

Results Briefing 4Q of FY2023

JAC Recruitment Co., Ltd.

14 Feb. 2024

JAC Group results FY2023

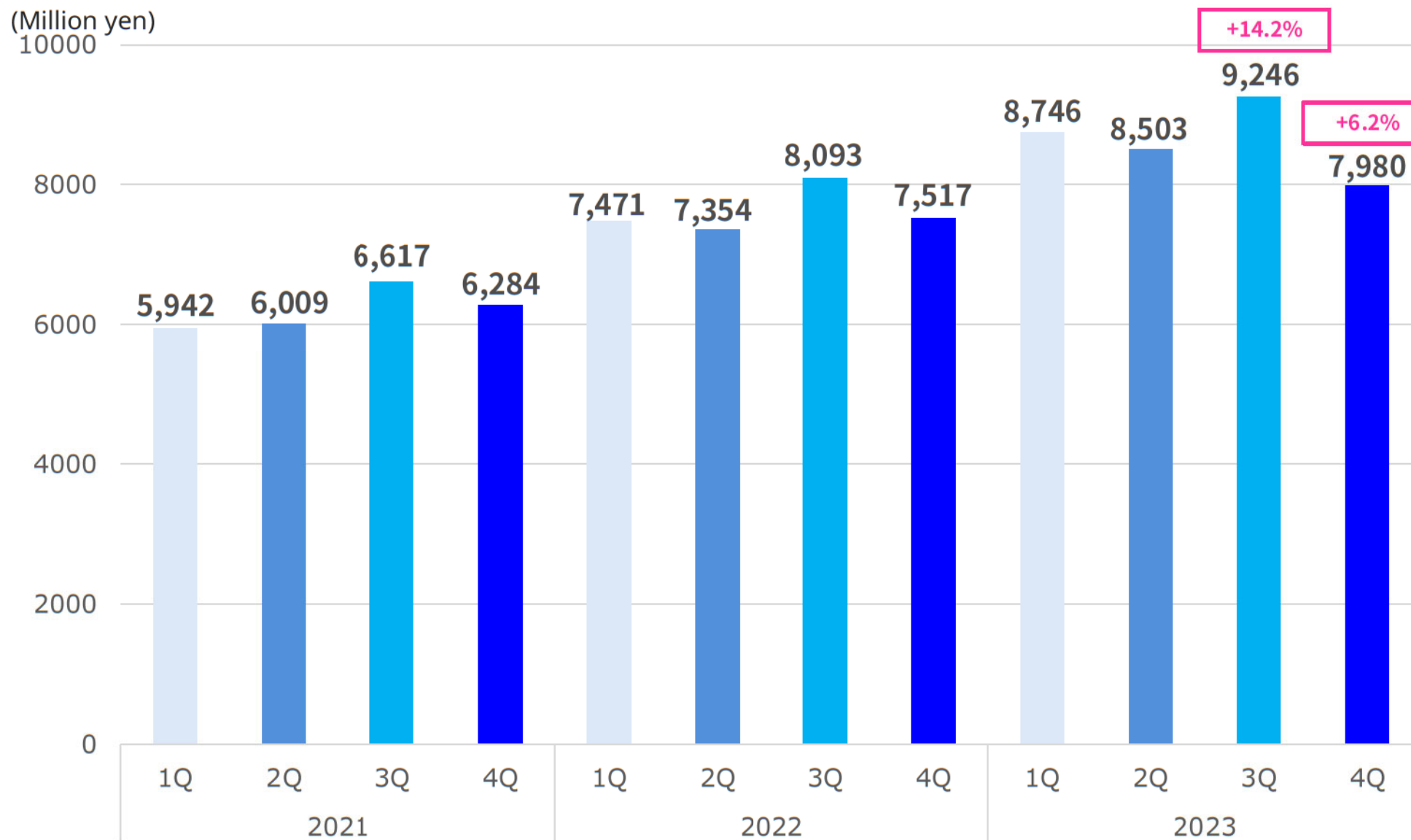
Sales rose slightly below plan by 13.3% to JPY 34.47bn, while net profit rose by 18.9% to JPY 5.97bn, in line with the revised plan announced in November. Both figures are **record highs**, as they were in the previous year.

