Japaniace

Business Plans and Growth Opportunities
- Financial Results Briefing Material for the Fiscal Year Ended November 30, 2024 -

Japaniace Co., Ltd. (Securities Code: 9558)

January 24, 2025

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01

Performance Highlights

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Performance Summary

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(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024	Year-on-year change		FYE Nov. 30, 2024 Forecast at beginning of term	Progress
			Change	%		%
Net sales	9,885	11,211	1,326	+13.4%	11,800	95.0%
Gross profit	2,543	2,898	355	+14.0%	3,152	91.9%
Operating profit	836	945	109	+13.0%	1,020	92.6%
Ordinary profit	873	1,022	149	+17.1%	1,091	93.7%
Profit	616	722	106	+17.2%	768	94.0%

In the first half of the fiscal year, we continued hiring in an increasingly competitive market for recruitment of engineers, but the utilization ratio declined due to an increase in the ratio of employees requiring a certain period of training.
Therefore, from the second half, we carefully recruited the engineers and made efforts to improve the utilization ratio.
Net sales exceeded ¥10 billion for the first time and each profit reached a record high owing to the utilization of engineers hired in the first half and a high utilization rate in the second half.

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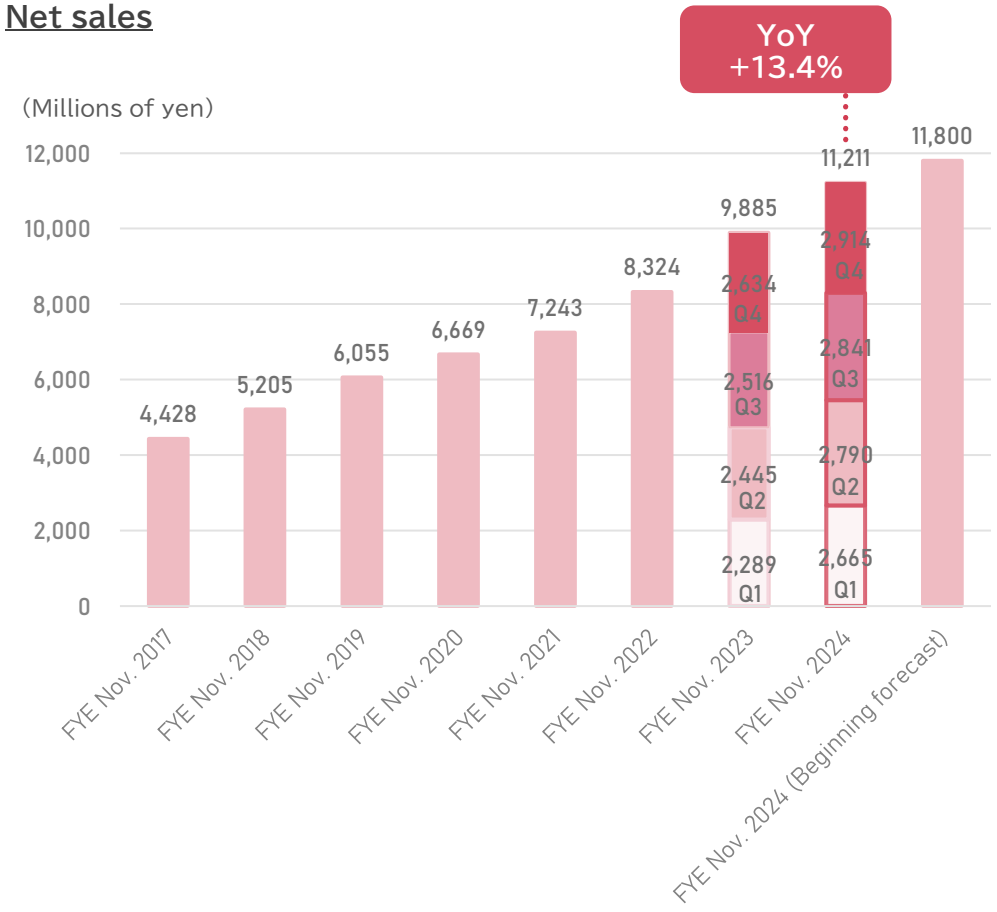
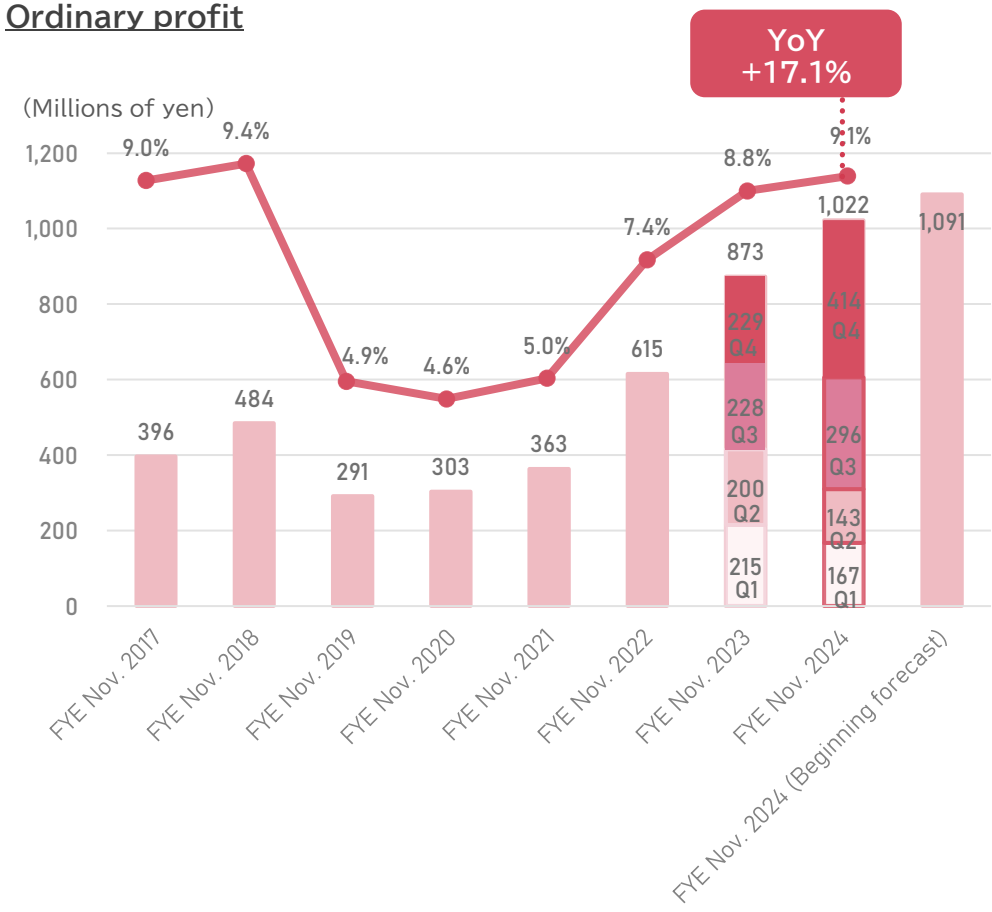
Net sales increased 13.4% YoY due to an increase in the number of engineers, surpassing ¥10 billion for the first time.
Ordinary profit increased 17.1% YoY due to the effect of carefully hired engineers in the second half and investment in hiring in the first half.

Financial Highlights

Net sales



Ordinary profit



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Analysis of Changes in Ordinary Profit

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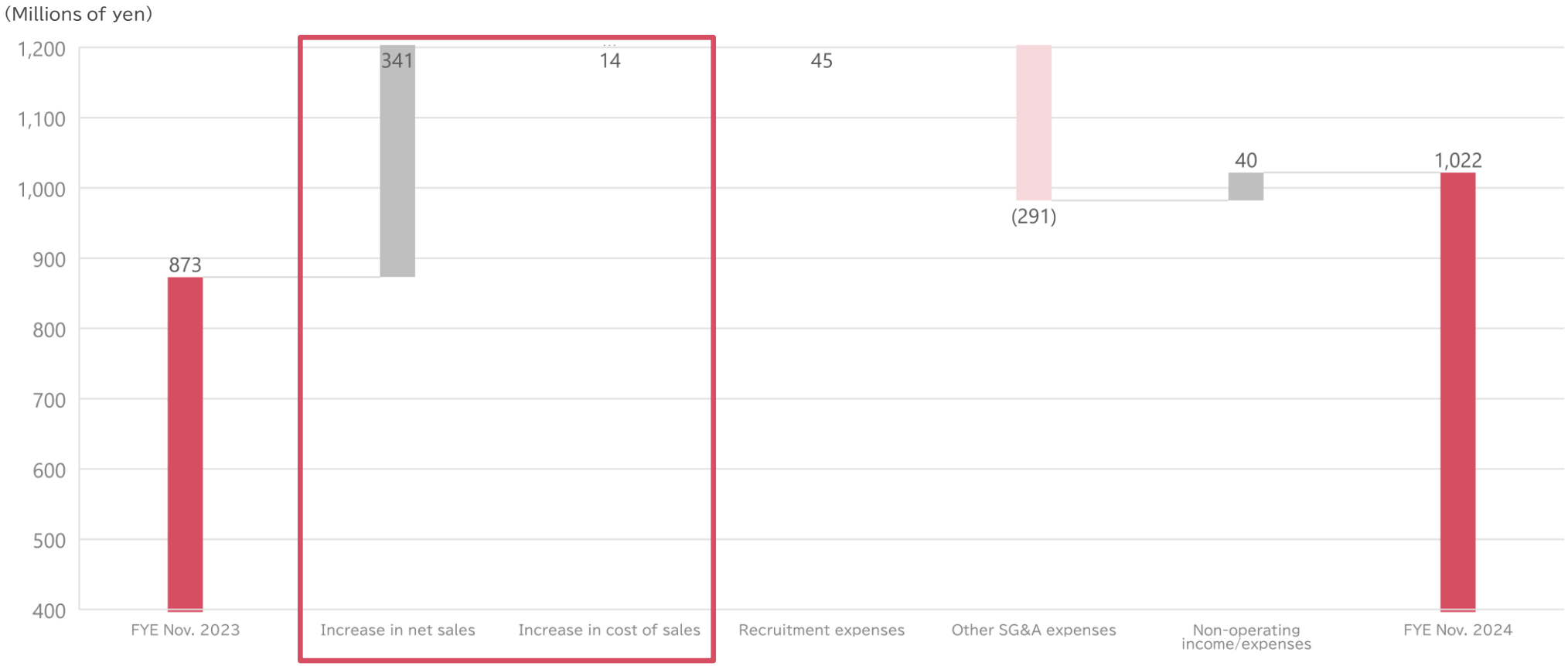
FYE Nov. 2024 Year-on-Year Ordinary Profit Change



Gross profit increased due to the increase in net sales resulting from the continuous recruitment of engineers.
Recruitment expenses decreased by taking into consideration the balance between the number of trainees and the utilization ratio in the second half of the fiscal year.
Other SG&A expenses increased due to changes in the retirement allowance system, strengthening human resources for recruiting and training engineers, and the introduction of various systems.
As a result, ordinary profit increased by ¥149 million year-on-year.

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Net sales and Ordinary profit both reached record highs

(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024	YoY change
Net sales	9,885	11,211	+13.4%
Cost of sales	7,342	8,312	+13.2%
Gross profit	2,543	2,898	+14.0%
Gross profit (%)	25.7%	25.9%	
Selling, general and administrative expenses	1,706	1,952	+14.4%
Operating profit	836	945	+13.0%
Operating profit (%)	8.5%	8.4%	
Non-operating income	37	78	+106.9%
Non-operating expenses	1	1	+23.0%
Ordinary profit	873	1,022	+17.1%
Ordinary profit (%)	8.8%	9.1%	
Extraordinary income	-	-	
Extraordinary losses	-	-	
Profit before income taxes	873	1,022	+17.1%
Income taxes	257	299	+16.6%
Profit	616	722	+17.3%
Profit(%)	6.2%	6.4%	

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Net income of ¥722 million, dividend payments of ¥494 million, and a purchase of treasury stock of ¥100 million resulted in an increase in net assets, and the equity ratio was 60.5%.

(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024
Assets		
Current assets		
Cash and deposits	2,676	2,999
Accounts receivable and contract assets	1,390	1,519
Total current assets	4,227	4,567
Non-current assets		
Property, plant and equipment	60	56
Intangible assets	5	15
Investments and other assets	292	309
Total non-current asset	358	381
Total assets	4,585	4,949

	FYE Nov. 30, 2023	FYE Nov. 30, 2024
Liabilities		
Current liabilities		
Accrued expenses	717	851
Total current liabilities	1,515	1,740
Non-current liabilities		
Total non-current liabilities	212	212
Total liabilities	1,727	1,952
Net assets		
Shareholders' equity		
Common stock	20	22
Retained earnings	2,761	2,988
Treasury stock	(8)	(101)
Total shareholders' equity	2,857	2,996
Total net assets	2,857	2,996
Total liabilities and net assets	4,585	4,949

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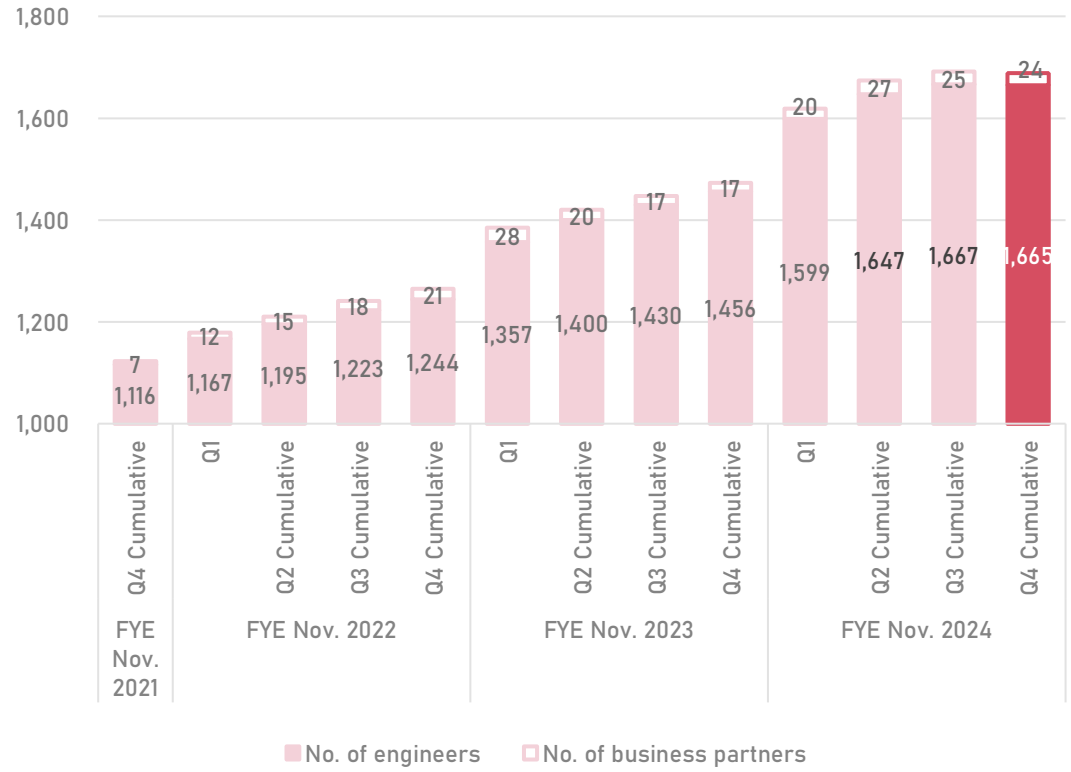
The number of engineers increased by an average of 209 during the period compared to the previous fiscal year due to the hiring of 376 engineers, including 101 engineers trained at J-college and 49 new graduates.

