

en Japan Inc.



3rd Quarter FY March 2025 Earnings Announcement [Japan GAAP] (Consolidated)

February 13, 2025

Company Name	en Japan Inc.	Listing Exchanges	Prime Section of the Tokyo Stock Exchange
Stock Code	4849	URL	https://corp.en-japan.com/
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Contact (Title)	Administration Division Director	(Name)	Yasumasa Takahashi Telephone +81-3-3342-4506
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 Operating Results For First Nine Months (From April 1, 2024, to December 31, 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 3rd Qtrr	48,425	-2.6	3,782	48.6	3,691	30.8	6,264	168.6
FYE 3/24 3rd Qtrr	49,734	0.3	2,544	-35.5	2,822	-32.4	2,332	-19.6

(Note) Comprehensive income FYE 3/25 3rd Qtrr 6,130 million yen (+93.3%)

FYE 3/24 3rd Qtrr 3,172 million yen (-25.0%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/25 3rd Qtrr	153.38	150.26
FYE 3/24 3rd Qtrr	56.83	55.75

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/25 3rd Qtrr	52,613	35,536	66.3
FYE 3/2024	48,974	32,161	64.8

(Reference) Core capital FYE 3/25 3rd Qtrr 34,876 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	65,800	-2.8	5,200	0.8	5,200	-3.1	7,350	75.2	179.33

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

* Notes

- (1) Significant changes in the scope of consolidation during the 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 quarterly 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 3rd Qtrr | 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 3rd Qtrr | 8,860,824 shares | FYE 3/2024 | 8,883,721 shares |
|-------------------|------------------|------------|------------------|
- c. Average number of shares issued during the period (Quarter Year-to-Date)
- | | | | |
|-------------------|-------------------|---------------------|-------------------|
| FYE 3/25 3rd Qtrr | 40,845,013 shares | FYE 3/2024 3rd Qtrr | 41,038,457 shares |
|-------------------|-------------------|---------------------|-------------------|

* Review of accompanying quarterly consolidated financial statements by a certified public accountant or an audit corporation: No

* 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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1. Overview of Operating Results

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

	3rd Qtr of FY ended March 2024	3rd Qtr of FY ending March 2025	Change	(Million yen) Percent change (%)
Net Sales	49,734	48,425	-1,309	-2.6%
Operating income	2,544	3,782	1,237	48.6%
Ordinary Income	2,822	3,691	868	30.8%
Profit Attributable to Owners of Parent	2,332	6,264	3,932	168.6%

During the third quarter period under review (the nine months ended December 31, 2024), 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 progress in line with the Medium-Term Management Plan, consolidated net sales were ¥48,425 million (down 2.6% year on year), affected by the longer-than-expected time required for the organizational integration implemented at the beginning of the quarter, the overseas business environment, and other factors.

Furthermore, as a result of a decrease in advertising expenses due to improved efficiency in the investment businesses and job boards, operating income increased 48.6% year on year to ¥3,782 million. Ordinary income grew 30.8% year on year to ¥3,691 million due to the increase in operating income. Profit attributable to owners of parent was ¥6,264 million (up 168.6% year on year) 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., in the second quarter.

(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, due to improved investment efficiency, advertising expenses decreased significantly year on year.

As a result, net sales were ¥6,915 million (up 40.7% year on year) with an operating loss of ¥2,027 million (compared with a loss of ¥3,235 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 ¥5,900 million (up 13.1% year on year) with operating income of ¥820 million (compared with a loss of ¥268 million in the same period of the previous year).

(Domestic Job Board)

As a result of the decrease in the number of job listings due to organizational integration with Engage and the narrowing of the job board on TENSHOKU's focus areas, revenue has decreased. Expenses were lower as a result of reductions in personnel costs due to the narrowing of areas and progress in streamlining advertising expenses.

As a result, net sales were ¥18,439 million (down 14.2% year on year) with operating income of ¥4,942 million (down 12.3% year on year).

(Domestic Recruitment Consultancy)

In the recruitment consultancy, net sales increased slightly as productivity did not improve and performance remained sluggish despite the increase in personnel, mainly new graduates. As for expenses, personnel expenses rose due to an increase in the number of personnel at an Agent.

