

en Japan Inc.



2nd Quarter (Interim Period) FY March 2025 Earnings Announcement [Japan GAAP] (Consolidated)

November 14, 2024

Company Name	en Japan Inc.	Listing Exchanges	Prime Section of the Tokyo Stock Exchange
Stock Code	4849	URL	http://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
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Scheduled Date for Submission of Semiannual Report			November 14, 2024
Scheduled Date to Begin Dividend Payments			-
Preparation of Summary Supplementary Explanatory Materials		Yes	
Earnings Briefing		Yes (for analysts and institutional investors)	

(Figures rounded down to nearest million yen)

1. FY Ending March 2025 First Half (Interim Period) Operating Results (From April 1, 2024, to September 30, 2024)

(1) Consolidated Operating Results (year to date) (Percentages indicate change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 3/25 Interim Period	32,512	-1.7	2,380	120.1	2,139	59.2	5,194	570.1
FYE 3/24 Interim Period	33,079	2.1	1,081	-60.0	1,344	-54.3	775	-58.5

(Note) Comprehensive income FYE 3/25 Interim Period 5,939 million yen (305.0%)

FYE 3/24 Interim Period 1,466 million yen (-52.0%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/25 Interim Period	127.18	124.71
FYE 3/24 Interim Period	18.84	18.49

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/25 Interim Period	53,419	35,246	64.9
FYE 3/2024	48,974	32,161	64.8

(Reference) Equity FYE 3/25 Interim Period 34,678 million yen FYE 3/24 31,755 million yen

2. Dividends

	Annual Dividend				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 3/2024	-	0.00	-	70.10	70.10
FYE 3/2025	-	0.00			
FYE 3/2025 (projected)			-	70.10	70.10

(Note) Revisions to the Company's latest dividend forecast: None

3. FY Ending March 2025 Projected Consolidated Operating Results (From April 1, 2024, to March 31, 2025)

(Percentages indicate percent change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	73,000	7.9	8,100	56.9	8,011	49.2	9,330	122.3	228.50

(Note) Revisions to the Company's latest operating results projections: Yes

* Notes

(1) Significant changes in scope of consolidation during the interim period under review: No

Newly included None (Name of company) -

Exclusion None (Name of company) -

(2) Adoption of special accounting treatment used in preparation of the interim consolidated financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction

a. Changes in accounting policy accompanying amendment of accounting principles: Yes

b. Changes in accounting policy other than "a.": No

c. Changes in accounting estimates: No

d. Restatement due to correction: No

(4) Number of shares issued (common share)

a. Number of shares issued at the end of the period (including treasury shares)

FYE 3/25 Interim Period 49,716,000 shares FYE 3/2024 49,716,000 shares

b. Number of treasury shares at the end of the period

FYE 3/25 Interim Period 8,864,424 shares FYE 3/2024 8,883,721 shares

c. Average number of shares issued during the period (interim period)

FYE 3/25 Interim Period 40,840,723 shares FYE 3/24 Interim Period 41,147,188 shares

* The second quarter (interim period) earnings announcement is not within the scope of the review procedure by a certified public accountant or an audit corporation.

* Explanation regarding appropriate use of operating results projections, other special notes

(Cautionary Notes on Forward-Looking Statements)

Forward-looking statements including projected operating results contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee achievements by the Company. Actual results may differ significantly from such projections due to various factors. For the conditions forming the assumptions for the Company's consolidated operating results projections and the notes on using the projections, see "(3) Explanation of Future Projection Information such as Consolidated Operating Results Projections" in "1. Overview of Operating Results" shown on page 4 of the attached material.

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- * The Company plans to post supplementary materials to explain its financial results on its website today.
Please refer to the following URL.
<https://corp.en-japan.com/IR/>

1. Overview of Operating Results

(1) Overview of Operating Results for the Interim Period under Review

	Interim period of FY ended March 2024	Interim period of FY ending March 2025	Change	(Million yen) Percent change (%)
Net Sales	33,079	32,512	-566	-1.7%
Operating Income	1,081	2,380	1,299	120.1%
Ordinary Income	1,344	2,139	795	59.2%
Profit Attributable to Owners of Parent	775	5,194	4,419	570.1%

During the interim period under review, the Company aggressively developed its businesses centered on HR-Tech engage and the human resources platform, which it has designated as investment businesses in accordance with the policy of its Medium-Term Management Plan. While the investment businesses made steady progress, exceeding the Medium-Term Management Plan, consolidated net sales were ¥32,512 million (down 1.7% year on year), affected by organizational integration in the existing businesses in Japan and the overseas business environment.