Number of engineers

(Unit: persons)



Topics

✓ The number of engineers to be trained increased in the first half of the fiscal year but we slowed down the pace of hiring engineers to minimize the decrease in profits in the second half.

As a result, the average number of engineers during the period remained flat in the second half.

✓ We hired 49 new graduates and 327 mid-career recruits during the current fiscal year.

The number of engineers increased by 99 persons from the end of the previous fiscal year.

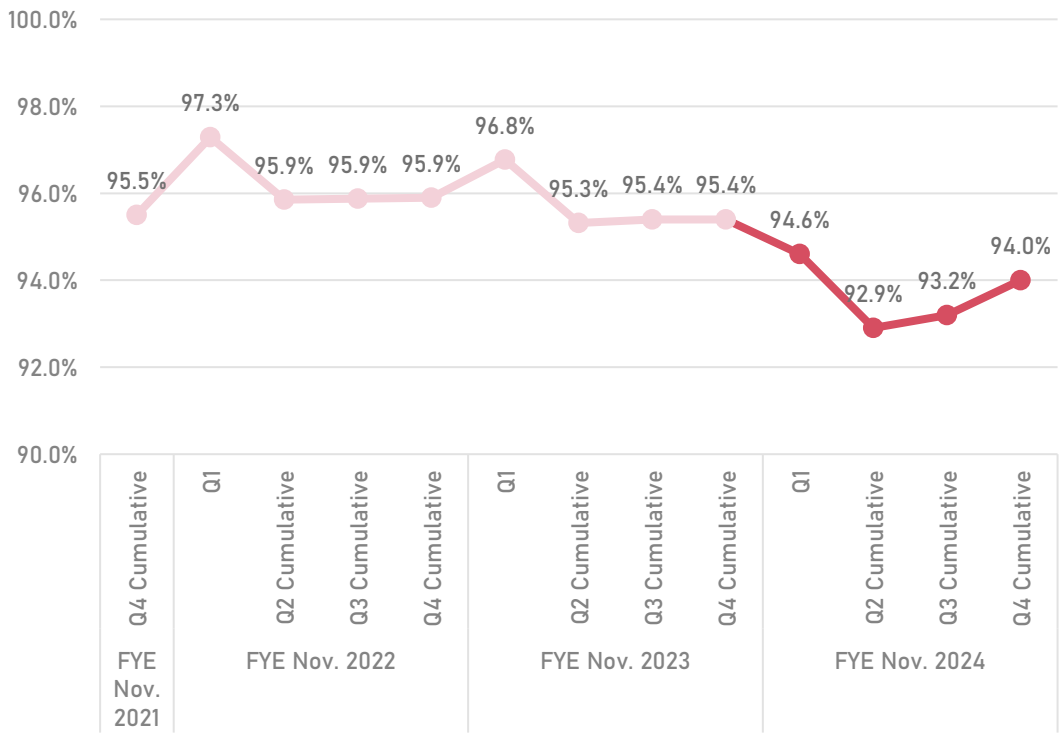
* Number of engineers: Average number of engineers and business partners enrolled during the period
* Number of engineers includes temporary employees.
* Figures shown are averages for the period.

(Reference) Number of engineers as of the end of the fiscal year (Unit: persons)

	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	1,372	1,474	1,498	1,552
FYE Nov. 30, 2024	1,624	1,731	1,695	1,651

Utilization ratio was weak until Q3 due to an increase in the number of trainees, but improved to 94.0% for the full fiscal year due to a higher utilization ratio in the three months of Q4 than that in the same period of the previous fiscal year.

Utilization ratio



Topics

✓ Utilization ratio for experienced engineers was high, driven by favorable market demand, as in previous years.

✓ Utilization ratio declined in the first half of the fiscal year due to a significant increase in the number of engineers to be trained.
However, the number of projects in which trained engineers were able to work increased from Q3 onwards, resulting in a higher utilization ratio in the three months of Q4 than that in the same period of the previous fiscal year.

* Utilization ratio: (Total No. of assigned engineers per month + Total No. of assigned business partners per month) / (No. of engineers per month + No. of business partners per month) x 100
* Number of assigned engineers includes temporary employees.
* Figures shown are averages for the period.

(Reference) Utilization ratio for each quarter

	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	96.8%	93.9%	95.4%	95.5%
FYE Nov. 30, 2024	94.6%	91.4%	93.6%	96.4%

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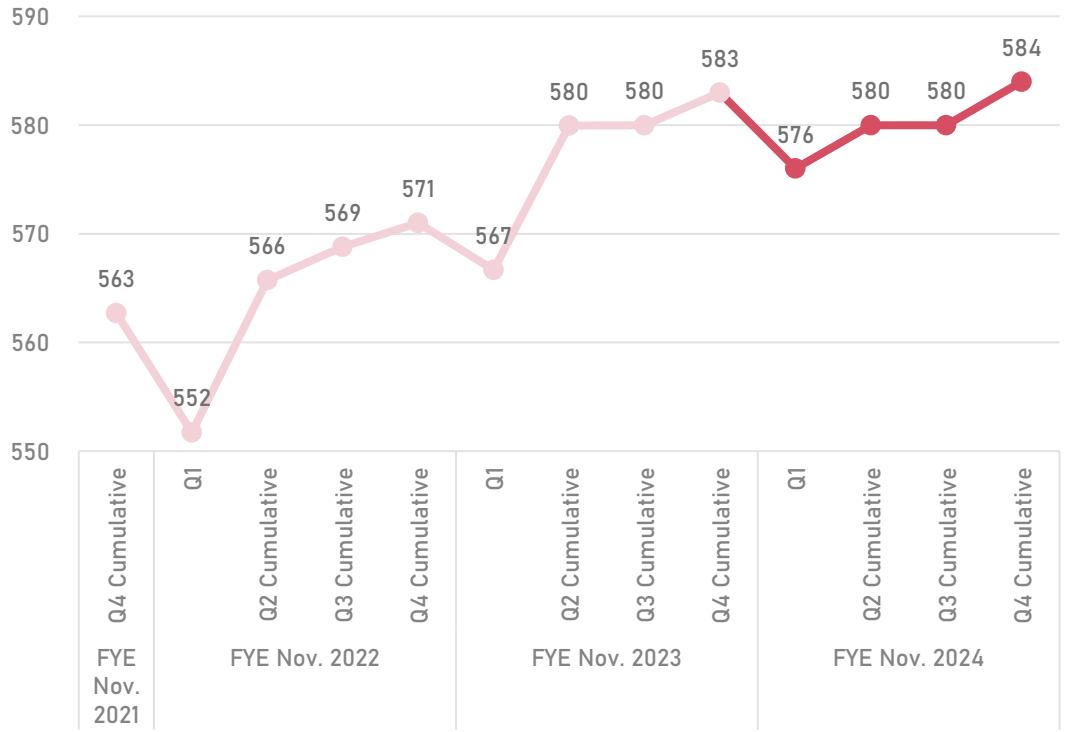
Net sales per engineer are on an upward trend year-on-year due to the effect of unit price revisions for experienced engineers.

Net sales per engineer

(Unit: Thousands of yen / month)



Topics

✓ Unit price for experienced engineers increased since the market price was on the rise due to the shortage of engineers and J-college provides engineers with high value-added training.

✓ Unit price for engineers in need for training remained at the same level as the previous fiscal year due to the continued high demand for such engineers, even under the condition that competition with other companies is intensifying.

* Net sales per engineer: Net sales for the full fiscal year / (Total No. of assigned engineers per month + Total No. of assigned business partners per month)
* Figures shown are averages for the period.

(Reference) Net sales per engineer for each quarter

(Unit: Thousands of yen / month)

	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	567	593	581	589
FYE Nov. 30, 2024	576	583	580	596

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02

Medium-Term Management Plan

FYE November 2025 – FYE November 2027

Basic strategy is progressing. However, the situation is not favorable enough mainly due to difficulties in retaining leader-level engineers.

	Basic strategy	Progress	Issue
 Business	• Strengthening on-site development support team • Advance into new markets by starting new works/fields • Acceleration of nationwide area expansion	• Increased No. of engineers working for existing clients • Launched into technical fields (chemistry and biotech) and placement business • Opened three recruiting offices	• Lack of leader-level engineers • Low recognition from stakeholders • Business is taking time to get fully underway
 Human Resources	• Hiring leader-level engineers • Training engineers through J-college • Optimal allocation and activation of engineers	• Struggled to retain leader-level engineers • Trained more than 100 inexperienced people as engineers • Focused on increasing No. of engineers assigned to clients	• Hiring engineers is becoming more difficult every year • Skill development of experienced employees is mainly on-the-job training • Not leading to higher unit prices for engineers
 Financial	• Investment in recruiting and training engineers as the foundation of the Company • Capital investment for wide-area business activities • M&A in line with business strategy	• Increased human resources to recruit and train engineers • Rent for hiring office space and expand telework booths • Establish an internal structure for conducting M&A	• Primarily recruiting and training inexperienced personnel • More investment necessary for wide-area activities • Insufficient activity

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Executive Summary

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To achieve dramatic growth, we will strive to sustainably expand existing businesses by rebuilding the business foundation, while strengthening investment in new initiatives.

Issues

- ✓ Lack of leader-level engineers
- ✓ Not leading to higher unit prices for engineers
- ✓ Skill development of experienced workers is mainly on-the-job training.
- ✓ Primarily recruiting and training inexperienced personnel

Issues

- ✓ Hiring engineers is becoming more difficult every year
- ✓ Business is taking time to get fully underway
- ✓ More investment necessary for wide-area activities
- ✓ Insufficient activity for M&A
- ✓ Low recognition from stakeholders

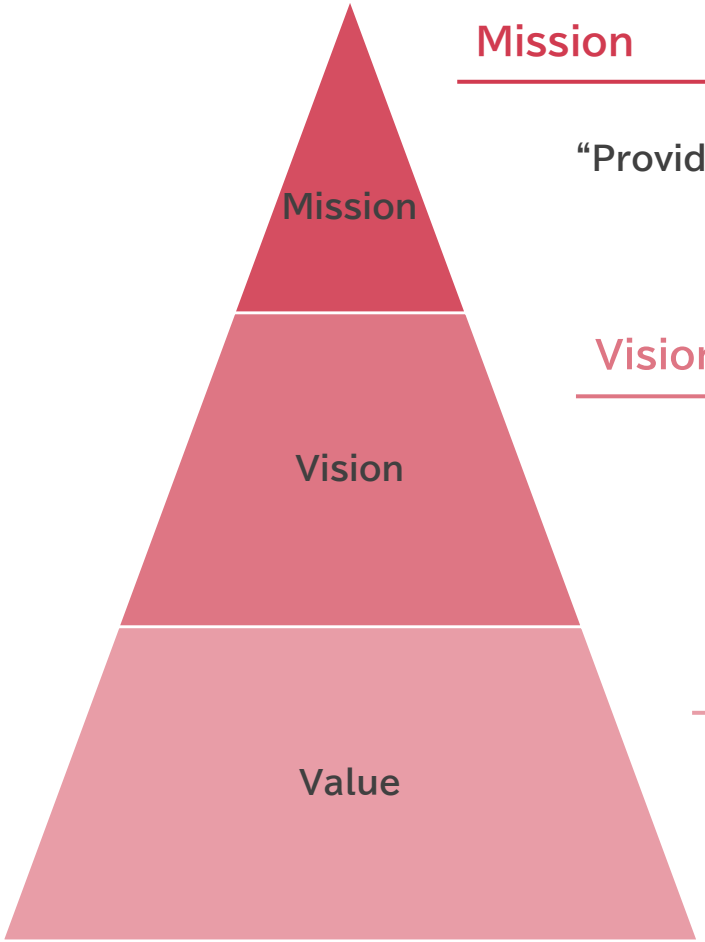
Expansion and stabilization of existing businesses

- ✓ Focus on skill development and career advancement for engineers, with unit price improvement as the core of our business strategy
- ✓ Strengthen initiatives to increase upstream projects by raising the commercial flow of target customers

New Investment for Growth

- ✓ Advance into new areas with demand for engineers
- ✓ Pursue M&A and collaboration for rapid area expansion

Established MVV (Mission, Vision and Value) to clarify the direction that the organization and employees should aim for and achieve sustainable growth



Mission

"Provide new value for Japan's tomorrow through advanced technology"