(Million yen)

	FY2022	FY2023	Change in pct.	Versus Forecast	
				1 st Half	Full Year
Revenue	30,435	34,475	+13.3%	94.1%	99.6%
Gross Profit	28,043	31,821	+13.5%	96.1%	99.8%
EBITDA	7,607	8,875	+16.7%	-	-
EBITDA Margin	25.0%	25.7%	+0.7%	-	-
Ordinary Income	7,052	8,209	+16.4%	105.5%	102.0%
Profit attributable to owners of parent	5,029	5,978	+18.9%	110.4%	104.0%

Quarterly comparison of company-wide sales

Company-wide sales increased **year-on-year** in both 3Q and 4Q.



Full year 2023 Results by segment

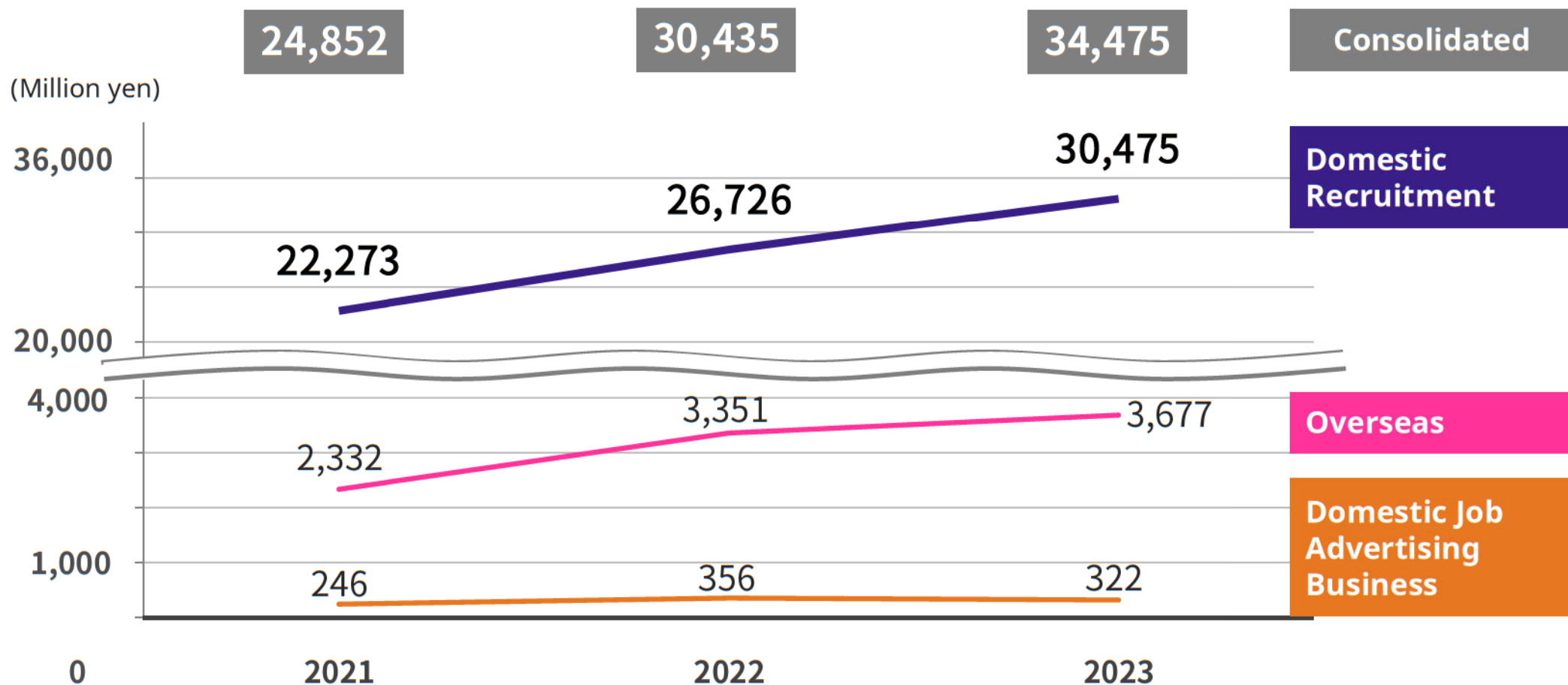
Domestic recruitment continued to achieve **record sales and profits**, as in the previous year.

