

FY March 2025 3Q Financial Results

Forum Engineering Inc.

(TSE Prime Market: 7088)

cognavi（コグナビ）
— by フォーラムエンジニアリング —

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- **Summary of Financial Results for 3Q FY Mar 2025**
- **Status of Each Services (domestic)**
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[Consolidated] Financial Results for FY March 2025-3Q

Year on year, sales increased by 2,559 million yen (+10.9%) and operating profit increased by 995 million yen (+41.1%). Steady progress has been made in line with the forecast.

(million yen)

	[Consolidated] Result FY Mar 2025 3Q	Full Year Forecast Achievement Rate	Achievement Rate	[Consolidated] Result FY Mar 2024 3Q	Year on Year	
Net Sales	**26,052**	**34,600**	**75.3%**	**23,492**	**+2,559**	**+10.9%**
Gross Profit	**8,130**			**7,053**	**+1,077**	**+15.3%**
Gross Profit Ratio (%)	**31.2%**			**30.0%**	**+1.2%pts**	-
Selling, General and Administrative	4,713			4,630	+82	+1.8%
Operating Profit	**3,417**	**4,000**	**85.4%**	**2,422**	**+995**	**+41.1%**
Operating Profit Ratio (%)	**13.1%**			**10.3%**	**+2.8%pts**	-
Ordinary Profit	3,479	4,070	**85.5%**	2,428	+1,051	+43.3%
Profit before Income Taxes	3,479			2,428	+1,051	+43.3%
Profit Attributable to Owners of Parent	**2,330**	**2,725**	**85.5%**	**1,632**	**+697**	**+42.7%**

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[By each companies] Financial Results for FY March 2025-3Q

(million yen)		Result FY Mar 2025 3Q	Full-year Forecast	Achievement Rate	Result FY Mar 2024 3Q	Year on Year	
Forum Engineering	Net Sales	26,036	34,565	75.3%	23,492	+2,543	+10.8%
	Operating Profit	3,701	4,360	84.9%	2,551	+1,150	+45.1%
Cognavi India	Net Sales	15	30	52.8%	0	+16	-
	Operating Profit	-279	-350	-	-128	-151	-

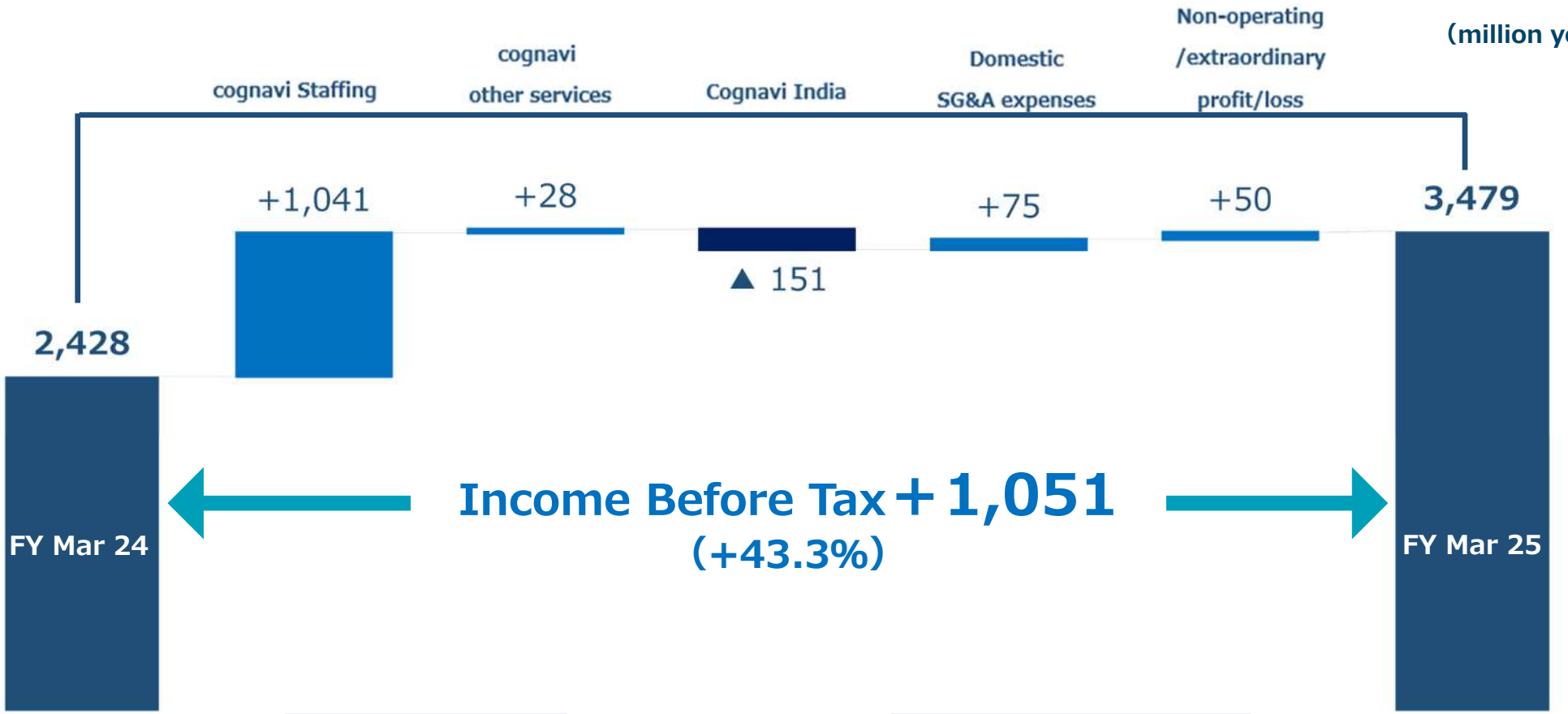
Note: A dash (−) in the achievement rate and YoY comparison indicates a negative value or change of 1,000% or more.