Vision

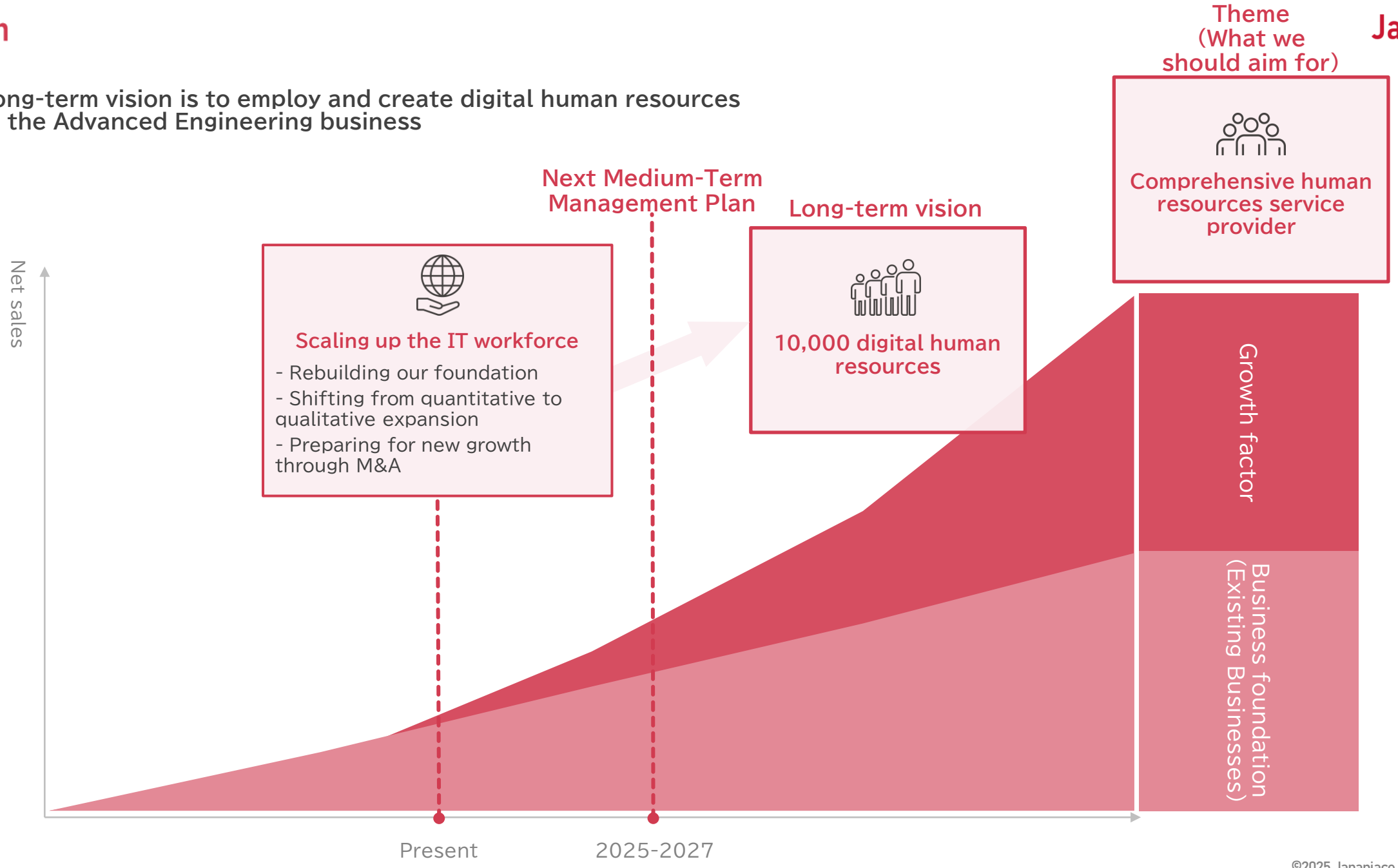
- Contribute to solving social issues by training and creating digital engineers
- Become a company that continues to be chosen by society and people by enhancing the value for employees and customers

Value

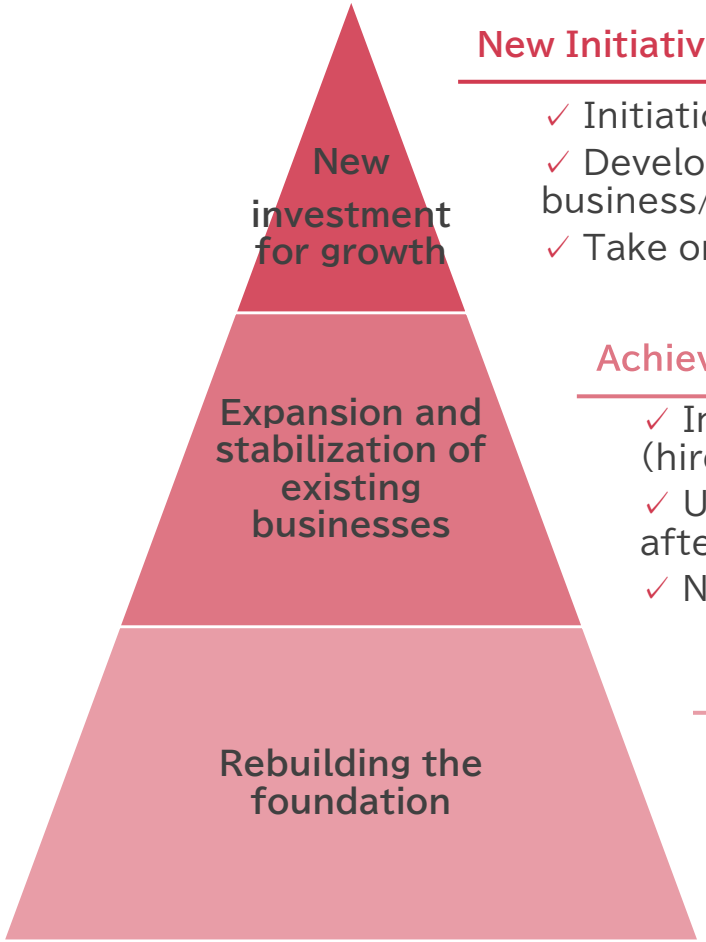
1. Keep challenging and growing
2. Accomplish work with diverse strengths
3. Build trust with sincerity

Actions lead to the value and create a positive chain reaction.

Long-term vision is to employ and create digital human resources in the Advanced Engineering business



Policy of the Medium-Term Management Plan for FYE Nov. 2025 – FYE Nov. 2027



New Initiatives

- ✓ Initiation of M&A
- ✓ Develop new business partners, including business/capital alliance and collaborations
- ✓ Take on a challenge of a new business

Achievement of key management indicators

- ✓ Increase in number of engineers (hires/retirements/business partners)
- ✓ Utilization ratio (early action for standby engineers after contract terminations)
- ✓ Net sales per engineer (ongoing unit price negotiations)

Investment for further growth

- ✓ Investment in labor costs and rebuilding personnel structure to put the right people in the right places
- ✓ Capital investment necessary to operate the business
- ✓ Investment in expenses associated with area expansion and relocation

Long-term vision

10,000 digital human resources

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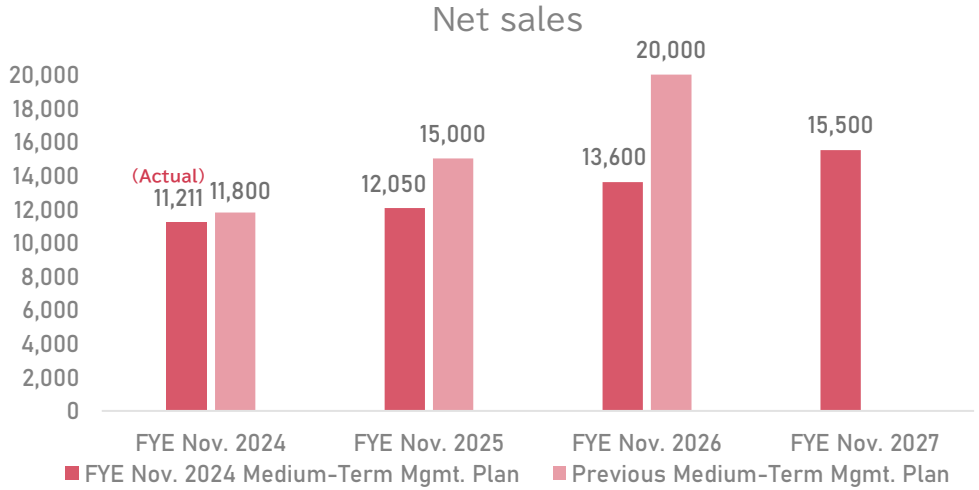
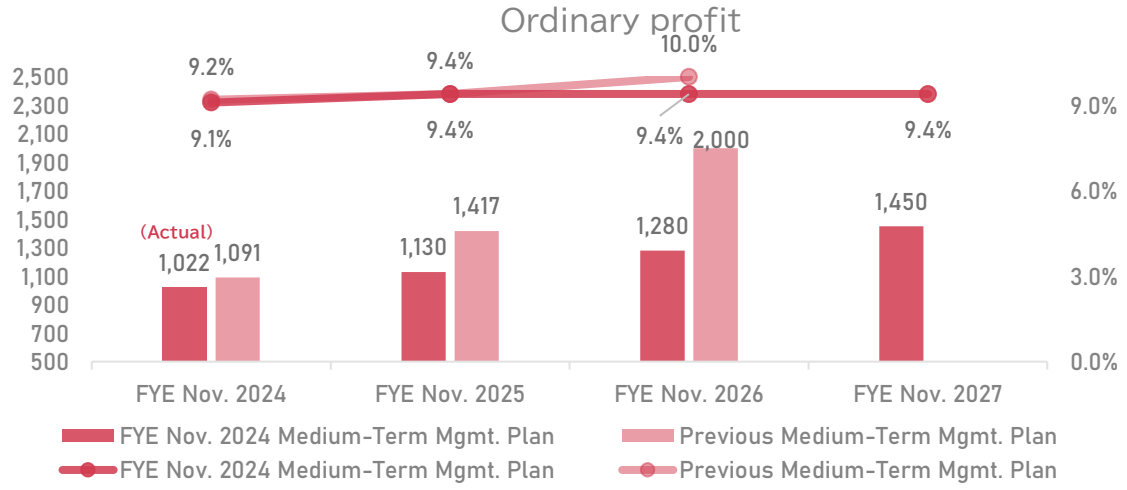
Medium-Term Management Plan Performance Summary

Financial Highlights

- ✓ Plan for long-term growth as a three-year period to build a solid business foundation
- ✓ Aim for sustained revenue and profit growth while aggressively investing in human capital, facilities and education
- ✓ Work toward the consideration and realization of strategic M&A in the new three-year plan





(Millions of yen)	FYE Nov. 2024			FYE Nov. 2025			FYE Nov. 2026			FYE Nov. 2027	
	Actual	YoY %	Change from prev. Medium-Term Mgmt. Plan	Plan	YoY %	Change from prev. Medium-Term Mgmt. Plan	Plan	YoY %	Change from prev. Medium-Term Mgmt. Plan	Plan	YoY %
Net sales	11,211	113%	(589)	12,050	107%	(2,950)	13,600	113%	(6,400)	15,500	114%
Ordinary profit	1,022	117%	(69)	1,130	111%	(287)	1,280	113%	(720)	1,450	113%
Ordinary profit %	9.1%	-	(0.1%)	9.4%	-	0.0%	9.4%	-	(0.6%)	9.4%	-

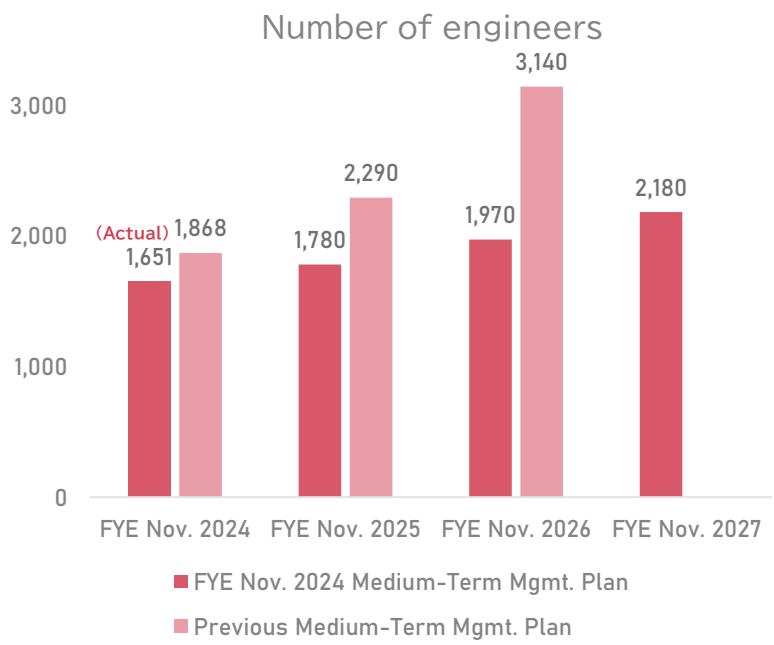
Medium-Term Management Plan Performance Summary

Personnel planning

✓ Review three-year recruitment plan to maximize profit generation through selective hiring of engineers.
✓ Business partners (mainly to supplement areas that cannot be covered by our engineers) are revised downward. Expand utilization in the future.
✓ The personnel plan does not rely solely on hiring, but we have been aiming to expand with an eye to M&A since last year. Given many uncertainties, only in-house hires are quantified in this Medium-Term Management Plan.