(Million yen, %)

Segment revenue	FY2022	FY2023	Change
Domestic Recruitment Business	26,726	30,475	+14.0%
Overseas Business	3,351	3,677	+9.7%
Domestic Job Advertising Business	356	322	(9.7%)
Segment profit (loss)	FY2022	FY2023	Change
Domestic Recruitment Business	6,872	8,097	+17.8%
Overseas Business	95	76	(19.8%)
Domestic Job Advertising Business	43	33	(22.6%)

Comparison of sales performance by segment

Domestic job adverts down year-on-year, but domestic recruitment and overseas sales **continue to increase**.



Overview and initiatives in 2023

Domestic Recruitment Business

- Against a background of structural labour shortages, demand for job vacancies among Japanese companies in general is at historically high levels.
- On the other hand, US-based IT and consulting companies and some major Japanese IT companies continue to curb employee recruitment from autumn 2022
- The decline in job vacancies in the above-mentioned groups of companies has affected our IT-related divisions, resulting in lower-than-planned sales
- Profits are higher than planned as a result of BPR of business processes and cost reductions
- With future business growth in mind, the number of consultants has been increased as planned at the beginning of the year
- At the same time, the number of executive officers and department managers has been increased to strengthen the organisation

Overseas Business

- Strong performance in Europe and the US, with new sites in Munich (Germany), Los Angeles, Charlotte (US); opening in NYC (US), in January 2024
- Our office in Hong Kong which was underperforming, was closed in September and sales activities in China were terminated
- Reviewed cost structure, including personnel costs, and worked on transformation to a highly profitable structure