Note: Full-year forecasts are rounded down to the nearest million and set to zero, therefore totals may not add up.

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[Consolidated] Profit before Income Taxes by YoY Comparison

(million yen)



cognavi Staffing	
Increase of Utilized Engineers	+334
Increase of Staffing Rate	+668
Decrease of Paid Leave Taken	+79
Increase of Overtime	+20
Increase of Cost	-60

Other cognavi Services	
cognavi Graduate	+59
cognavi Career Change	-31

Cognavi India	
Operating Profit	-151

Domestic SG&A Expenses	
Personnel Costs	+23
Recruitment Fee	-18
PR Related Cost	-41
Information system expenses/Software amortization cost	-49
Other	+12

Non-operating /Extraordinary Profit & loss	
Cognavi India Fixed Deposit Investment Profit	+57
Interest of Committed Line of Credit	-7

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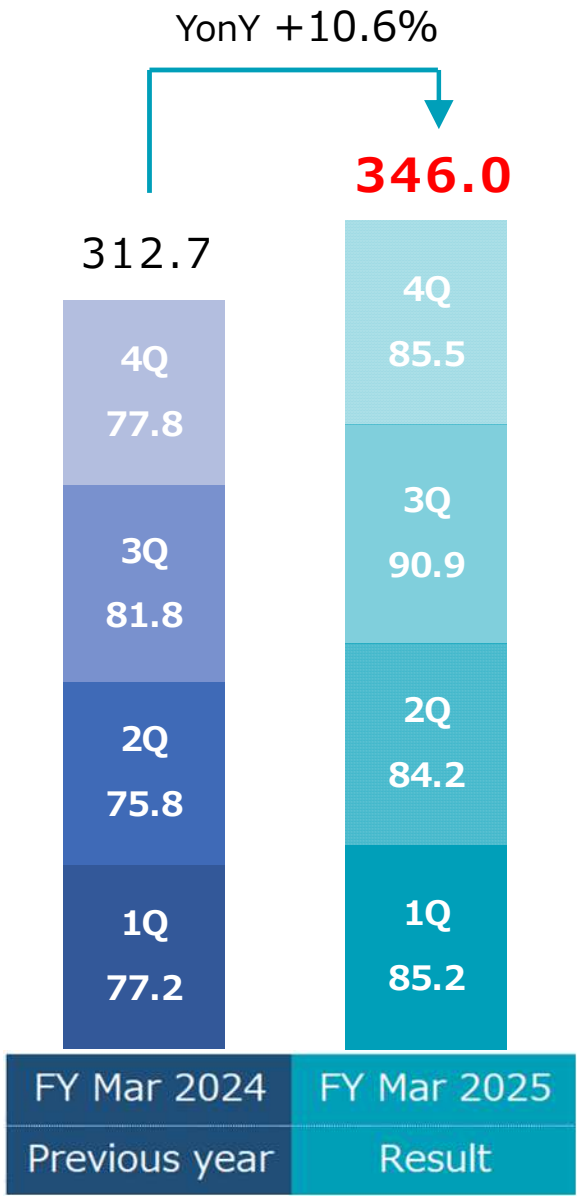
Note: Numbers are rounded down to the nearest million and set to zero, therefore totals may not add up.

[Consolidated] Summary of Revised Full-Year Forecast

As per the revised upward plan, we expect sales of 34.6 billion yen and operating income of 4 billion yen.