(Unit: persons)

	FYE Nov. 2024		FYE Nov. 2025		FYE Nov. 2026		FYE Nov. 2027
	Actual	Change from prev. Medium-Term Mgmt. Plan	Plan	Change from prev. Medium-Term Mgmt. Plan	Plan	Change from prev. Medium-Term Mgmt. Plan	Plan
No. of engineers	1,651	(217)	1,780	(510)	1,970	(1,170)	2,180
No. of engineers hired	376	(174)	370	(290)	405	(395)	450
New graduate	49	(1)	40	(20)	45	(25)	50
Mid-career	327	(173)	330	(270)	360	(370)	400
Retirement rate	14.6%	+3.1%	11.4%	+0.2%	11.0%	+0.2%	10.8%
No. of business partners	20	(27)	60	(10)	70	(20)	80



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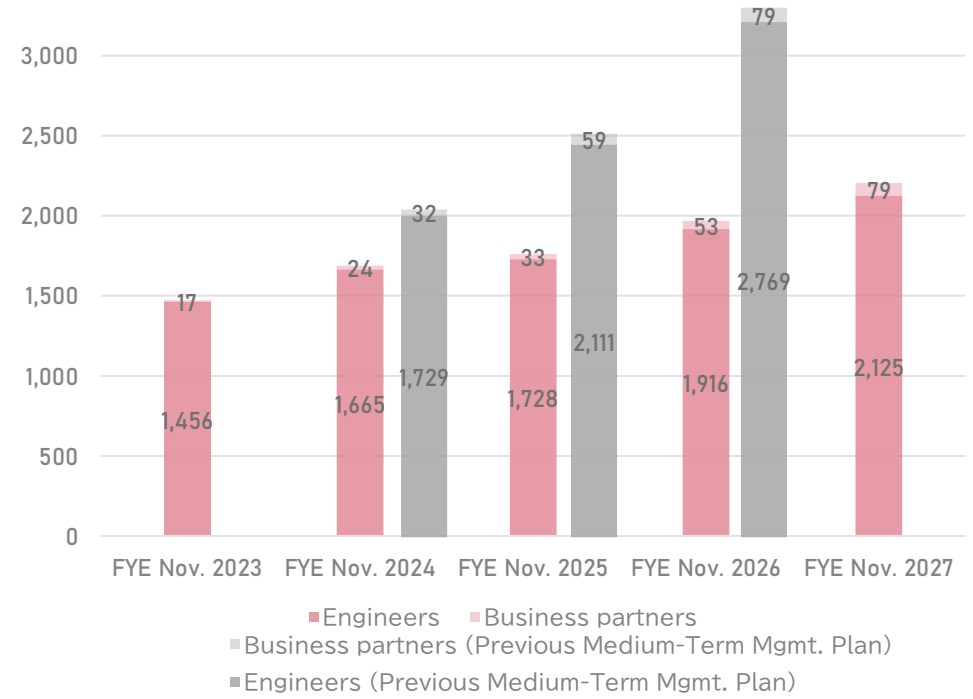
Steadily increase the number of engineers by promoting the employment of a wide range of levels from experts to trainees and improving the retention rate through career strategy

Number of engineers (average during the period)

(Unit: persons)



* Number of engineers: Number of engineers enrolled and business partners as of the end of the fiscal year
* Number of engineers, number of engineers enrolled, and number of engineers assigned to clients include temporary employees

Background of rolling

Although demand for IT personnel remains high, we have changed to a plan that portrays solid growth since mass hiring of inexperienced people has risks of lower utilization ratio and lower profits.

Initiative

✓ Hiring

We have appointed recruiting staff with knowledge of engineering to increase the number of experienced leader-level engineers.

We will recruit engineers efficiently for profit while estimating the expected utilization ratio for trainee engineers.

✓ Sales

We will expand the environment in which we can support various technical developments by deepening relationship with our clients and getting new clients.

✓ Training

The trainees will acquire basic knowledge of engineering at J-college, gain practical experience through on-the-job training at projects, and become competent engineers in a short period of time.

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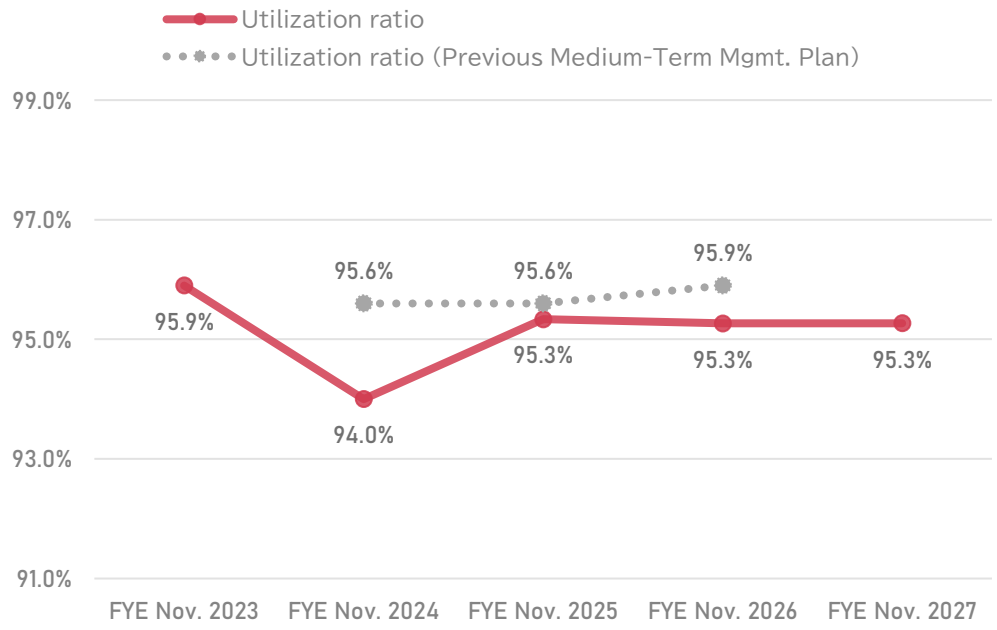
Promote systematization by implementing optimal assignments based on career strategies and create an environment where we can efficiently assign engineers to projects

Utilization ratio



Background of rolling

We have slightly revised the plan since the number of engineers requiring training for a certain period of time is increasing compared to the previous plan.

Initiative

✓ Sales force

Continue to develop customers who are facing a shortage of engineers and acquire a market where we can always provide resources.

Reduce the waiting period by determining early on whether a project continues or not.

Minimize the waiting period for transfers with the aim of increasing transfers for career advancement.

* Utilization ratio: (Total No. of assigned engineers per month + Total No. of assigned business partners per month) / (No. of engineers per month + No. of business partners per month) x 100

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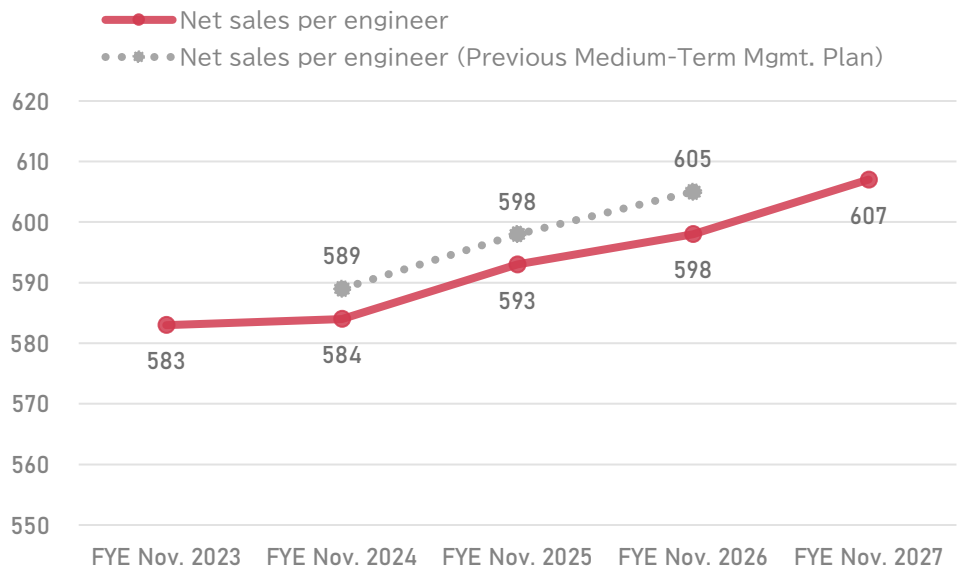
Net sales per engineer to increase by 3.9% over the next three years through focused reallocation for career advancement

Net sales per engineer

(Unit: thousand yen/month)



* Net sales per engineer: Net sales for the full fiscal year / (Total No. of assigned engineers per month + Total No. of assigned business partners per month)

Background of rolling

As the market for hiring engineers with high unit prices is becoming more and more competitive year by year, we expect the rate of increase in unit prices to slow down in line with the revisions made to the hiring plan in the previous Medium-Term Management Plan.

Effort

✓ **Unit price increase**

In accordance with the basic policy of the Medium-Term Management Plan, we will promote changes to projects with the aim of engineers' career advancement and knowledge expansion.

Develop a plan for each engineer and reassign the right person to the right position.

Continue unit price negotiations with existing clients as prices are going up and labor costs are rising.

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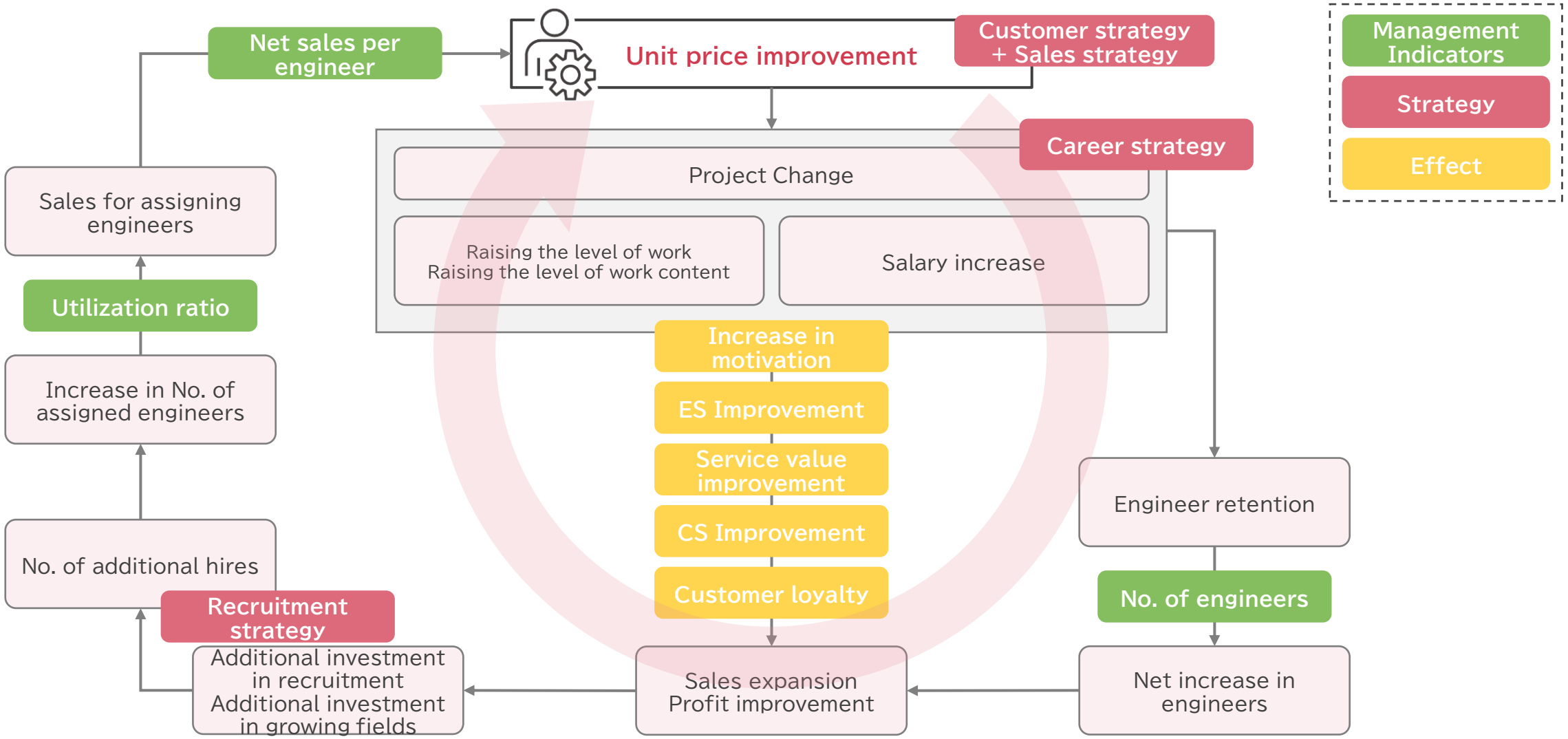
Basic strategy: Create a favorable cycle of business growth by focusing on efforts to improve engineers' skills and broaden their experience, with unit price improvement as the core business strategy



Business Strategy



Acceleration of rotation for on-site development support

Development for upstream project acquisition

Advance into new markets by starting new works/fields (chemical, biotech, job placement business, etc.)

Acceleration of nationwide area expansion

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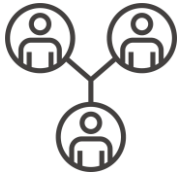
Human Resources Strategy



Recruitment of leader-level engineers

Training engineers through J-college

Optimal allocation and structuring of engineers

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Financial Strategy



Investment in personnel costs in line with trends

Investment in recruiting and training engineers as the foundation of the company

Capital investment for wide-area business activities

M&A and alliances in line with business strategy

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On-site development support and contracted development

Acquiring new clients

✓ Acquire clients with high unit prices for engineers

✓ Aggressive reallocation of talented engineers

Expansion into new areas

Provide resources that make use of recruitment capabilities to address the social issue of a shortage of IT engineers



✓ Solve client issues in all areas of IT, including software and infrastructure

✓ Establish new offices to meet demand in areas not covered by the 11 nationwide offices

+

New business

New works and fields

Enter the new fields of chemical and biotech as new growth engines.



