

Summary of Financial Results for the second quarter of the Fiscal Year Ending September 30, 2024 [Japan Standards] (Consolidated)



May. 9, 2024

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 Scheduled date of ordinary general meeting of shareholders: May. 9, 2024 Scheduled payment date of dividend: -
 Supplementary materials for the financial results: Yes
 Investor conference for the quarterly financial results: Yes

(Million yen, rounded down)

1. Consolidated Financial Results for the second quarter of the Fiscal Year Ending September 30, 2024 (From Oct. 1, 2023 to March. 31, 2024)

(1) Consolidated Financial Performance (% figures show year-on-year increase or decrease)

	Net sales		Gross profit		Operating profit		EBITDA (Non-GAAP)*	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY ending Sep. 30, 2024	8,122	32.0	3,684	26.5	695	30.2	862	35.1
Q2 FY ended Sep. 30, 2023	6,153	20.7	2,911	27.4	533	(14.5)	638	(5.9)

Note: Comprehensive income Q2 FY ending September 30, 2024: 526 million yen (increase of 41.5%)
 Q2 FY ended September 30, 2023: 372 million yen (decrease of 7.5%)

	Ordinary profit		Profit attributable to owners of parent		Net income per share	Diluted Net income per share
	Million yen	%	Million yen	%	yen	yen
Q2 FY ending Sep. 30, 2024	761	32.3	477	25.8	30.78	30.51
Q2 FY ended Sep. 30, 2023	575	(4.2)	379	(4.6)	24.82	24.31

*The Group consider EBITDA (Non-GAAP) to be useful information in understanding the Groups' constant operating results, as it represents financial accounting figures (GAAP) less or adjusted for non-recurring items and certain other adjustments based on certain rules. Specifically, GAAP excludes or adjusts for Share-based payment expenses, depreciation and amortization, and amortization of goodwill, as well as other one-time gains and losses that the Group consider to be deductible.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Million yen		Million yen		%
As of March 31, 2024	11,162		6,534		55.3
As of Sep. 30, 2023	9,995		6,039		57.9

Reference: Shareholders' equity As of March 31, 2024: 6,175 million yen
 As of Sept.30, 2023: 5,784 million yen

2. Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended Sep. 30 2023	—	0.00	—	0.00	0.00
FY ended Sep. 30 2024	—	0.00			
FY ending Sep. 30, 2024 (Forecast)			—	0.00	0.00

Note: Revision of dividend forecast from the most recently announced forecast: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending September 30, 2024 (From October 1, 2023 to September 30, 2024)

(% figures represent year-on-year increase or decrease)

	Net sales		Gross profit		Operating profit		EBITDA (Non-GAAP)		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	15,860	20.1	7,370	20.0	1,270	10.1	1,570	10.5	—	—	—	—

Note: Revision of dividend forecast from the most recently announced forecast: None

* Notes

- (1) Changes in significant subsidiaries during the current consolidated period : Yes
 (Changes in specific subsidiaries affecting the scope of consolidation)
 No. of new companies: 1 (Company name: YU-CRE Company Limited)
 No. of excluded companies: - (Company name:)

- (2) Application of accounting procedures specific to preparing quarterly consolidated financial statements Yes

- (3) Changes in accounting principles, changes in accounting estimates and restatements

(i) Changes in accounting policies associated with revision of accounting standards : None

(ii) Changes in accounting policies other than the above (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatements : None

- (4) Number of outstanding shares (common stock)

(i) Number of shares outstanding at term-end (including treasury shares)

March. 31, 2024	15,535,860 shares	Sep. 30, 2023	15,509,960 shares
March. 31, 2024	154 shares	Sep. 30, 2023	124 shares
March. 31, 2024	15,525,683 shares	March. 31, 2023	15,306,668 shares

(ii) Number of treasury shares at term-end

(iii) Average number of shares outstanding during term

※ Quarterly financial statements are not included in the scope of quarterly review by certified public accountants or auditing firms.

※ Explanation of the appropriate use of earnings forecasts and other special notes

The forward-looking statements in this document are based on information currently available to us and certain assumptions that the Company consider reasonable, and are not intended to be a promise by us that they will be achieved. Actual results may differ materially due to various factors.

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1. Summary of Business Results

(1) Overview of Business Results for the Second Quarter of the Fiscal Year Ending September 30, 2024

Forward-looking statements in the text are based on the judgment of the Group (the Company and its consolidated subsidiaries) as of the date of submission of this document.

During the first half of the current fiscal year, the Japanese economy showed signs of recovery as the domestic economy continued to normalize. On the other hand, the outlook remains uncertain due to rising resource prices and commodity prices.

