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October 7, 2024

Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending November 30, 2024 (Under Japanese GAAP)

Company name: Japaniace Co., Ltd.
Listing: Tokyo Stock Exchange (Growth Market)
Securities code: 9558
URL: <https://jna.co.jp/investors>
Representative: Saburo Nishikawa, Representative Director, Chairman and President
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Scheduled date to commence dividend payments: -
Supplementary material on financial results: Yes (in Japanese)
Quarterly results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending November 30, 2024 (December 1, 2023 to August 31, 2024)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
August 31, 2024	8,297	14.4	547	(10.5)	607	(5.6)	396	(5.2)
August 31, 2023	7,251	18.9	611	34.6	643	41.1	418	37.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
August 31, 2024	99.54	98.35
August 31, 2023	105.70	103.67

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of			
August 31, 2024	4,822	2,671	55.4
November 30, 2023	4,585	2,857	62.3

(Reference) Shareholders' equity

As of August 31, 2024: ¥2,671 million
As of November 30, 2023: ¥2,857 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2023	-	0.00	-	77.00	77.00
Fiscal year ending November 30, 2024	-	47.00	-		
Fiscal year ending November 30, 2024 (Forecast)				48.00	95.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Non-consolidated Earnings for the Fiscal Year Ending November 30, 2024

(December 1, 2023 to November 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	11,800	19.4	1,020	22.0	1,091	25.0	768	24.7	190.29

Note: Revisions to the forecast of non-consolidated earnings most recently announced: None

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common stock)

- (i) Total number of issued shares at the end of the period (including treasury stock)

As of August 31, 2024	4,008,800 shares
As of November 30, 2023	4,000,000 shares

- (ii) Number of treasury shares at the end of the period

As of August 31, 2024	49,001 shares
As of November 30, 2023	17,078 shares

- (iii) Average number of shares outstanding during the period

Nine months ended August 31, 2024	3,988,159 shares
Nine months ended August 31, 2023	3,959,933 shares

- * Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

- * Proper use of earnings forecasts, and other special matters

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

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1. Qualitative Information

(1) Quarterly Overview of Operating Results

During the cumulative third quarter of the current fiscal year, the normalization of social and economic activities has led the Japanese economy to signs of gradual recovery in consumer spending and employment. However, the future of the economy remains uncertain due to the current global situation including protracted Russia-Ukraine conflict and growing tensions in the Middle East.

Under these circumstances, net sales of our Advanced Engineering business increased, thanks to ongoing active investment in IT infrastructure development, DX (digital transformation), etc., with demand in both private and public sectors combined with chronic shortage of IT personnel. On the other hand, cost of sales increased as we actively recruited engineers to meet the high demand for IT investment, and the gross profit margin declined due to an increase in the number of engineers including new graduates to be trained. Selling, general and administrative expenses increased due to an increase in the number of engineers hired. Non-operating income increased due to commissions received from customers as well as career development promotion subsidies received for onboarding training for those new to the industry.

As a result, the Company recorded net sales of 8,297,143 thousand yen (up 14.4% year-on-year), operating profit of 547,344 thousand yen (down 10.5% year-on-year), ordinary profit of 607,654 thousand yen (down 5.6% year-on-year) and profit of 396,972 thousand yen (down 5.2% year-on-year).

The Company does not provide segment information since it operates in a single reportable segment “Advanced Engineering”.

(2) Quarterly Overview of Financial Position

(Assets)

Total assets at the end of the third quarter of the current fiscal year amounted to 4,822,488 thousand yen, up 237,025 thousand yen from the end of the previous fiscal year. The main factors were a 190,923 thousand yen increase in cash and deposits and a 108,839 thousand yen decrease in electronically recorded monetary claims in current assets, and a 125,798 thousand yen increase in investments and other assets in non-current assets.

(Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to 2,151,395 thousand yen, up 423,539 thousand yen from the end of the previous fiscal year. The main factors were a 115,207 thousand yen increase in accrued expenses and a 361,432 thousand yen increase in provision for bonuses in current liabilities.

(Net assets)

Total net assets at the end of the third quarter of the current fiscal year amounted to 2,671,092 thousand yen, a decrease of 186,514 thousand yen from the end of the previous fiscal year. The main factors were profit of 396,972 thousand yen, dividends payment of 494,719 thousand yen, and purchase of treasury stock of 99,942 thousand yen.