✓ Create new jobs through research, analysis, and experimentation

✓ Develop human resource services targeting the chemical, pharmaceutical, and cosmetics industries

Job placement business

Provide resources that make use of recruitment capabilities to address the social issue of a shortage of IT engineers



✓ Provide a wide range of professionals, from sales to technical positions, to the construction and real estate industries, which are suffering from a labor shortage

✓ Support second careers and the activities of senior citizens who are making use of their qualifications



Launched a **job search support website** in November 2023

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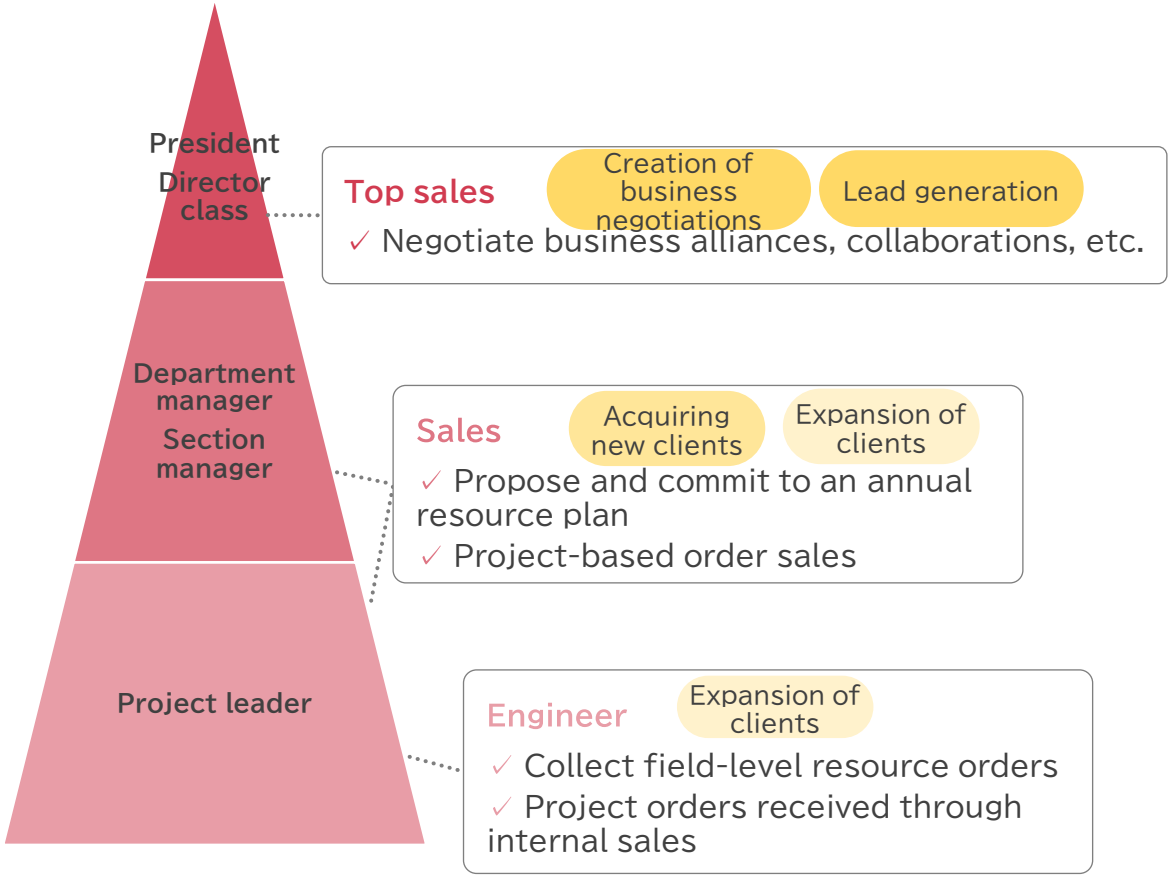
Sales strategy (development of new customers, departments and projects)

Sales activities tailored to the position

▶ Sales approach by customer tier



Improvement of engineers' unit prices

▶ Aim to expand clients at high commercial flow and upstream projects

Status

Dispatch contracts account for approx. 60%

Upstream projects are limited since more than half of the orders are for dispatch contracts

Limit of unit price per order

There is a limit to the unit price of orders although we have knowledge and know-how about prime contracts

Target

Expansion of contract projects

Increase orders for contract projects to expand participation in upstream projects

Strengthening Systematization

Receive orders for projects through the systematic allocation of engineers.

Lead to higher unit prices of engineers

Growth strategy through expansion of clients

Expansion of business alliances

Raise the commercial flow of client targets through synergy effects of business alliances

Partners

Further strengthening of cooperation

✓ Deepen collaboration with companies that have excellent IT products and know-how to cultivate new customers and expand the scope of solutions

+

Our company

Provide resources and share clients

✓ Priority assignment of engineers through business alliances

✓ Prime projects mainly with manufacturers

Big projects x Business partners

Acquisition of big projects

✓ Aim to contract prime projects

Strengthening participation of business partners

✓ Respond to resource shortages due to project expansion

Expansion of activity area

Area expansion: Expand into areas where engineers are needed

Current offices

11 offices nationwide

+

Toward areas with demand for engineers

Policy

✓ Pursue M&A and alliances for rapid area expansion

Effect

✓ Secure client base and resources

✓ Complementing sales and recruitment

✓ Further creation of engineers by leveraging J-college's strengths

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Policies by technology area (1)

Area	Policy
 Software Development	**Basic Policy Promote development support by IT engineers in a wide range of industries by expanding prime projects and expanding the environment in which trainee engineers can play an active role** 1. Expand in the distribution and service sectors with an abundant supply of resources to meet the growing demand for e-commerce 2. Focus on development projects for sensors and in-vehicle cameras in the automotive and mobility fields, and create engineers through J-college training 3. Increase the number of development projects contracted by the public and private sectors, and expand the volume of orders by securing resources through near-shore bases
 Software Evaluation	**Basic Policy Expand the IT services market and the automotive market, and win prime projects** 1.Aim to expand on-site services with a focus on web services and embedded systems projects. 2. Increase the number of JSTQB and IVEC qualified personnel to enhance client trust in quality and promote continuous project orders 3. Build cooperative relationships for resources and solutions from the promotion of business alliances, and to expand business through mutual sales.
 Infrastructure	**Basic Policy Focus on creation of network engineers and promote expansion of downstream processes and career advancement to upstream processes** 1. Expand the number of projects in operation, maintenance, and monitoring, and increase the environment in which engineers who have received basic training at J-college can gain practical experience 2. Increase the added value of infrastructure engineers by expanding their technical areas, such as security and virtualization infrastructure 3. Start accepting new orders for contract development in addition to on-site development support

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Policies by technology area (2)

Area	Policy
Cloud	**Basic policy: Develop engineers and expand business for cloud infrastructure (mainly AWS and Azure) design and construction work.** 1. Promote participation in cloud infrastructure design and construction to operation and maintenance work by converting those with on-premise design and construction experience 2. Create engineers capable of technical deepening, skill improvement, and reliability improvement by utilizing the training curriculum of AWS certified partners who have acquired 3. Increase the number of engineers and accumulate know-how with a view to providing services as a Clyde integrator.
CRM	**Basic Policy In Salesforce, increase the volume of orders from existing customers and acquire new projects from new customers.** 1. Create an environment for on-the-job training within the company through the acquisition of contracts, and to train all levels of personnel, from leaders to trainees. 2. Expand application development to extend and customize the Salesforce platform itself as a new area 3. Work with Salesforce Japan to continuously receive orders for direct projects
Machinery & Electric	**Basic Policy Continue to provide advanced technical services, including design and production technology, with a focus on automotive** 1. Continue to recruit continuously for automotive manufacturers and to win product design and development projects 2. Acquire new projects from new customer development in a wide variety of industrial fields, including semiconductor-related fields. 3. Promote education and recruitment tailored to local characteristics and secure resources
Chemical & Biotech	**Basic Policy Acquire projects by focusing on direct transactions with manufacturers** 1. Target industries in which the government is actively investing, such as regenerative medicine, batteries and semiconductors that chemical companies are working on, etc. 2. Hire inexperienced workers with basic knowledge and expand the number of clients through dispatch contracts 3. Promote career advancement to different job descriptions based on work experience

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Strategies for recruiting talented engineers

Recruitment target

Experienced engineers

✓ Strengthening the population of job seekers through a thick pipeline with job transfer agents

✓ Flexible working environment mainly for remote workers and active recruitment of senior and foreign engineers

People with working experience

✓ Strengthen recruitment on the premise of training to solve the problem of shortage of engineers

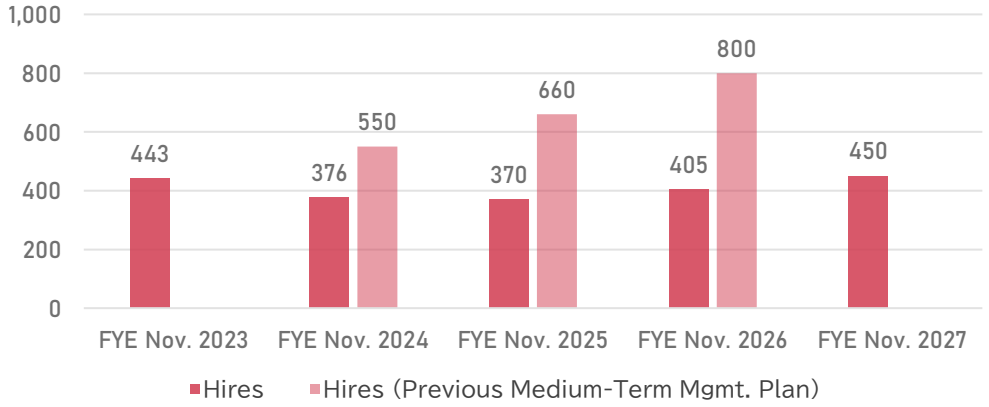
✓ Recruitment focused on potential, such as new graduates and job changes from liberal arts backgrounds

New graduates

✓ Promote employment by strengthening relationships with schools

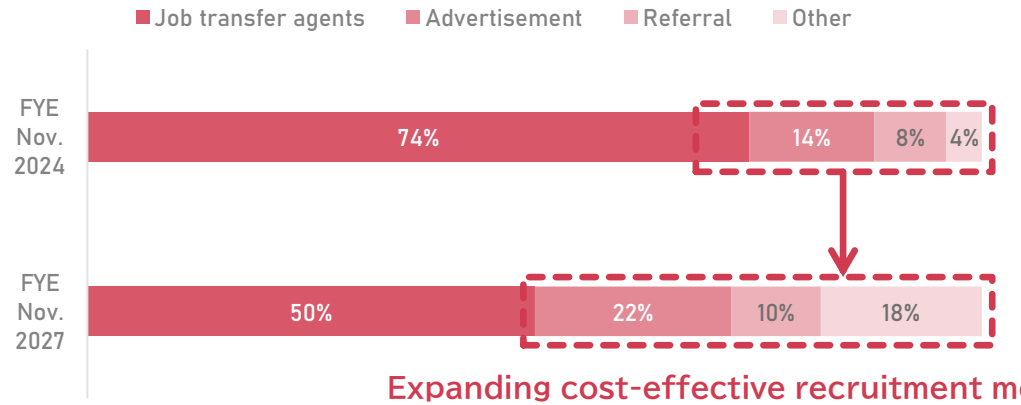
✓ Conduct Salesforce classes at technical schools to attract information sessions

Number of engineers hired



Recruitment methods

Composition ratio of recruitment methods



Expanding cost-effective recruitment methods

By strengthening recruitment through referral and the use of social networking services, we will reduce the cost of recruitment per person.

* The number of IT engineers created using J-college is not stated from this time, as it fluctuates depending on the skills of the people hired.
(114 people were hired in FYE Nov. 2024, compared to 180 planned)

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Training strategy to solve the social problem of shortage of IT engineers

Training of engineers

- Utilizing J-college, an in-house IT school, to turn inexperienced personnel into a competitive force

Java Course

Objectives … Learn the basics of Java and create programs

- ✓ Curriculum : Variables, operations, arrays, classes, object-oriented
- ✓ Assigned to: EC site development projects

C Language Course

Objectives … Learn the basics of the C language and create programs

- ✓ Curriculum : Operations, Arrays, Functions, Control syntax, Functions, Pointers
- ✓ Assigned to: Automotive camera/ADAS projects

Network basic course

Objectives … Acquire knowledge equivalent to CCNA certification

- ✓ Curriculum: Network basics/construction, network operation basics
- ✓ Assumed Assignee: Network-related projects

Establishment of team selling

- Prevent career stagnation by avoiding working in the same job for a long period of time

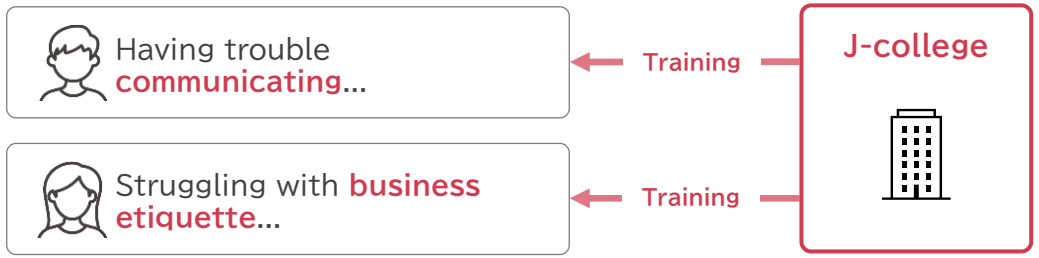
Creating opportunities for rich experience through team selling sales x technology collaboration



"Bijimana" Training

- Focus on personal attractiveness, not just general business etiquette

Analyze communication patterns and guide engineers to maximize their role as team members



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Maximize the value of employees

Expansion of educational environment

Provide opportunities to learn anytime, anywhere

Establishment of J-learning

Link e-learning to HR management system to create a series

Policy Expand e-learning content specific to different levels and themes

Purpose Increase opportunities for self-development by creating an environment where everyone can learn regardless of time and place

✓ Incorporate comprehension check tests to monitor progress after implementation

Curriculum example

Stratification	Management	Effective 1-on-1	Appropriate feedback	Member development
	Chief/Leader	Appropriate feedback	followership	Member development
	Clerical position	Appropriate target management	followership	
By Theme	Common to all employees	Message from the president (regularly distributed)		
		Compliance education		
		Asset management education		

Ensuring diversity

Supporting a diverse workforce

Promotion of women's activities



Workplace where women can play an active role

Ratio of female employees above industry average

Number of years of continuous service equivalent to that of men

Ratio of female managers above industry average

Diverse career paths for women

Recruitment of foreign nationals



Establish a system for accepting global personnel

Recruitment of personnel with English skills

Preparation of English IR and PR materials

Recruitment of new foreign graduates

Mid-career recruitment of foreign nationals

Employment of people with disabilities



Personnel system that makes work worthwhile for people with disabilities

Personnel evaluations that take into account the degree of disability

Setting goals that give you a sense of accomplishment

Grading system for career advancement

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Aggressive investment to promote sustainable corporate growth over the medium to long term

Investment in human resources



Training

✓ Training for new employees: approx. 600 people over 3 years

✓ Standby training: approx. 3% of monthly enrollment, approx. 1,400 people in 3 years

* Revised plan values due to internalization by J-college as a result of its expansion

(Millions of yen)	FYE Nov. 2024 Actual (Previous Medium-Term Plan)	FYE Nov. 2024 Plan (Previous Medium-Term Plan)	FYE Nov. 2024 Plan (Previous Medium-Term Plan)	FYE Nov. 2027 Plan
Training expenses	8 (up to 30)	up to 10 (up to 35)	up to 13 (up to 50)	up to 17
Financing	15	15	-	-

Investment in facilities



Establishment of new offices

✓ Establishment of offices: 2 new offices per year, Conversion of a recruiting office into a business office

* The cost of opening a business office does not include funds raised through a stock listing.