In the labor market, society as a whole is experiencing a shortage of labor. Companies are facing the challenge of securing human resources. At the same time, a shift is underway toward individuals' autonomous career choices and diverse ways of working according to their life stages.

Furthermore, the government has implemented various measures to address the importance of smooth labor mobility in conjunction with wage increases. One example is the Law Concerning Appropriateness of Transactions Pertaining to Specified Contract Workers, which is expected to come into effect by the fall of 2024, recognizing freelancers as "independent and willing entities" in the same way as companies. A society in which diverse work styles, including freelance work, are more encouraged is being realized.

In this social and economic environment, the Group's mission is "Talent infrastructure" meaning "to be an infrastructure for individuals," and vision is to become "The company that delivers rewards to people the most in the world", and with the matching business as the Group's core, will promote the mobility of human resources and help Japanese companies improve their productivity. This trend has been a tailwind for the Group, and as of March 31, 2024, the number of registered users reached 6,326,000 (up 738,000 year-on-year) and the number of registered customers reached 974,000 (up 69,000 year-on-year). And expanding to focus on growth of existing businesses, expansion of new businesses including SaaS business, and M&A to achieve its mid-term management goal "YOSHIDA 300" of 30 billion yen in sales, 2.5 billion yen in EBITDA (Non-GAAP), and operating income growth of 10% or more (full year basis).

In the matching business, which is the core of the existing business, competition among companies for IT personnel is intensifying, and freelance needs for 3- to 4-day workweeks and the need to digitize operations are increasing. Therefore, the Group is striving to improve the unit cost per worker through the Groups' certified worker system and the unit cost per contract per company by strengthening the Groups' account sales system. Also the Group has launched a consulting business and established a support system that ranges from proposing solutions to corporate management issues to providing human resources to implement measures. The Group promotes management improvement and DX initiatives by selling the culture of productivity improvement that has been cultivated over the years to external parties as a management model.

In the "CrowdLog" SaaS business, the growing momentum of human capital management has increased the need for visualization of man-hour management and productivity in organizations and projects, and this has led to its adoption mainly by large and growing companies. For this reason, the Company continues to make efforts to cultivate large companies. Also, the expanded functionality that enables automatic collection of man-hours from PC system logs will promote the introduction of man-hour management tools to industries where they are not widely used.

In M&A, the Company has been disciplined in investing in businesses that have a high affinity with the Groups' matching and SaaS businesses. And the PMI has also led to steady improvement in the management of group-in companies, contributing to the growth of the entire company.

As a result of the above, the Groups' consolidated business results for the second quarter of the current fiscal year were as follows: net sales of 8,122,123 thousand yen (year-on-year increase of 32.0%), gross profit of 3,684,735 thousand yen (year-on-year increase of 26.5%), operating profit of 695,343 thousand yen (year-on-year increase of 30.2%), EBITDA (Non-GAAP) of 862,970 thousand yen (year-on-year increase of 35.1%) Ordinary profit was 761,209 thousand yen (year-on-year increase of 32.3%), and Net profit attributable to owners of the parent amounted to 477,920 thousand yen (year-on-year increase of 25.8%).

Financial results by segment are as follows:

(i) Matching Business

GMV (gross merchandise value), which indicates the total transaction amount, was 13,562,521 thousand yen (year-on-year increase of 23.4%), net sales were 7,784,021 thousand yen (year-on-year increase of 31.1%), gross profit was 3,351,763 thousand yen (year-on-year increase of 24.2%), and segment profit was 714,492 thousand yen (year-on-year increase of 9.8%).

(ii) SaaS Business

Net sales and gross profit amounted to 292,853 thousand yen (year-on-year increase of 59.6%), and segment loss amounted to 59,372 thousand yen (segment loss of 147,334 thousand yen in the same period of the previous fiscal year).

(2) Overview of Financial Position for the Second Quarter of the Fiscal Year Ending September 30, 2024

(Assets)

Total assets at the end of the second quarter of the current fiscal year were 11,162,337 thousand yen, an increase of 1,167,316 thousand yen from the end of the previous period.

Current assets increased 1,095,843 thousand yen from the end of the previous period, mainly due to increases of 630,677 thousand yen in cash and deposits and 239,417 thousand yen in accounts receivable-trade. Noncurrent assets increase 71,472 thousand yen from the end of the previous period, mainly due to an increase of 321,969 thousand yen in goodwill, despite a decrease of 219,861 thousand yen in investment securities included in other under investments and other assets.

(Liabilities)

Total liabilities at the end of the second quarter of the current fiscal year amounted to 4,627,835 thousand yen, up 671,870 thousand yen from the end of the previous period.

Current liabilities increased 591,836 thousand yen from the end of the previous period, mainly due to increases of 103,856 thousand yen in accounts payable-other, 166,012 thousand yen in income taxes payable and , 115,792 thousand yen in deposits received. Non-current liabilities increased 80,034 thousand yen from the end of the previous period, mainly due to a 74,200 thousand yen increase in long-term borrowings.

