(2.6)%	10.1%	16.6%	4.7%
<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)%	22.8%
Service industry Exponential drop	56.3%	13.6%	13.7%	(3.0)%	28.3%	(10.1)%	24.8%	13.6%	15.0%	(20.2)%	5.8%
BPS: Net assets per share (yen)	210 (adjusted) 105	136	168	230	293	341	385	347	331	386	405
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	6.26
PER: Price Earnings Ratio	24.7	21.5	21.1	16.3	24.0	19.5	18.2	42.3	21.7	19.5	20.6
DPS: Dividends per share (yen)	48 (Adjusted) 24	26	19	30	50	65	80	80	73	80	90 (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	105.2

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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 13 Nov. 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.

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