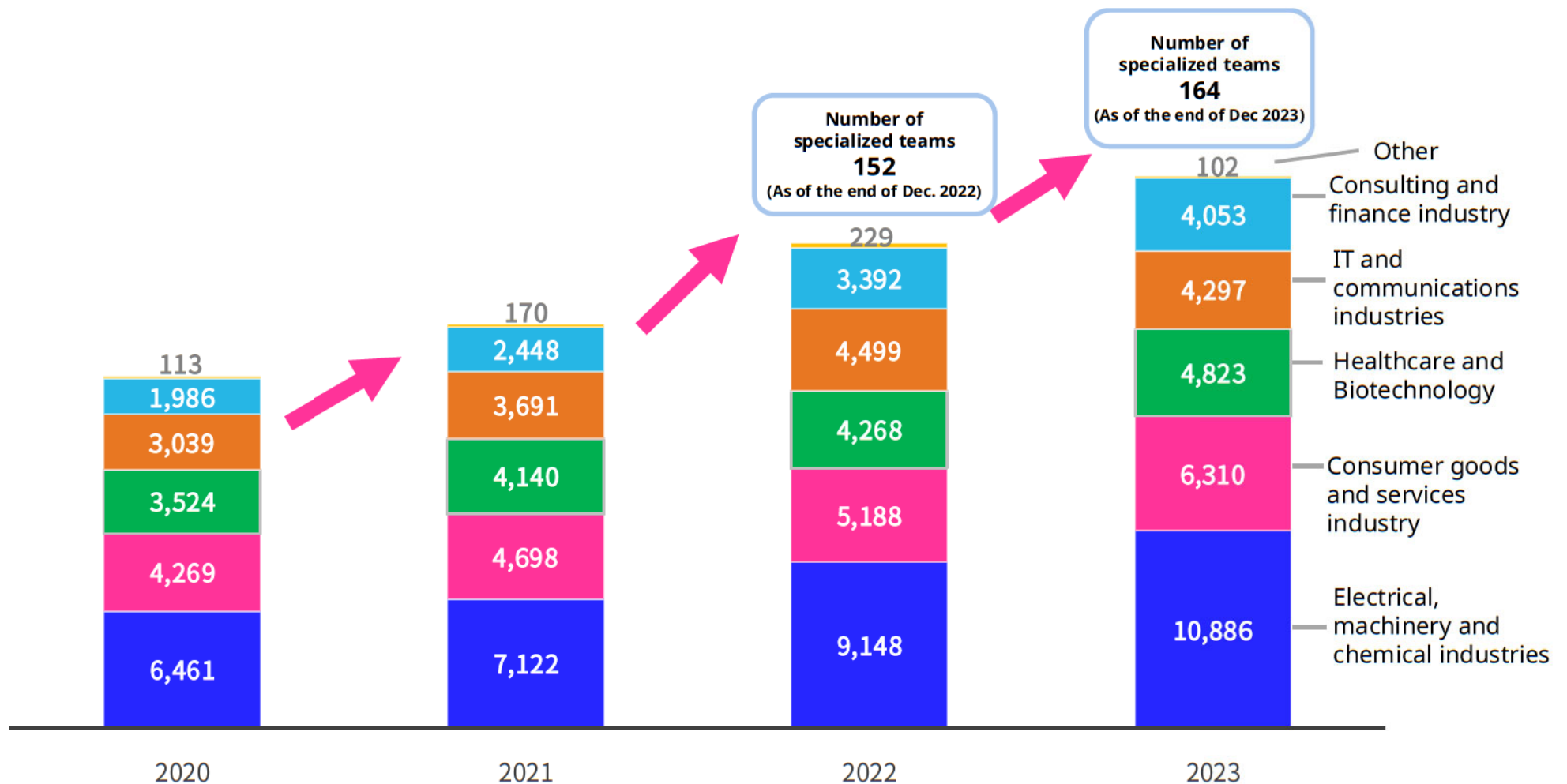
Domestic Job Advertising Business

- Sales and profits down year-on-year due to prolonged curbs on recruitment by foreign companies
- Aim for recovery by focusing on sales activities for direct recruitment by client companies.

Domestic recruitment business sales by sector

Although the IT industry is down compared to last year due to hiring restraint at some clients, other industries are **up between 13% and 22%** compared to last year.

Sales by Industry (Domestic Recruitment Consulting Services ※)



※JAC Recruitment + JAC International + VantagePoint

End of year 2023 Balance sheet summary

Capital adequacy ratio of **73.2%**; high financial stability continues.

(Million yen, %)

Item	End of Dec. 2022		End of Dec. 2023		Change
	Amount	%	Amount	%	
Current assets	17,820	80.7	19,370	82.4	+1,550
Cash and depositions	14,879	67.4	16,767	71.3	+1,888
Accounts receivable - trade	2,244	10.2	1,928	8.2	(316)
Non-current assets	4,263	19.3	4,147	17.6	(116)
Property, plant and equipment	745	3.4	788	3.4	+43
Intangible assets	1,532	6.9	1,426	6.1	(106)
Investments and other assets	1,985	9.0	1,933	8.2	(52)
Total assets	22,084	100.0	23,518	100.0	+1,434
Current liabilities	6,161	27.9	6,052	25.7	(109)
Non-current liabilities	337	1.5	248	1.1	(89)
Total liabilities	6,498	29.4	6,301	26.8	(197)
Total net assets	15,585	70.6	17,217	73.2	+1,632
Total liabilities and net assets	22,084	100.0	23,518	100.0	+1,434

End of FY2023 Cash Flows

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

(Million yen)