(Net assets)

Net assets at the end of the second quarter of the current fiscal year totaled 6,534,501 thousand yen, an increase of 495,445 thousand yen from the end of the previous fiscal year.

The increase in net assets was mainly due to the posting of 477,920 thousand yen in net profit attributable to owners of the parent.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements

There is no change to the consolidated earnings forecast for the fiscal year ending September 30, 2024, which was announced on November 9, 2023.

2. Consolidated Financial Statements and Main Noted Items

(1) Consolidated Balance Sheet

	(Thousand yen)	
	Fiscal Year Ended September 30, 2023 (As of Sep. 30, 2023)	Q2 Fiscal Year Ending September 30, 2024 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	5,734,898	6,365,575
Accounts receivable - trade	1,100,600	1,340,018
Accounts receivable - other	971,553	1,019,623
Operational investment securities	38,549	29,218
Other	78,264	262,563
Allowance for doubtful accounts	(20,254)	(17,545)
Total current assets	7,903,611	8,999,454
Non-current assets		
Property, plant and equipment	62,815	52,520
Intangible assets		
Goodwill	1,239,952	1,561,922
Other	10,290	5,200
Total intangible assets	1,250,243	1,567,123
Investments and other assets		
Other	784,703	550,521
Allowance for doubtful accounts	(6,352)	(7,283)
Total investments and other assets	778,351	543,238
Total non-current assets	2,091,409	2,162,882
Total assets	9,995,020	10,617,996
Liabilities		
Current liabilities		
Short-term borrowings	533,716	566,148
Accounts payable - other	1,028,110	1,131,967
Income taxes payable - other	127,167	293,180
Contract liabilities	429,884	417,045
Deposits received	1,227,298	1,343,091
Other	393,748	580,329
Total current liabilities	3,739,925	4,331,761
Non-current liabilities		
Long-term borrowings	163,189	237,389
Other	52,850	58,685
Total non-current liabilities	216,039	296,074
Total liabilities	3,955,964	4,627,835
Net assets		
Shareholders' equity		
Capital stock	2,751,307	2,765,535
Capital surplus	2,709,307	2,617,719
Retained earnings	298,273	732,762
Treasury shares	(169)	(221)
Total shareholders' equity	5,758,718	6,115,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,690	59,260
Total accumulated other comprehensive income	25,690	59,260
Subscription rights to shares	231,102	264,929
Non-controlling interests	23,545	94,515
Total net assets	6,039,056	6,534,501
Total liabilities and net assets	9,995,020	11,162,337

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

The Second Quarter of Consolidated Fiscal Year

	(Thousand yen)	
	Q2 Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to March 31, 2023)	Q2 Fiscal Year Ending September 30, 2024 (Oct. 1, 2023 to March 31, 2024)
Net sales	6,153,259	8,122,123
Cost of sales	3,241,282	4,437,387
Gross profit	2,911,976	3,684,735
Selling, general and administrative expenses	2,378,046	2,989,391
Operating profit	533,930	695,343
Non-operating income		
Gain on exclusion of deposit receive	56,938	34,814
Subsidy income	—	38,047
Other	2,136	11,770
Total non-operating income	59,075	84,632
Non-operating expenses		
Share of loss of entities accounted for using equity method	7,555	—
Foreign exchange losses	9,475	—
Loss on investments in capital	102	13,277
Other	671	5,488
Total non-operating expenses	17,805	18,766
Ordinary profit	575,200	761,209
Extraordinary income		
Gain on reversal of share acquisition rights	—	11,438
Total extraordinary income	—	11,438
Profit before income taxes	575,200	772,648
Income taxes	195,244	279,560
Profit	379,955	493,088
Profit attributable to non-controlling interests	—	15,168
Profit attributable to owners of parent	379,955	477,920

Consolidated Statement of Comprehensive Income

The Second Quarter of Consolidated Fiscal Year

(Thousand yen)

	Q2 Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to March 31, 2023)	Q2 Fiscal Year Ending September 30, 2024 (Oct. 1, 2023 to March 31, 2024)
Net profit	379,955	493,088
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,832)	33,570
Total other comprehensive income	(7,832)	33,570
Comprehensive income	372,123	526,659
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	372,123	511,490
Comprehensive income attributable to non-controlling interests	—	15,168