Investment in human resources



Recruitment

✓ Cost of hiring top talent: 3.5-5.0% of Net sales

*Reviewed planned values due to changes in planned number of hires.

(Millions of yen)	FYE Nov. 2024 Actual (Previous Medium-Term Plan)	FYE Nov. 2024 Plan (Previous Medium-Term Plan)	FYE Nov. 2024 Plan (Previous Medium-Term Plan)	FYE Nov. 2027 Plan
Recruitment expenses	342 (up to 590)	up to 363 (up to 750)	up to 442 (up to 750)	up to 498
Financing	40	45	-	-

Investment in expansion



M&A

✓ Promote strategic M&A: Invest several hundred million yen to several billion yen per year

✓ Capital and business alliance: Realization of synergy effects

* The costs of M&A and capital and business alliances do not include funds raised through stock listings.

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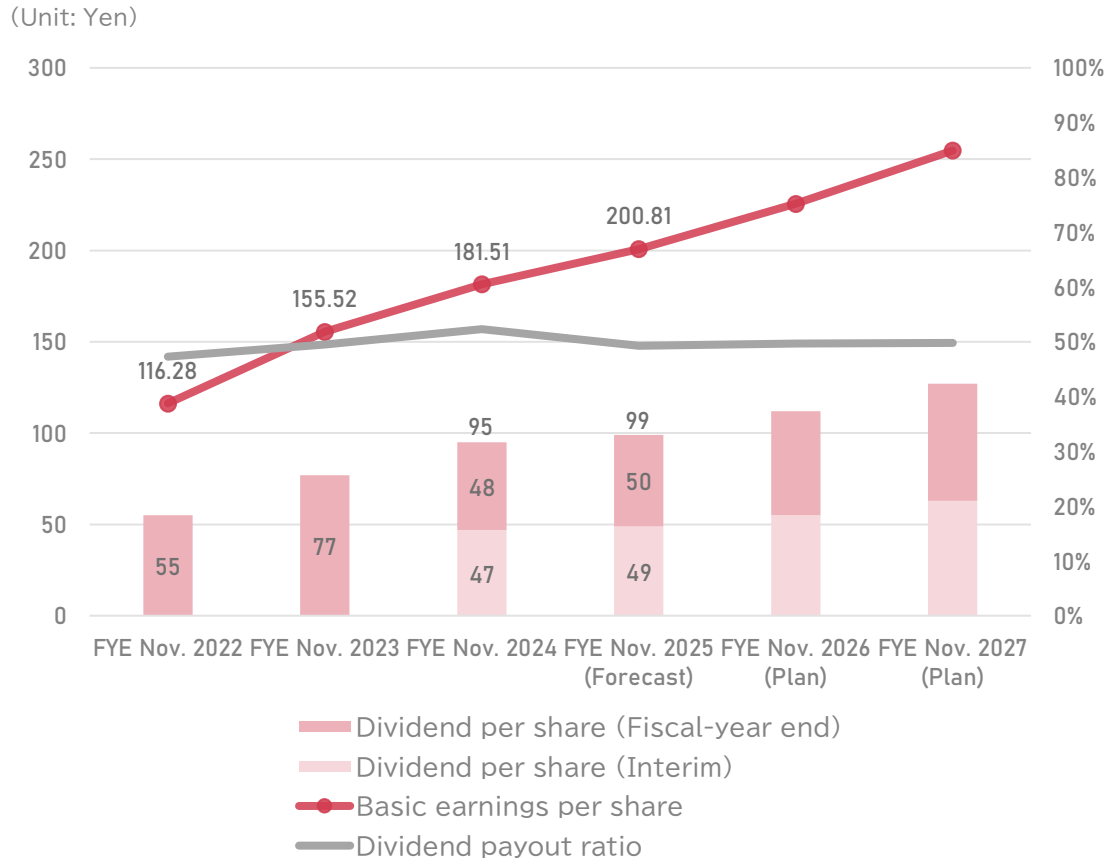
Aim to continuously increase dividends each fiscal year by maintaining profit growth and a dividend payout ratio targeting 50%



Dividends and Dividend Payout Ratio

Dividend

To enhance opportunities to return profits to shareholders, we started interim dividends in the fiscal year ended November 2024.

Dividend payout ratio

Targeting 50% of profit in accordance with the basic policy on profit distribution

Appendix

Company Overview



Saburo Nishikawa
Representative Director, Chairman and President

Education	Keio University, Faculty of Law, Department of Law
April 1973	Chiyoda Life Insurance Company (currently The Gibraltar Life Insurance Co., Ltd.)
October 1991	Tokyo Machinery Co. (currently TMC System Co.)
October 1992	Representative Director and Senior Managing Director, Tokyo Machinery Co. (currently TMC System Co.)
December 1999	Established Japaniace Co., Ltd. Representative Director and President
December 2018	Representative Director and Chairman
October 2021	Representative Director, Chairman and President (present position)

Provide new value for Japan’s tomorrow through advanced technology

Since our foundation, we have continued to take on the challenge of accelerating technological evolution.
As the use of advanced technology such as AI, IoT and Cloud computing progresses, we aim to be an entity that continues to be chosen by customers by not only adapting to changes but also by discovering new needs and providing services with even higher added value.



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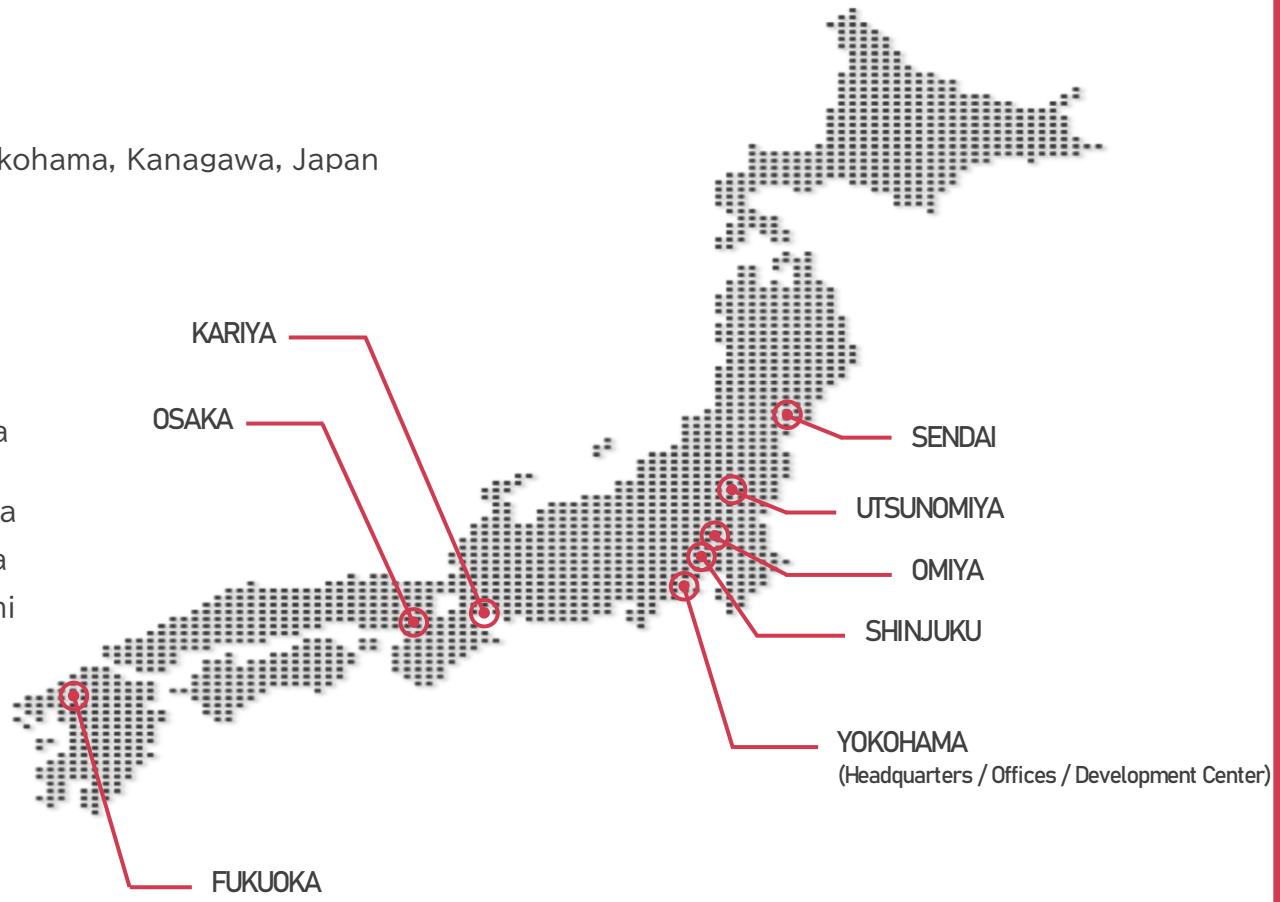
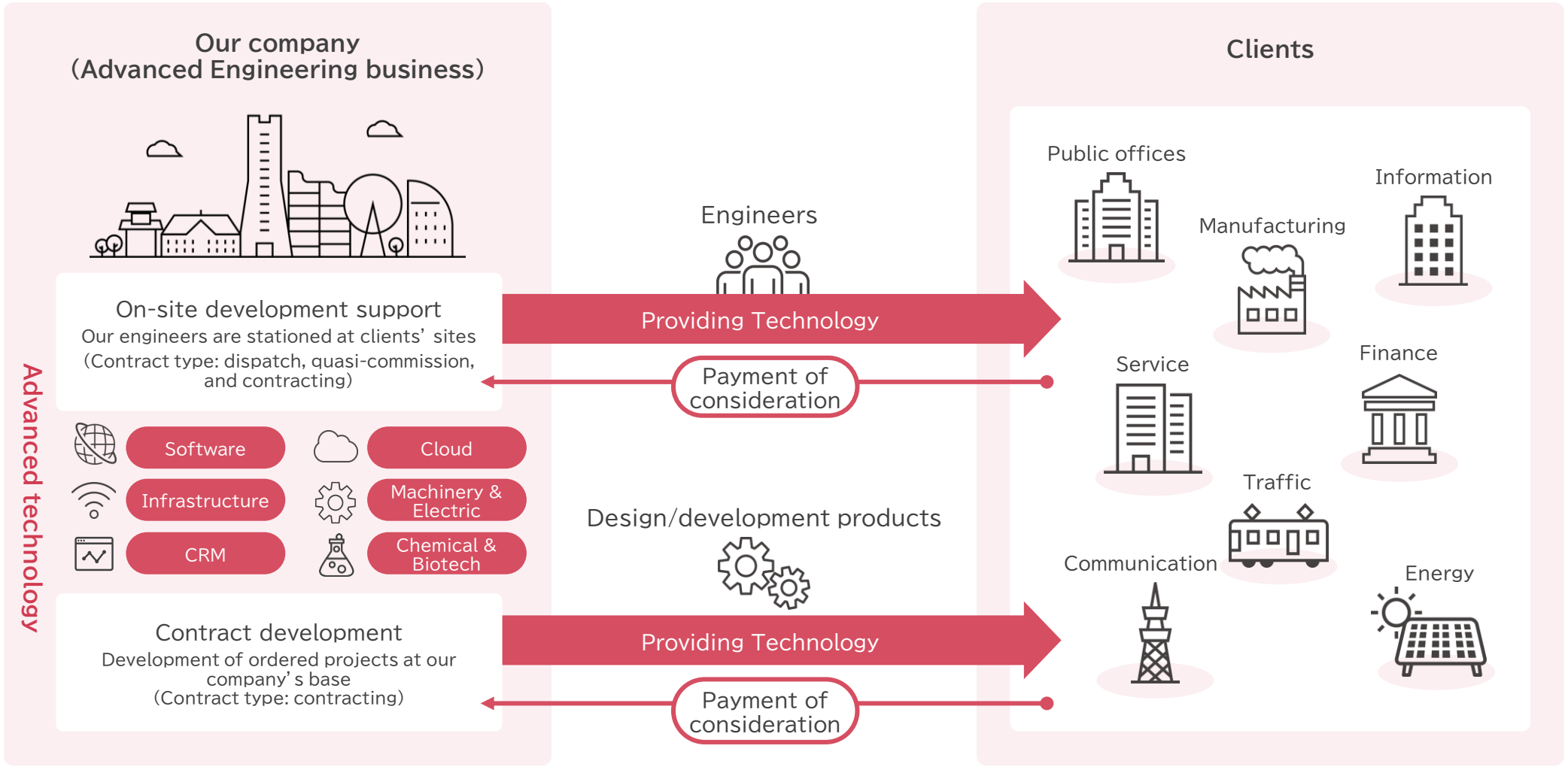
Company	Japaniace Co., Ltd.
Representative	Saburo Nishikawa, Representative Director, Chairman and President
Establishment	December 22, 1999
Common stock	¥22,355 thousand
Head Office	Yokohama Landmark Tower 18F, 2-2-1 Minato Mirai, Nishi-ku, Yokohama, Kanagawa, Japan
No. of Employees	1,819 (as of November 30, 2024)
Business	Advanced Engineering business (On-site development support and contract development)