As a result, net sales were ¥7,397 million (up 0.7% year on year) with operating loss of ¥60 million (compared with income of ¥817 million in the same period of the previous year).

(Domestic - other)

In the domestic - other segment, en SX, which operates a sales support business, and the retention support business achieved 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 ¥3,715 million (up 48.7% year on year) with operating income of ¥536 million (compared with income of ¥21 million in the same period of the previous year).

(Overseas/IT engineer temporary staffing in India)

IT temporary staffing in India experienced a decrease in net sales due to weak demand in North America, the mainstay market, although global IT demand remained strong. We continue to take cost control measures, such as adjusting the number of dispatched workers.

As a result, net sales were ¥5,480 million (down 16.5% year on year) with operating income of ¥279 million (down 11.2% year on year).

(Overseas/Vietnam)

In Vietnam, domestic demand did not improve and hiring demand remained weak, resulting in a decrease in net sales. 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 ¥1,798 million (down 1.4% year on year) with operating income of ¥302 million (up 37.7% year on year).

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

Total assets at the end of the third quarter period under review increased ¥3,639 million compared with the end of the previous fiscal year to ¥52,613 million.

Current assets increased ¥2,043 million to ¥33,103 million. This was mainly due to an increase of ¥3,138 million in cash and deposits and a drop of ¥798 million in notes and accounts receivable - trade, and contract assets. Non-current assets increased ¥1,596 million to ¥19,510 million.

Total liabilities were ¥17,077 million, an increase of ¥264 million from the end of the previous fiscal year.

Current liabilities rose ¥210 million to ¥14,340 million. This was mainly due to an increase of ¥890 million in income taxes payable. Non-current liabilities rose ¥54 million to ¥2,737 million.

Total net assets were ¥35,536 million, up ¥3,374 million from the end of the previous fiscal year. This was mainly due to ¥3,023 million in dividends paid, ¥6,264 million in profit attributable to owners of parent, and an increase of ¥251 million in subscription rights to shares.

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

During the current fiscal year, the Company implemented a large-scale organizational integration aimed at strengthening the management foundation to further increase earnings. However, it has taken longer than expected to restructure sales strategies and integrate and coordinate operational tasks. Therefore, both net sales and operating income are expected to be lower than planned, mainly for Engage and en TENSOKU.

As a result, the Company's consolidated operating results forecast for the year ending March 31, 2025, published on July 18, 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	Million yen
Forecast published previously (A)	73,000	8,100	8,011	9,330	228.50
Forecast published this time (B)	65,800	5,200	5,200	7,350	179.33
Change (B - A)	-7,200	-2,900	-2,811	-1,980	-
Percent change (%)	-9.8	-35.8	-35.0	-21.2	-
(Reference) Results for the previous fiscal year (ended March 31, 2024)	67,661	5,161	5,369	4,196	102.38

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous Fiscal Year (As of March 31, 2024)	Third Quarter of Current Fiscal Year (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	21,768	24,907
Notes and accounts receivable - trade, and contract assets	6,017	5,218
Securities	2,000	2,000
Other	1,566	1,306
Allowance for doubtful accounts	-292	-328
Total current assets	31,060	33,103
Non-current assets		
Property, plant and equipment	1,019	707
Intangible assets		
Software	6,617	7,622
Goodwill	1,847	1,558
Other	892	850
Total intangible assets	9,357	10,031
Investments and other assets		
Investment securities	3,621	4,569
Shares of subsidiaries and associates	562	614
Long-term loans receivable	925	926
Other	2,890	3,128
Allowance for doubtful accounts	-461	-468
Total investments and other assets	7,537	8,771
Total non-current assets	17,914	19,510
Total assets	48,974	52,613
Liabilities		
Current liabilities		
Accounts payable - trade	841	780
Accounts payable - other	4,117	3,365
Income taxes payable	1,302	2,193
Provision for bonuses	1,149	748
Provision for directors' bonuses	38	36
Advances received	4,768	5,060
Other	1,911	2,155
Total current liabilities	14,129	14,340
Non-current liabilities		
Retirement benefit liability	187	250
Provision for share benefits	535	599
Asset retirement obligations	208	209
Other	1,752	1,678
Total non-current liabilities	2,683	2,737
Total liabilities	16,813	17,077
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	489	489
Retained earnings	43,696	46,937
Treasury shares	-14,993	-14,977
Total shareholders' equity	30,388	33,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247	290
Foreign currency translation adjustment	1,119	940
Total accumulated other comprehensive income	1,367	1,231
Subscription rights to shares	395	647
Non-controlling interests	10	12
Total net assets	32,161	35,536
Total liabilities and net assets	48,974	52,613