(3) Consolidated Statement of Cash Flows

	(Thousand yen)	
	Q2 Fiscal Year Ending September 30, 2023 (Oct. 1, 2022 to March 31, 2023)	Q2 Fiscal Year Ending September 30, 2024 (Oct. 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	575,200	772,648
Depreciation	10,430	15,628
Amortization of goodwill	13,622	85,395
Share-based payment expenses	80,623	66,602
Share of loss (profit) of entities accounted for using equity method	7,555	—
Decrease (increase) in accounts receivable - trade	(104,286)	(95,619)
Decrease (increase) in accounts receivable - other	(147,246)	(47,666)
Increase (decrease) in allowance for doubtful accounts	(2,062)	(7,424)
Increase (decrease) in accounts payable - other	(4,958)	41,613
Increase (decrease) in deposits received	70,957	16,077
Increase (decrease) in contract liabilities	22,271	(17,633)
Other	6,385	(15,694)
Subtotal	528,493	813,927
Interest and dividends received	19	24
Interest paid	(611)	(3,289)
Income taxes paid	(89,490)	(68,998)
Cash flows from operating activities	438,410	741,664
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(85,022)	(84,605)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	30,486
Payments for investments in capital	(60,062)	(20,000)
Other	(4,579)	(925)
Cash flows from investing activities	(149,663)	(75,044)
Cash flows from financing activities		
Repayments of long-term borrowings	(25,556)	(23,406)
Proceeds from issuance of shares	72,078	7,119
Other	—	(51)
Cash flows from financing activities	46,522	(16,338)
Net increase (decrease) in cash and cash equivalents	335,269	650,281
Cash and cash equivalents at beginning of period	5,117,461	5,734,898
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	100,884
Cash and cash equivalents at end of period	5,452,730	6,486,063

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Accounting Procedures Specific to Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after tax effect accounting is applied to the pre-tax profit for the consolidated fiscal year, including the second quarter of the current consolidated fiscal year, and by multiplying this effective tax rate and the pre-tax profit.

(Segment information, etc.)

[segment information]

Previous consolidated cumulative second quarter (October 1, 2022 to March 31, 2023)

1. Information of net sales and profit or loss by reportable segment and decomposition of earnings

(Thousand yen)

	Reportable segments			Other (Note1)	Adjusted amount	Amounts shown on quarterly consolidated statement of income
	Matching Business	SaaS Business	Total			
Net sales						
Goods or services to be transferred at one point of time	1,039,916	450	1,040,366	—	—	1,040,366
Goods or services to be transferred over a period of time	4,896,725	182,987	5,079,712	—	—	5,079,712
Revenue from contracts with customers	5,936,641	183,437	6,120,078	—	—	6,120,078
Other revenue	—	—	—	33,181	—	33,181
(1) Sales to external customers	5,936,641	183,437	6,120,078	33,181	—	6,153,259
(2) Internal sales or exchange between segments	—	—	—	—	—	—
Total	5,936,641	183,437	6,120,078	33,181	—	6,153,259
Segment profit (loss)	650,444	(147,334)	503,109	30,820	—	533,930

Note 1: The category of "Other" indicates business segments which are not included in reportable segments, and includes any newly developed business, etc.

Note 2: Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Matching Business segment, the Company acquired all shares of Peaceful Morning Company Limited. The increase in goodwill due to this event was 136,965 thousand yen in the second quarter of the current consolidated cumulative period.

Current consolidated cumulative second quarter (October 1, 2023 to March 31, 2024)

1. Information on net sales and profit or loss by reportable segment and decomposition of earnings

(Thousand yen)

	Reportable segments			Other (Note1)	Adjusted amount	Amounts shown on quarterly consolidated statement of income
	Matching Business	SaaS Business	Total			
Net sales						
Goods or services to be transferred at one point of time	1,079,790	18,710	1,098,500	—	—	1,098,500
Goods or services to be transferred over a period of time	6,704,231	274,038	6,978,269	8,134	—	6,986,404
Revenue from contracts with customers	7,784,021	292,748	8,076,770	8,134	—	8,084,905
Other revenue	—	—	—	37,218	—	37,218
(1) Sales to external customers	7,784,021	292,748	8,076,770	45,352	—	8,122,123
(2) Internal sales or exchange between segments	—	105	105	—	(105)	—
Total	7,784,021	292,853	8,076,875	45,352	(105)	8,122,123
Segment profit (loss)	714,492	(59,372)	655,120	40,223	—	695,343

Note 1: The category of “Other” indicates business segments which are not included in reportable segments, and includes any newly developed business, etc.

Note 2: Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Matching Business segment, the Company acquired all shares of YU-CRE Company Limited. The increase in goodwill due to this event was 169,016 thousand yen in the second quarter of the current consolidated cumulative period.

In the SaaS Business segment, the Company acquired all shares of So-ten, Incorporated. The increase in goodwill due to this event was 126,437 thousand yen in the second quarter of the current consolidated cumulative period.

3. Other

Material Events Related to Going Concern Assumptions, etc.

Not applicable.