Furthermore, as a result of a decrease in advertising expenses due to improved efficiency in the investment businesses and job boards, operating income increased 120.1% year on year to ¥2,380 million and ordinary income grew 59.2% year on year to ¥2,139 million. As a result of recording a gain on sale of investment securities of ¥5,437 million in extraordinary income due to the sale of the shares of Timee, Inc., profit attributable to owners of parent was ¥5,194 million (up 570.1% year on year).

Operating results by segment are as follows.

(HR-Tech engage)

Net sales of HR-Tech engage grew due to a rising number of job seekers and paid-for job offers as a result of continued investment in advertising expenses. As for expenses, advertising expenses decreased significantly year on year due to improved investment efficiency.

As a result, net sales were ¥4,434 million (up 45.3% year on year) with an operating loss of ¥1,618 million (compared with a loss of ¥2,464 million in the same period of the previous year).

(Human Resources Platform)

For the human resources platform, the number of user companies and that of job offers grew steadily due to aggressive investment to date, resulting in an increase in net sales. Expenses decreased year on year due to improved efficiency in advertising expenses.

As a result, net sales were ¥4,130 million (up 17.8% year on year) with operating income of ¥601 million (compared with a loss of ¥262 million in the same period of the previous year).

(Domestic Job Board)

Due to the organizational integration with Engage and the narrowing of the job board on TENSHOKU's focus areas, revenue has decreased; however, personnel costs have been reduced, and advertising expenses have been streamlined.

As a result, net sales were ¥12,423 million (down 12.1% year on year) with operating income of ¥3,393 million (down 2.5% year on year).

(Domestic Recruitment Consultancy)

In the recruitment consultancy, en world Japan, which saw net sales decline last year, has strengthened its organizational structure to achieve an increase in net sales. As for expenses, personnel expenses rose due to an increase in the number of personnel at en Agent with the aim of strengthening the business.

As a result, net sales were ¥5,036 million (up 0.8% year on year) with operating loss of ¥20 million (compared with income of ¥617 million in the same period of the previous year).

(Domestic - other)

In the domestic - other segment, en SX, which operates a sales support business, achieved substantial growth, resulting in an increase in net sales. Operating income was driven by ZEKU, which sells recruitment management systems.

As a result, net sales were ¥2,417 million (up 46.4% year on year) with operating income of ¥336 million (compared with a loss of ¥21 million in the same period of the previous year).

(Overseas/IT engineer temporary staffing in India)

IT engineer temporary staffing in India continued to be impacted by layoffs by U.S. IT companies, resulting in a decrease in net sales. We continue to take cost control measures, such as adjusting the number of dispatched workers.

As a result, net sales were ¥3,751 million (down 15.8% year on year) with operating income of ¥203 million (down 8.4% year on year).

(Overseas/Vietnam)

In Vietnam, while the domestic economy has begun to bottom out, hiring demand remains weak. As for expenses, we continue to take control measures for personnel and other expenses, while working on optimizing expenses in anticipation of the economic recovery phase.

As a result, net sales were ¥1,235 million (up 2.7% year on year) with operating income of ¥181 million (up 42.4% year on year).

(2) Overview of Financial Position for the Interim Period under Review

a. Assets, liabilities and net assets

Total assets at the end of the interim period under review increased ¥4,445 million compared with the end of the previous fiscal year to ¥53,419 million.

Current assets increased ¥2,888 million to ¥33,948 million. This was mainly due to an increase of ¥3,314 million in cash and deposits and a drop of ¥311 million in consumption tax refunds receivable which is included in other. Non-current assets increased ¥1,557 million to ¥19,471 million.

Total liabilities were ¥18,173 million, an increase of ¥1,360 million from the end of the previous fiscal year.

Current liabilities rose ¥1,219 million to ¥15,349 million. This was mainly due to an increase of ¥1,186 million in income taxes payable and a decrease of ¥738 million in accounts payable-other. Non-current liabilities rose ¥140 million to ¥2,824 million.

Total net assets were ¥35,246 million, up ¥3,085 million from the end of the previous fiscal year. This was mainly due to ¥3,023 million in dividends paid, ¥5,194 million in profit attributable to owners of parent, and an increase of ¥786 million in foreign currency translation adjustment.

b. Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities during the interim period under review amounted to ¥3,211 million (¥1,496 million provided during the same period of the previous year). This was mainly due to profit before income taxes of ¥7,530 million, depreciation of ¥1,310 million, loss on sale of investment securities of ¥5,437 million, and income taxes paid of ¥1,152 million.