Board of Directors	Representative Director, Chairman and President	Saburo Nishikawa
	Senior Managing Director	Ryota Matsushima
	Managing Director	Akihiro Nishikawa
	Director	Shinichi Murakami
	Director (Outside)	Hidetoshi Osawa
	Director (Outside)	Michiko Saito
	Audit & Supervisory Board Member	Junichi Yoshino
	Audit & Supervisory Board Member (Outside)	Tatsuya Nagase
	Audit & Supervisory Board Member (Outside)	Shuhei Sakuno



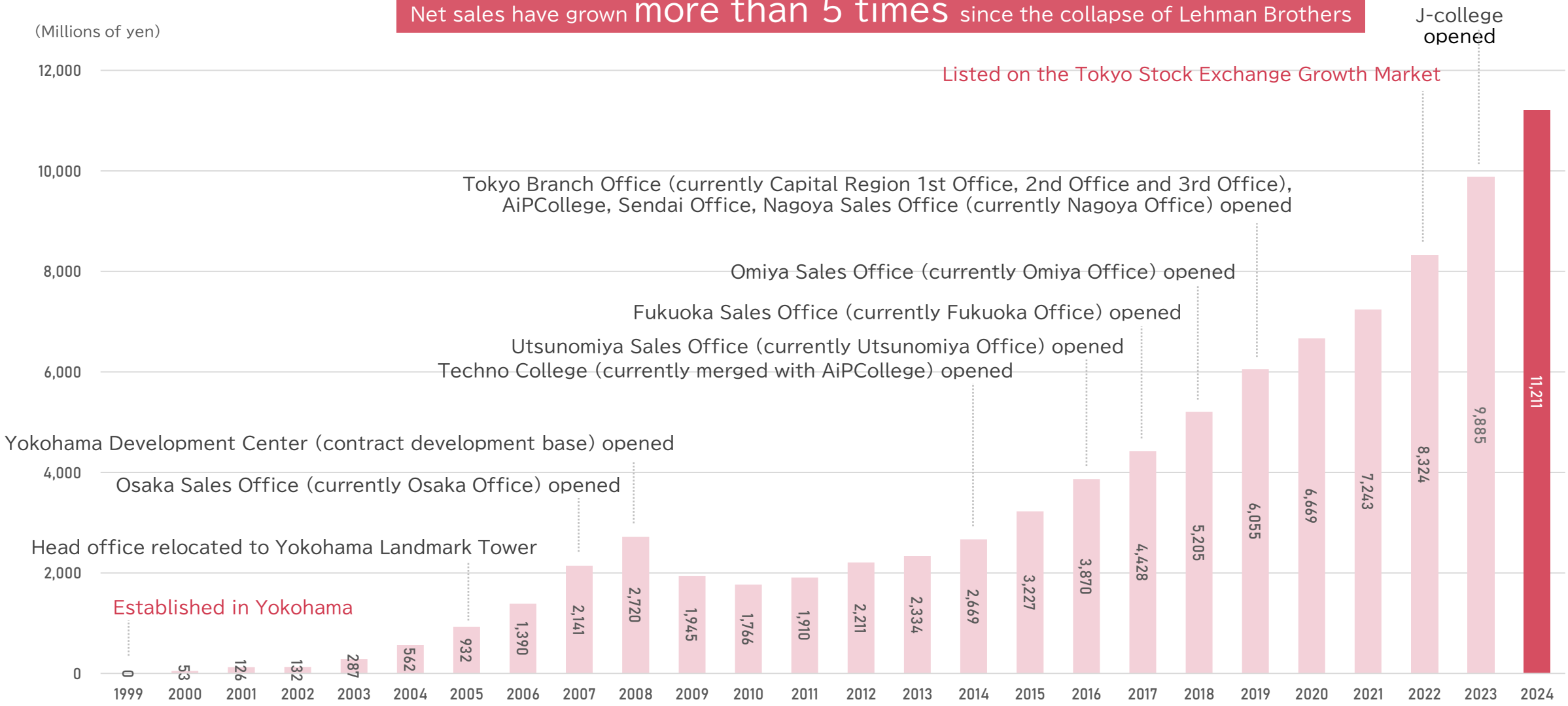
We are developing an Advanced Engineering business that provides highly specialized technology for markets that require advanced technology.



History and Sales Trends

Japaniace

Net sales have grown more than 5 times since the collapse of Lehman Brothers



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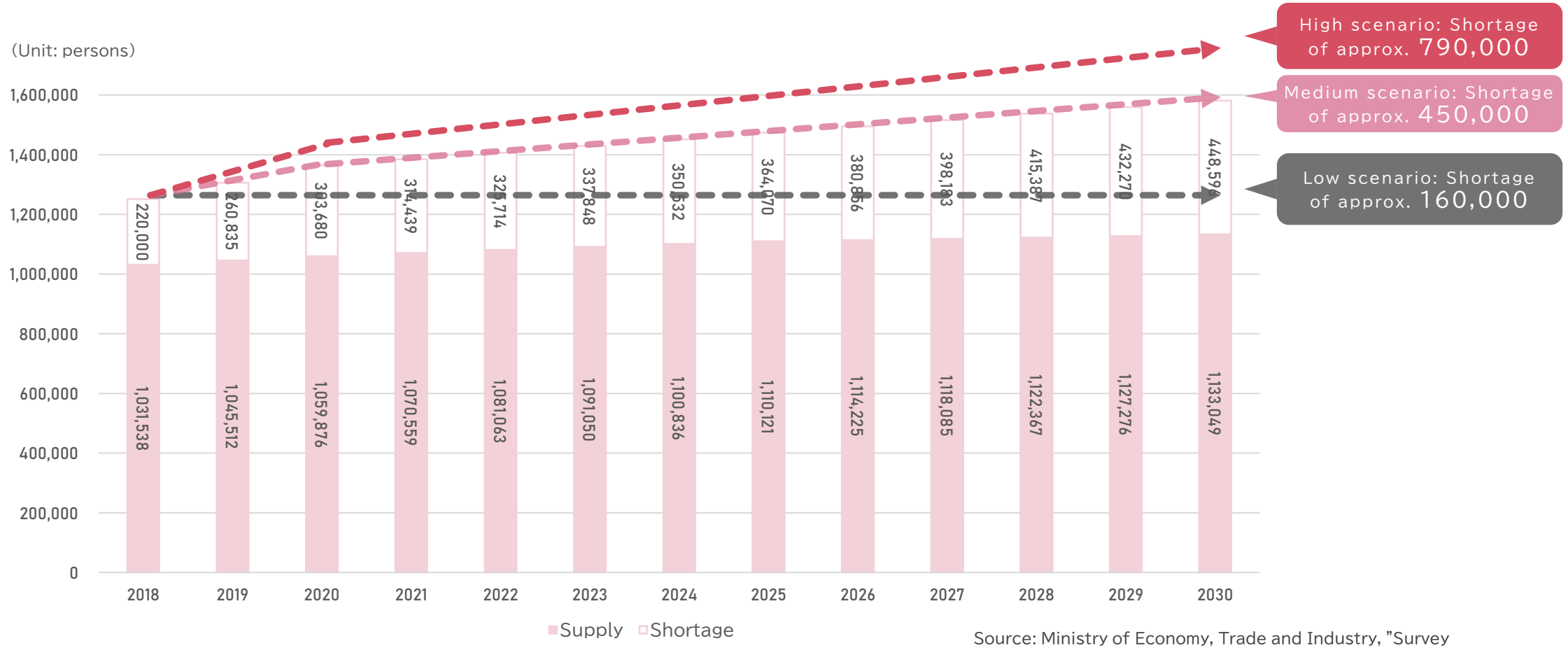
Market Trend

Demand for our services is expected to grow as IT workers are projected to become increasingly scarce.

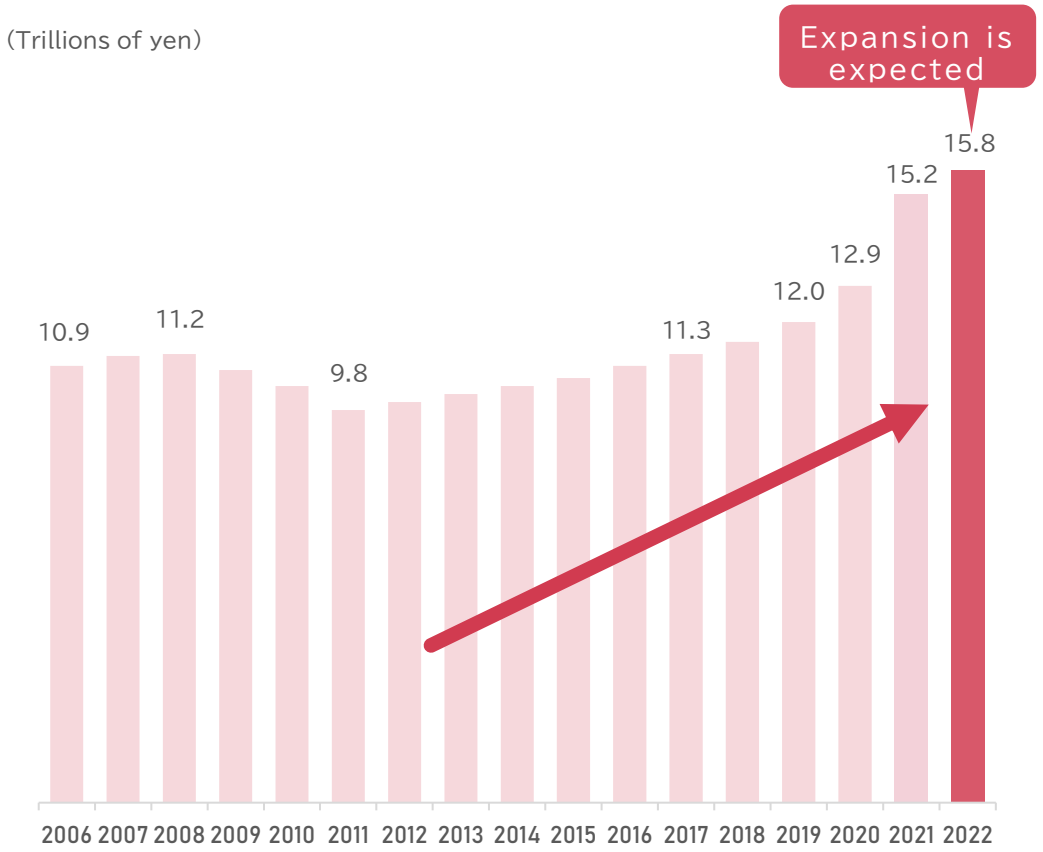
IT workers supply trend



Source: Ministry of Economy, Trade and Industry, "Survey results on the latest trend and future estimate of IT workers"

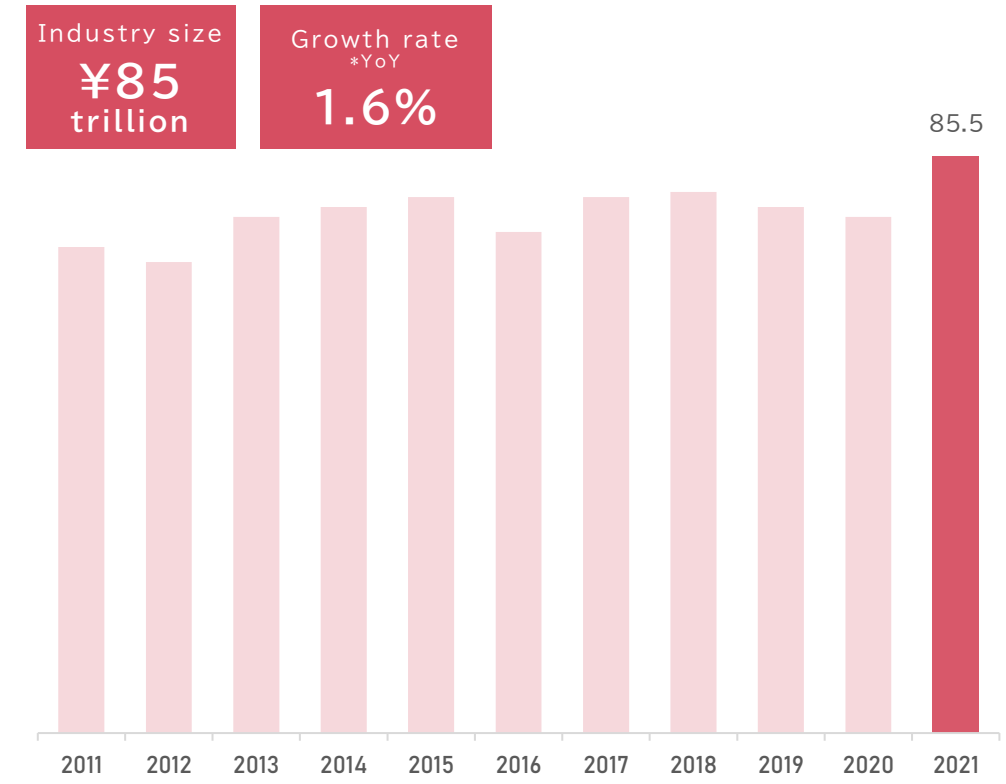
The IT industry is expected to see further IT demand due to corporate DX and teleworking, while manufacturers are recovering with rapid growth in semiconductors and electronic components

Revenue in the information service industry



Source: Ministry of Economy, Trade and Industry; graphs prepared by Industry Trends Research

Industry size of the electrical equipment industry over the past 11 years



Source: Ministry of Economy, Trade and Industry, total revenue of 245 major companies