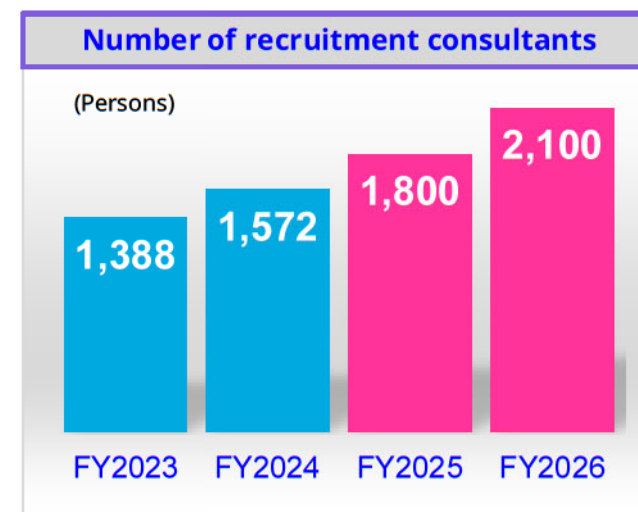
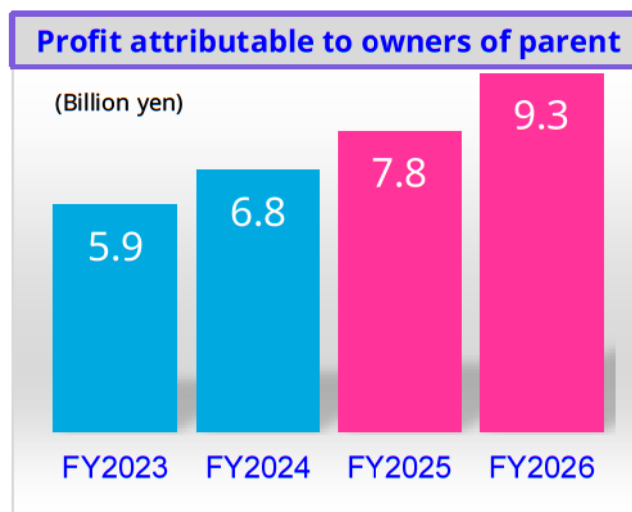
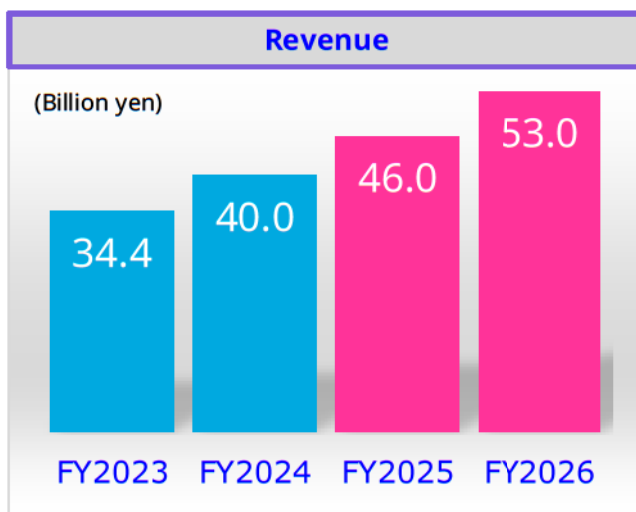
	FY2022	FY2023
Cash flows from operating activities	5,913	7,087
Cash flows from investing activities	(944)	(461)
Cash flows from financing activities	(3,174)	(4,838)
Cash and cash equivalents at end of period	14,879	16,767

Medium-term Management Plan Numerical Targets

Aiming for annual growth of approximately **15%** to achieve the world's No. 1 position by 2030

(Billion yen, %, persons)	2023 (Actual)	2024 (Forecast)	2025 Goals	2026 Goals
Revenue	34.4	40.0 (+16%)	46.0 (+15%)	53.0 (+15%)
Profit attributable to owners of parent	5.9	6.8 (+14%)	7.8 (+15%)	9.3 (+19%)
Profit margin	17.3%	17.0%	17.0%	17.5%
Number of recruitment consultants	1,388	1,572 (+13%)	1,800 (+15%)	2,100 (+17%)

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



About Dividends

Shareholder returns are regarded as a key management issue and are mainly implemented through dividends, judging the balance between investment and returns as necessary.