As a result, the Company recorded a shareholders' equity ratio of 55.4% (62.3% at the end of the previous fiscal year).

(3) Forecasts for the Year Ending November 30, 2024

There are currently no changes to the earnings forecast announced on January 12, 2024. The forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors.

2. Quarterly Non-consolidated Financial Statements and Notes

(1) Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	2,676,239	2,867,162
Accounts receivable and contract assets	1,390,450	1,392,415
Electronically recorded monetary claims	108,839	—
Other	51,807	69,068
Allowance for doubtful accounts	(90)	—
Total current assets	4,227,246	4,328,645
Non-current assets		
Property, plant and equipment	60,776	59,311
Intangible assets	5,394	16,686
Investments and other assets	292,046	417,844
Total non-current assets	358,216	493,842
Total assets	4,585,462	4,822,488
Liabilities		
Current liabilities		
Accounts payable	13,178	13,972
Accrued expenses	717,649	832,857
Income taxes payable	171,892	200,137
Provision for bonuses	179,804	541,237
Provision for loss on orders received	765	1,586
Other	432,446	349,485
Total current liabilities	1,515,736	1,939,275
Non-current liabilities		
Long-term accounts payable – other	212,119	212,119
Total non-current liabilities	212,119	212,119
Total liabilities	1,727,855	2,151,395
Net assets		
Shareholders' equity		
Common stock	20,000	22,252
Capital surplus	85,313	87,480
Retained earnings	2,761,099	2,663,353
Treasury stock	(8,806)	(101,993)
Total shareholders' equity	2,857,606	2,671,092
Total net assets	2,857,606	2,671,092
Total liabilities and net assets	4,585,462	4,822,488

(2) Quarterly Non-consolidated Statements of Income
 Nine Months Ended August 31, 2023 and 2024

(Thousands of yen)

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Net sales	7,251,185	8,297,143
Cost of sales	5,395,267	6,240,647
Gross profit	1,855,918	2,056,495
Selling, general and administrative expenses	1,244,209	1,509,150
Operating profit	611,708	547,344
Non-operating income		
Interest income	25	261
Commission income	3,123	22,023
Subsidy income	27,276	35,327
Other	1,650	3,066
Total non-operating income	32,075	60,678
Non-operating expenses		
Commission for purchase of treasury stock	—	369
Total non-operating expenses	—	369
Ordinary profit	643,783	607,654
Profit before income taxes	643,783	607,654
Income taxes – current	333,546	336,808
Income taxes – deferred	(108,346)	(126,126)
Total income taxes	225,200	210,681
Profit	418,583	396,972

(3) Notes to Quarterly Non-consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Cumulative third quarter of previous fiscal year (December 1, 2022 to August 31, 2023)

1. Dividends paid

Resolution	Class of shares	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
General Meeting of Shareholders February 24, 2023	Common stock	217,800	55.00	November 30, 2022	February 27, 2023	Retained earnings

2. Dividends for which the record date is during the cumulative third quarter of the current fiscal year and the effective date is after the last day of the current third quarter:

Not applicable.

Cumulative third quarter of current fiscal year (December 1, 2023 to August 31, 2024)

1. Dividends paid

Resolution	Class of shares	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
General Meeting of Shareholders February 22, 2024	Common stock	306,592	77.00	November 30, 2023	February 26, 2024	Retained earnings
Board of Directors meeting July 8, 2024	Common stock	188,126	47.00	May 31, 2024	August 2, 2024	Retained earnings

2. Dividends for which the record date is during the cumulative third quarter of the current fiscal year and the effective date is after the last day of the current third quarter:

Not applicable.

3. Significant changes in shareholders' equity

The Company acquired 45,100 shares of treasury stock based on the resolution of the Board of Directors meeting held on July 8, 2024. As a result, treasury stock increased by 93,187 thousand yen during the cumulative third quarter of the current fiscal year and amounted to 101,993 thousand yen at the end of the period.

(Notes to Segment Information, etc.)

The Company does not provide segment information since it operates in a single reportable segment "Advanced Engineering".

(Notes to Non-consolidated Statements of Cash Flows)

Non-consolidated statements of cash flows for the third quarter are not available. Depreciation (including amortization related to intangible assets excluding goodwill) for the third quarter ended August 31, 2023 and 2024 is as follows:

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Depreciation	¥9,223 thousand	¥10,883 thousand