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

Quarterly Consolidated Statements of Income

Cumulative Third Quarter

(Million yen)

	First Nine Months of the Previous Fiscal Year (From April 1, 2023, to December 31, 2023)	First Nine Months of the Current Fiscal Year (From April 1, 2024, to December 31, 2024)
Net Sales	49,734	48,425
Cost of sales	10,303	9,761
Gross profit	39,430	38,663
Selling, general and administrative expenses	36,886	34,880
Operating income	2,544	3,782
Non-operating income		
Interest income	189	198
Dividend income	0	2
Share of profit of entities accounted for using equity method	94	63
Foreign exchange gains	53	20
Other	41	33
Total non-operating income	379	318
Non-operating expenses		
Interest expenses	74	25
Commission expenses	-	332
Loss on investments in investment partnerships	22	46
Provision of allowance for doubtful accounts	-	1
Other	4	3
Total non-operating expenses	101	409
Ordinary Income	2,822	3,691
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	-
Gain on sale of business	803	-
Total extraordinary income	983	5,437
Extraordinary losses		
Loss on sale of non-current assets	0	5
Loss on retirement of non-current assets	16	7
Loss on valuation of investment securities	6	0
Special investigation cost	295	-
Loss on cancellation of leases	-	36
Total extraordinary losses	318	50
Profit before income taxes	3,487	9,078
Income taxes - current	1,103	2,811
Total income taxes	1,103	2,811
Profit	2,384	6,266
Profit attributable to non-controlling interests	51	1
Profit Attributable to Owners of Parent	2,332	6,264

Quarterly Consolidated Statements of Comprehensive Income

Cumulative Third Quarter

(Million yen)

	First Nine Months of the Previous Fiscal Year (From April 1, 2023, to December 31, 2023)	First Nine Months of the Current Fiscal Year (From April 1, 2024, to December 31, 2024)
Profit	2,384	6,266
Other comprehensive income		
Valuation difference on available-for-sale securities	53	42
Foreign currency translation adjustment	734	-178
Total other comprehensive income	788	-135
Comprehensive income	3,172	6,130
(Breakdown)		
Comprehensive income attributable to owners of parent	3,093	6,128
Comprehensive income attributable to non-controlling interests	78	1

(3) Notes Regarding Quarterly 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 Quarterly 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 third quarter of the period under review. It then multiplies the estimated effective tax rate by profit before income taxes for the quarter.

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.

(Changes in Accounting Policy)

(Notes on Changes in Accounting Policy)

(Application of Accounting Standard for Current Income Taxes)

The Company applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022") from the beginning of the first quarter of the current fiscal year.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policy had no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company applied Revised Guidance 2022 from the beginning of the first quarter of the current fiscal year. The change in accounting policies has been applied retrospectively to the quarterly consolidated financial statements and the consolidated financial statements for the previous quarters and the entire previous fiscal year. The change in the accounting policy had no impact on the quarterly consolidated financial statements of the previous fiscal year or the consolidated financial statements for the entire previous fiscal year.

(Notes on Segment Information)

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

(Notes on Consolidated Statements of Cash Flows)

The Company has not prepared quarterly consolidated statements of cash flows for the first nine months of the current fiscal year. Depreciation (including amortization related to intangible assets excluding goodwill) for the nine months ended December 31, 2024 is as follows.

	First Nine Months of the Previous Fiscal Year (From April 1, 2023, to December 31, 2023)	First Nine Months of the Current Fiscal Year (From April 1, 2024, to December 31, 2024)
Depreciation	1,740 million yen	2,048 million yen
Amortization of goodwill	285 million yen	303 million yen