Features and Strengths

1 Recruitment



- Highly competitive in the recruitment of engineers

2 Educational system



- Establishment of systems for acquiring qualifications and improving skills

3 Extensive and advanced technology lineup



- Large number of engineers specializing in various fields

4 Strong client base



- Stable client base, mainly listed companies

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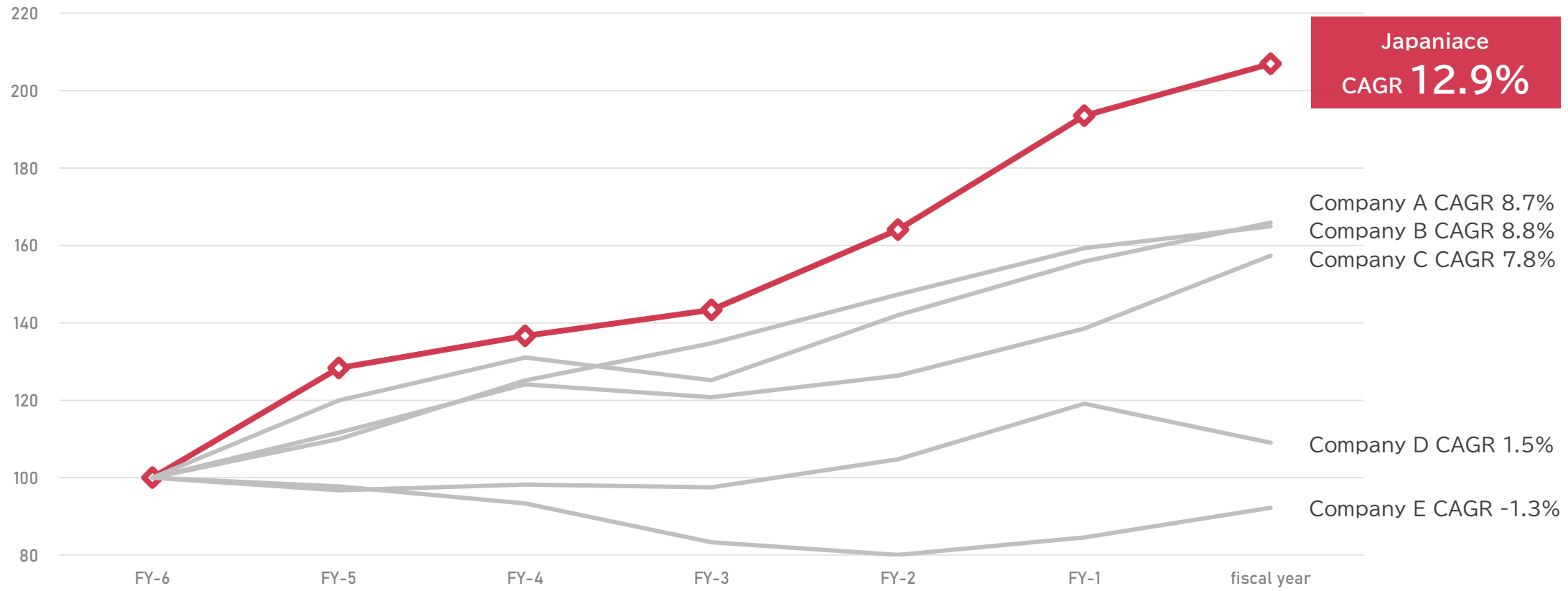
We are highly competitive in the recruitment of engineers, and the number of employees is steadily increasing.

Number of employees of other companies in the same industry



Note: FY=Previous fiscal year, 100=Number of employees of each company as of FY-6 (excluding consolidated and temporary employees)

Source: disclosed data of each company

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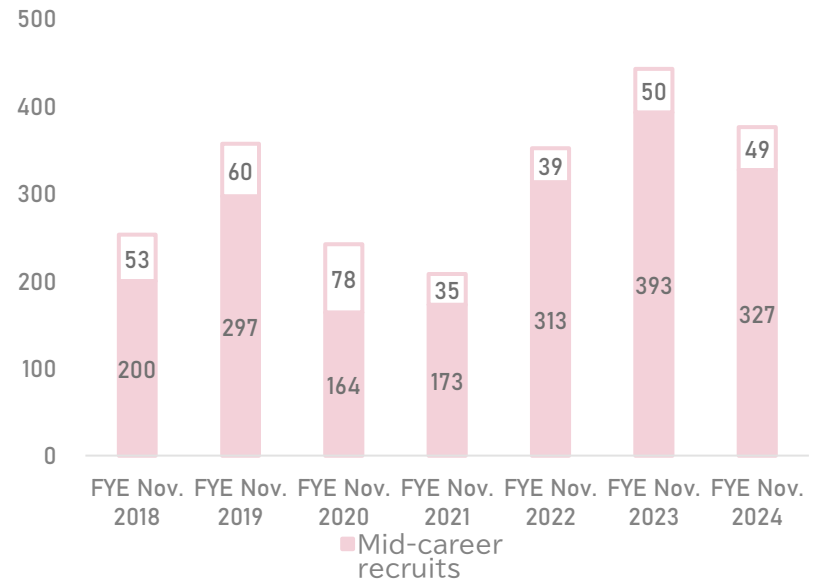
In addition to hiring skilled engineers, the number of engineers company-wide increased due to the launch of engineer creation initiatives with the opening of J-college

Number of engineers hired



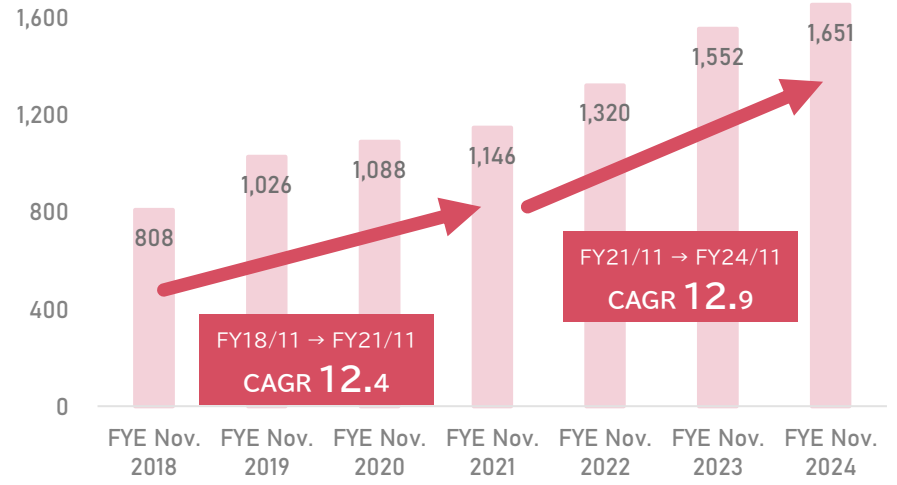
(Unit: persons)



Number of engineers



(Unit: persons)



*Number of engineers at the end of the period

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Educational System

Japaniace

J-college provides lecture-based onboarding training for engineers, and J-learning offers a variety of learning opportunities by job function and theme.

J-college Training center opened in Kawasaki City in July 2023.

Training of engineers

- Utilizing "J-college," an in-house IT school, to turn inexperienced persons into competitive engineers

Onboarding training in various technical fields

Expansion of online education



✓ Hire and train inexperienced people as engineers at local offices

✓ Online education for students who cannot fit in classrooms

"Bijimana" Training

- Focus on personal attractiveness, not just general business etiquette

Analyze communication patterns and guide engineers to maximize their role as team members



J-learning Established within the internal HR management system in November 2024

Expansion of educational environment

- Provide opportunities to learn anytime, anywhere

Policy Expand e-learning content specific to different levels and themes

Purpose Increase opportunities for self-development by creating an environment where everyone can learn regardless of time and place

✓ Link e-learning to HR management system to create a series

Curriculum example

Stratification	Management	Effective 1-on-1	Appropriate feedback	Member development
	Chief/Leader	Appropriate feedback	followership	Member development
	Clerical position	Appropriate target management	followership	
By Theme	Common to all employees	Message from the president (regularly distributed)		
		Compliance education		
		Asset management education		

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We have many engineers with various qualifications to provide high quality services to clients.

	List of engineers' qualifications (as of November 2024)
Information Technology Engineers Examination (436 engineers)	Applied Information Engineer, Basic Information Engineer, Database Specialist, Network Specialist, Embedded System Specialist, Information Security Management, Registered Information Security Specialist, IT Passport
Vendor Certifications (663 engineers)	Salesforce certification, Azure certification, AWS certification, Oracle certification, Microsoft certification, JSTQB Certified Software Tester certification
Other Qualifications (423 engineers)	LinuC (former LPIC), Python 3 Certified Engineer Basic Exam, Python 3 Certified Data Analyst Exam, G certification, E qualification, Statistics certification, Information Processing certification, 3D CAD User Engineer Exam, Chief Electrical Engineer, Digital Technology certification, other

AWS Select Tier Partner acquired

ISTQB Platinum Partner certified

＊The qualifications in red are the ones we have set as our "Master Qualifications".

Engineers specialized in various fields to handle a wide range of advanced technologies

Advanced Technology Area

New area

CRM

- System implementation/migration support
- Add-on/customization
- Other system linkage work
- System operation/maintenance

Cloud

- Design/construct AWS environment
- Design/construct Azure environment
- Design/construct GCP environment
- Cloud migration support

Other

- Inspection/analysis/measurement in chemical
- Cellular/genetic experiments in biotech
- Research/analysis by natural language processing
- Inspection/analysis by image processing

Existing area

Software

- Development of web systems
- Development of web applications
- Development of business systems
- Development of financial systems
- Development of public institutional systems
- Software evaluation

Infrastructure

- Network design/construction
- Server design/construction
- Construction/operation of virtual infrastructure
- System operation/maintenance
- Security support

Machinery & Electric

- Design of Automotive/In-vehicle Equipment
- Design of OA equipment
- Design of digital equipment
- CAE analysis
- Production technology
- EMC testing

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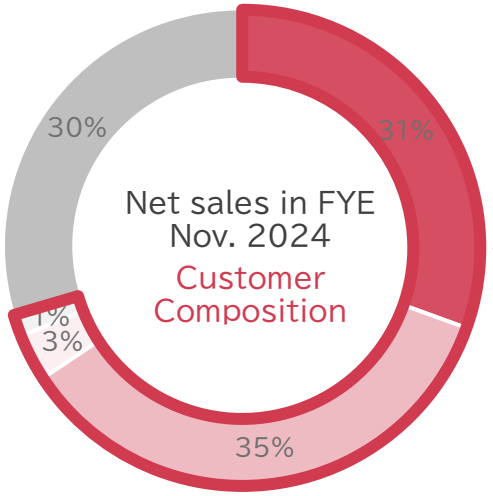
We have continued stable business relationship with existing customers, mainly listed companies, while business with new clients is growing.

Strong client base

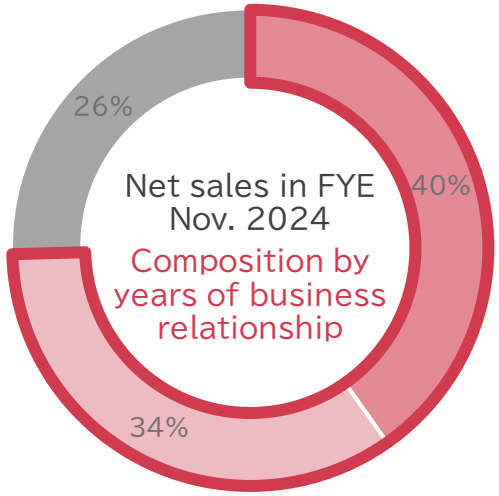




More than 70% are listed companies (¥7,797 million)

Continuity of business relationship





About 70% of our clients have been with us for more than 5 years (¥8,285 million)

Item	Content	Revealing Potential/ Impact on performance/ Occurrence Period	Countermeasure
Risks related to legal regulations, etc.	We are subject to regulations under labor-related laws and regulations such as the Worker Dispatch Law, Employment Security Law, and Labor Standards Law. Amendments, strengthening, and changes in the interpretation of these laws and regulations are expected in response to changes in social conditions. While we are committed to complying with all laws and regulations in our management, it is also possible that our response to these laws and regulations may result in new burdens or changes in business development, which could affect our business performance and financial position.	Mid/ High/ No specific period	In the Administration Division, we work closely with our legal counsel to keep a close eye on trends in legal regulations and have a system in place that allows us to respond flexibly to any situation.
Risks related to securing human resources	To improve our competitiveness and develop our business in the future, we believe that it is important to secure, retain and train personnel with highly specialized skills. However, due to the declining birthrate and aging population, the labor force is expected to shrink in the medium to long term, and if we are unable to secure, retain and train personnel with specialized skills as planned, there is a possibility that our business performance may be affected.	Low/ Mid/ No specific period	In addition to securing human resources through strategic recruitment systems and recruitment criteria, we will continue to work to secure, retain and develop human resources through initiatives such as enhancing support for acquiring qualifications, developing an e-learning environment, and creating human resources and converting technology at J-college.
Risks related to market economic trends and clients' business confidence	By continuing to provide services that meet the needs of our clients, we have never recorded a loss since our establishment and have continued to increase our revenue since the fiscal year ending November 2011. However, if the economy worsens due to events such as financial crises or large-scale natural disasters, or due to changes in the economic environment, there is a possibility that orders from our clients will decrease due to cost-cutting measures or changes in personnel policies in response to deteriorating business performance at our clients, which could affect our performance.	Mid/ Low/ No specific period	As our clients are diverse and not concentrated in a particular industry, we believe that we are reducing risk, but we will continue to work to further reduce risk by further strengthening the diversification of our clients.

＊For other risks, please refer to "Business and Other Risks" in the Annual Securities Report (only in Japanese).

The statements on forecasts presented in this document are based upon currently available information and assumptions deemed rational.

These statements are not guarantees of future results or performance.
Such statements contains known and unknown risks, and uncertainties.
Therefore, a variety of factors could cause actual results to differ materially from forecasts.

Factors that may affect the actual results described above include, but not limited to, changes in national and international economic conditions and business trends.

In addition, information regarding matters and organizations other than the Company is based on publicly available information.
The Company has not verified and does not guarantee the accuracy or adequacy of such publicly available information.

This document is scheduled to be disclosed at the time of the announcement of these financial results (January).

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