Dividend Policy

The dividend payout ratio is targeted at 60%-65%.

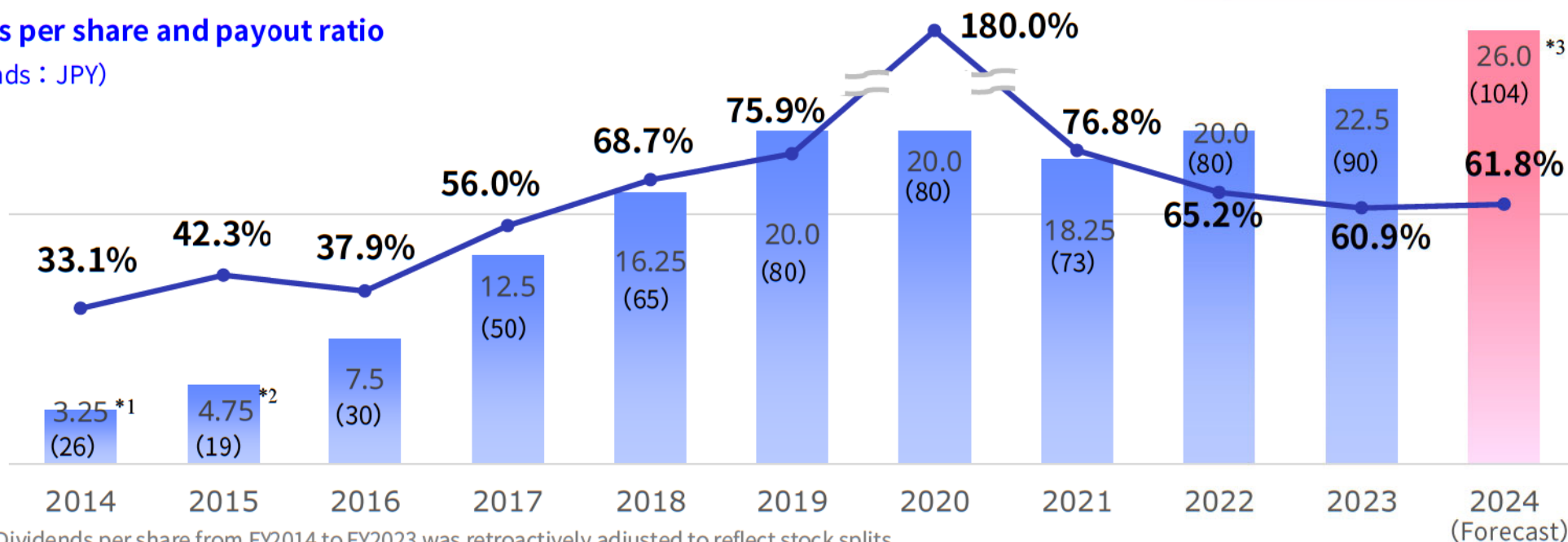
Maintain a steady trend of increasing dividends in line with profit growth.

(Dividends : JPY)

	Dividend of FY2023		Dividend of FY2024(Forecast)	
				dividend amount increase
DPS (Before the split)	90	104	+14	
(After the split)	22.5	26	+3.5	

Dividends per share and payout ratio

(Dividends : JPY)



*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.