(Cash flows from investing activities)

Net cash provided by investing activities during the interim period under review amounted to ¥2,154 million (¥1,447 million used during the same period of the previous year). This was mainly due to proceeds from sale and redemption of investment securities of ¥5,608 million.

(Cash flows from financing activities)

Net cash used by financing activities during the interim period under review amounted to ¥3,021 million (¥7,855 million used during the same period of the previous year). This was mainly due to cash dividends paid of ¥3,021 million.

(3) Explanation of Future Projection Information Such as Consolidated Operating Results Projections

Concerning the Company's consolidated operating results projections for the fiscal year ending March 31, 2025, during the interim period under review we recorded expenses associated with sales of investment securities under non-operating expenses and a gain on sales of investment securities under extraordinary income, as published on July 18, 2024.

As a result, the Company's consolidated operating results forecast for the year ending March 31, 2025, published on May 9, 2024, has been revised as shown below.

Revision to the consolidated operating results forecast for the fiscal year ending March 31, 2025

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	EPS
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast published previously (A)	73,000	8,100	8,344	5,789	141.78
Forecast published this time (B)	73,000	8,100	8,011	9,330	228.50
Change (B – A)	-	-	-333	3,541	-
Percent change (%)	-	-	-4.0	61.2	-
(Reference) Results for the previous fiscal year (ended March 31, 2024)	67,661	5,161	5,369	4,196	102.38

2. Interim Consolidated Financial Statements and Key Notes

(1) Interim Consolidated Balance Sheet

(Million yen)

	Previous Fiscal Year (As of March 31, 2024)	Interim Period of the Current Fiscal Year (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	21,768	25,083
Notes and accounts receivable - trade, and contract assets	6,017	5,930
Securities	2,000	2,000
Other	1,566	1,279
Allowance for doubtful accounts	-292	-345
Total current assets	31,060	33,948
Non-current assets		
Property, plant and equipment	1,019	841
Intangible assets		
Software	6,617	7,328
Goodwill	1,847	1,806
Other	892	876
Total intangible assets	9,357	10,011
Investments and other assets		
Investment securities	3,621	4,491
Shares of subsidiaries and associates	562	587
Long-term loans receivable	925	923
Other	2,890	3,085
Allowance for doubtful accounts	-461	-468
Total investments and other assets	7,537	8,618
Total non-current assets	17,914	19,471
Total assets	48,974	53,419
Liabilities		
Current liabilities		
Accounts payable - trade	841	1,198
Accounts payable - other	4,117	3,379
Income taxes payable	1,302	2,488
Provision for bonuses	1,149	1,263
Provision for directors' bonuses	38	24
Advances received	4,768	5,343
Other	1,911	1,650
Total current liabilities	14,129	15,349
Non-current liabilities		
Retirement benefit liability	187	257
Provision for share benefits	535	579
Asset retirement obligations	208	208
Other	1,752	1,778
Total non-current liabilities	2,683	2,824
Total liabilities	16,813	18,173
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	489	490
Retained earnings	43,696	45,867
Treasury shares	-14,993	-14,983
Total shareholders' equity	30,388	32,569
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247	203
Foreign currency translation adjustment	1,119	1,905
Total accumulated other comprehensive income	1,367	2,109
Subscription rights to shares	395	554
Non-controlling interests	10	13
Total net assets	32,161	35,246
Total liabilities and net assets	48,974	53,419

(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income

Interim Consolidated Statements of Income

(Million yen)

	Interim Period of the Previous Fiscal Year (From April 1, 2023, to September 30, 2023)	Interim Period of the Current Fiscal Year (From April 1, 2024, to September 30, 2024)
Net sales	33,079	32,512
Cost of sales	6,949	6,447
Gross profit	26,130	26,065
Selling, general and administrative expenses	25,049	23,685
Operating income	1,081	2,380
Non-operating income		
Interest income	117	116
Dividend income	0	-
Share of profit of entities accounted for using equity method	69	47
Foreign exchange gains	104	-
Gain on investments in partnership	0	-
Other	27	21
Total non-operating income	319	184
Non-operating expenses		
Interest expenses	53	13
Commission expenses	-	332
Loss on investments in investment partnerships	-	33
Foreign exchange losses	-	41
Provision of allowance for doubtful accounts	-	1
Other	3	2
Total non-operating expenses	56	425
Ordinary Income	1,344	2,139
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	67	5,437
Gain on sales of shares of subsidiaries and associates	111	-
Total extraordinary income	179	5,437
Extraordinary losses		
Loss on sale of non-current assets	0	6
Loss on retirement of non-current assets	15	2
Loss on valuation of investment securities	6	0
Special investigation cost	295	-
Loss on cancellation of leases	-	37
Total extraordinary losses	317	46
Profit before income taxes	1,206	7,530
Income taxes - current	380	2,334
Total income taxes	380	2,334
Profit	826	5,195
Profit attributable to non-controlling interests	51	1
Profit attributable to owners of parent	775	5,194