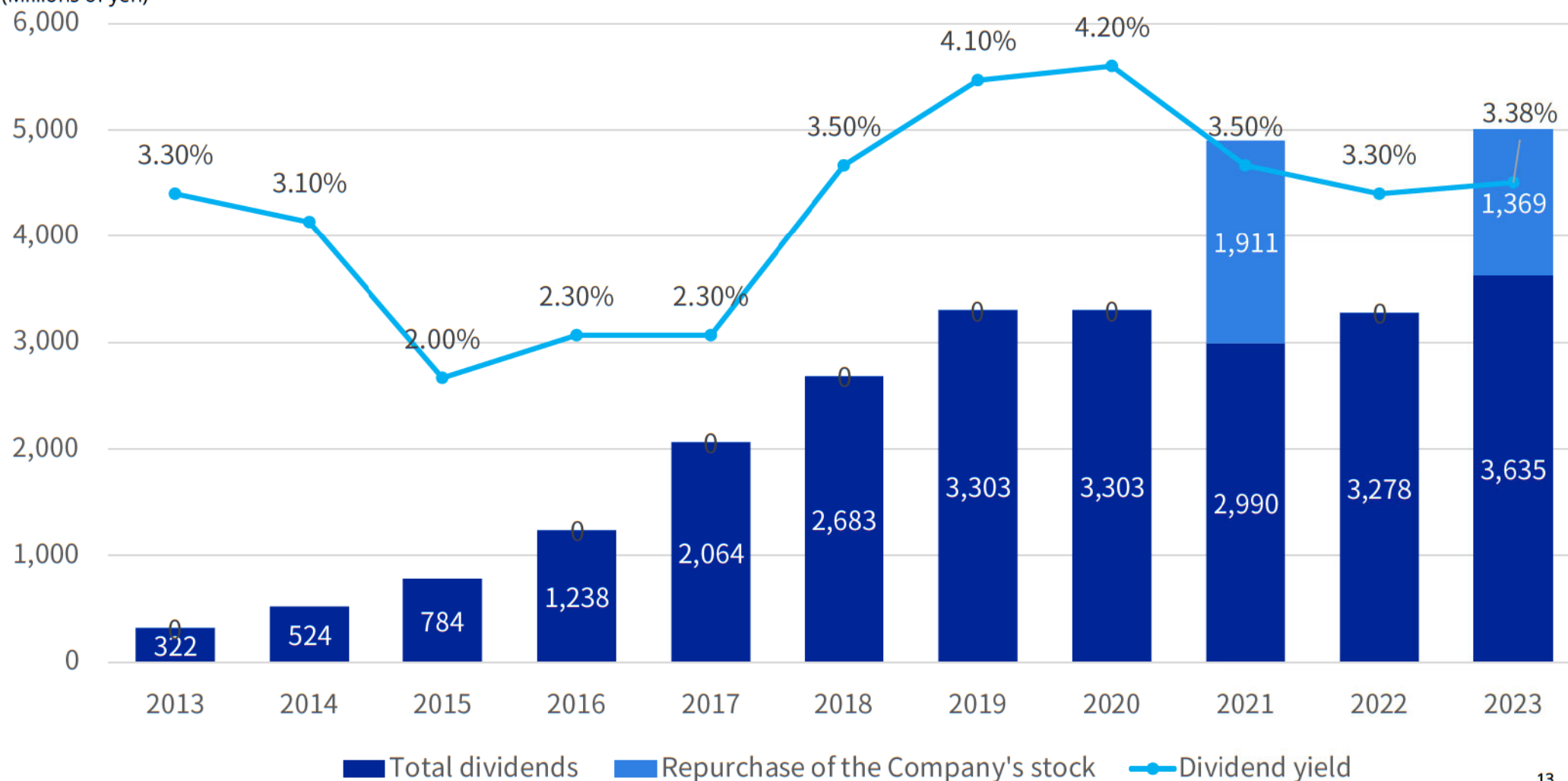
*3: The dividend payout ratio for FY2024 is the figure at the time of the forecast at the beginning of the year.

Appendix

Shareholder Returns

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Dividend payout ratio	26.8%	33.1%	42.3%	37.9%	56.0%	68.7%	75.9%	180.0%	76.8%	65.2%	60.9%	66.1%
Total return ratio	27.1%	33.1%	43.3%	37.9%	56.0%	68.7%	75.9%	180.1%	126.3%	65.2%	83.7%	75.0%

(Millions of yen)



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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.

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