Interim Consolidated Statements of Comprehensive Income

(Million yen)

	Interim Period of the Previous Fiscal Year (From April 1, 2023, to September 30, 2023)	Interim Period of the Current Fiscal Year (From April 1, 2024, to September 30, 2024)
Profit	826	5,195
Other comprehensive income		
Valuation difference on available-for-sale securities	102	-44
Foreign currency translation adjustment	537	787
Total other comprehensive income	640	743
Comprehensive income	1,466	5,939
(Breakdown)		
Comprehensive income attributable to owners of parent	1,402	5,935
Comprehensive income attributable to non-controlling interests	64	3

(3) Interim Consolidated Statements of Cash Flows

(Million yen)

	Interim Period of the Previous Fiscal Year (From April 1, 2023, to September 30, 2023)	Interim Period of the Current Fiscal Year (From April 1, 2024, to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,206	7,530
Depreciation	1,130	1,310
Amortization of goodwill	187	206
Bad debts expenses	11	0
Special investigation cost	295	-
Increase (decrease) in allowance for doubtful accounts	13	31
Increase (decrease) in provision for bonuses	21	114
Increase (decrease) in provision for directors' bonuses	-23	-14
Interest and dividend income	-118	-116
Interest expenses	53	13
Foreign exchange losses (gains)	-41	8
Share of (profit) loss of entities accounted for using equity method	-69	-47
Loss (gain) on investments in partnership	-0	33
Loss (gain) on sales of investment securities	-67	-5,437
Loss (gain) on valuation of investment securities	6	0
Loss (gain) on sales of shares of subsidiaries and associates	-111	-
Loss (gain) on sales of non-current assets	-0	5
Loss on retirement of non-current assets	15	2
Decrease (increase) in notes and accounts receivable – trade	771	378
Increase (decrease) in notes and accounts payable – trade	-375	327
Increase (decrease) in accounts payable – other	-1,796	-764
Increase (decrease) in advances received	477	489
Other	143	121
Subtotal	1,728	4,196
Interest and dividend income received	68	166
Interest expenses paid	-53	-13
Income taxes paid	-451	-1,152
Income taxes refund	499	14
Special investigation costs paid	-295	-
Cash flows from operating activities	1,496	3,211

(Million yen)

	Interim Period of the Previous Fiscal Year (From April 1, 2023, to September 30, 2023)	Interim Period of the Current Fiscal Year (From April 1, 2024, to September 30, 2024)
Cash flows from investing activities		
Payments into time deposits	-302	-1,138
Proceeds from withdrawal of time deposits	864	853
Purchase of property, plant and equipment	-60	-17
Proceeds from sales of property, plant and equipment	0	1
Purchase of intangible assets	-1,934	-1,969
Purchase of investment securities	-6	-1,140
Proceeds from sales and redemption of investment securities	168	5,608
Payment for lease and guarantee deposits	-0	-38
Proceeds from collection of lease and guarantee deposits	10	-
Purchase of insurance funds	-3	-4
Purchase of shares of subsidiaries and associates	-22	-
Sales of shares of subsidiaries resulting in change in scope of consolidation	-160	-
Other payments	-2	-
Other proceeds	0	1
Cash flows from investing activities	-1,447	2,154
Cash flows from financing activities		
Purchase of treasury shares	-4,130	-0
Cash dividends paid	-3,143	-3,021
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-581	-
Other proceeds	0	0
Cash flows from financing activities	-7,855	-3,021
Effect of exchange rate change on cash and cash equivalents	299	320
Net increase (decrease) in cash and cash equivalents	-7,506	2,666
Cash and cash equivalents at beginning of period	24,384	19,178
Cash and cash equivalents at end of period	16,878	21,845

(4) Notes Regarding Interim Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

There are no pertinent items.

(Adoption of Special Accounting Treatment Used in Preparation of the Interim Consolidated Financial Statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally estimating the effective tax rate after applying tax effect accounting on profit before income taxes on a consolidated basis for the fiscal year including the interim period under review. It then multiplies the estimated effective tax rate by profit before income taxes for the interim period.

Note, however, that if calculating tax expenses using the estimated effective tax rate produces a result that significantly lacks reasonableness, the statutory tax rate is adopted.

(Notes on Material Changes in Shareholders' Equity)

There are no pertinent items.

(Segment Information)

Description is omitted since en Japan Group is formed with a single segment, human resource services, only.