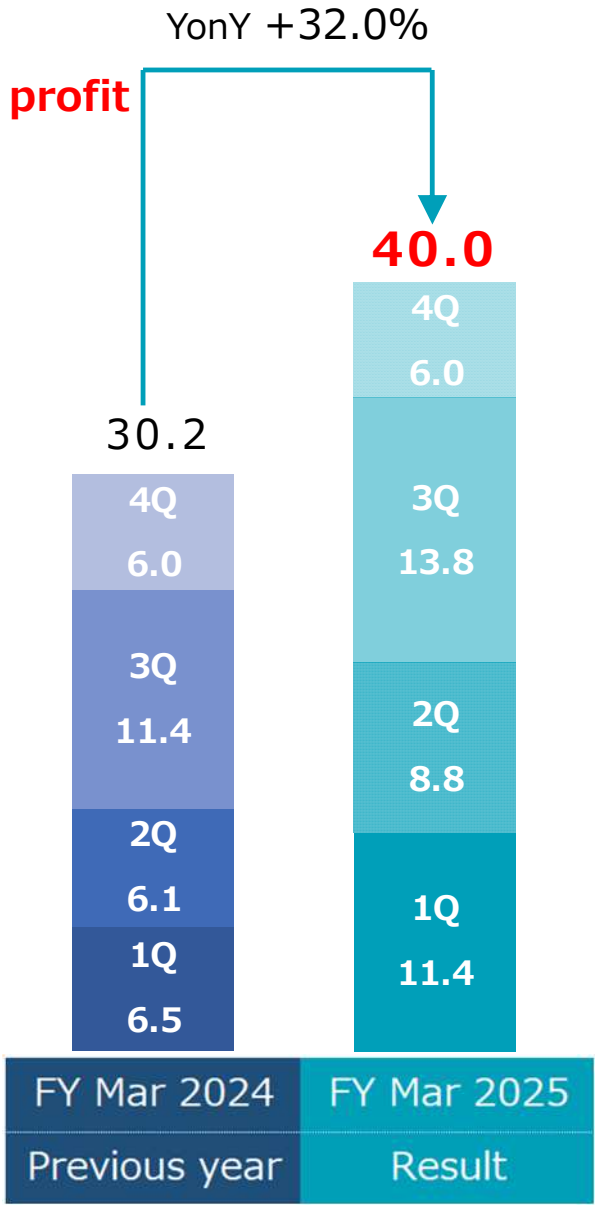
● Net sales

(100 million yen)



● Operating profit

(100 million yen)



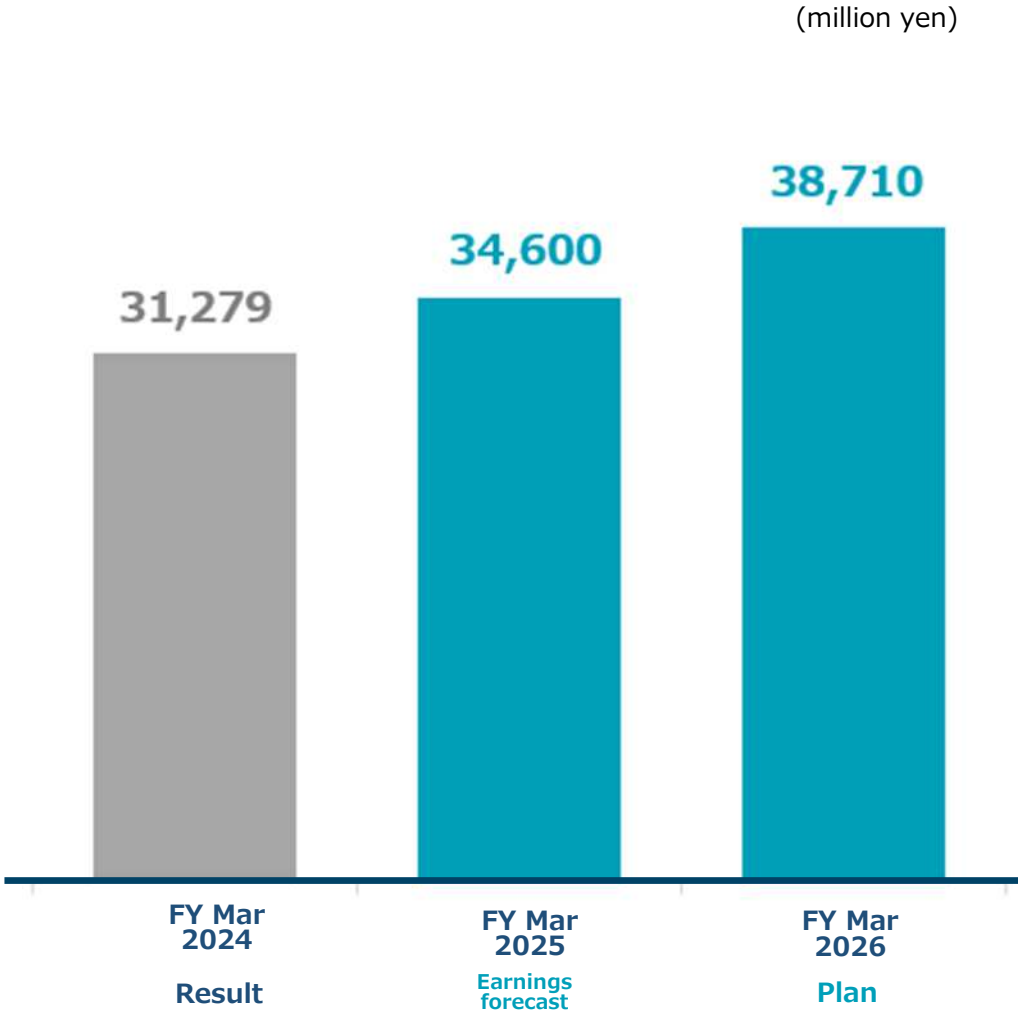
ROE	15.7%	20.0%

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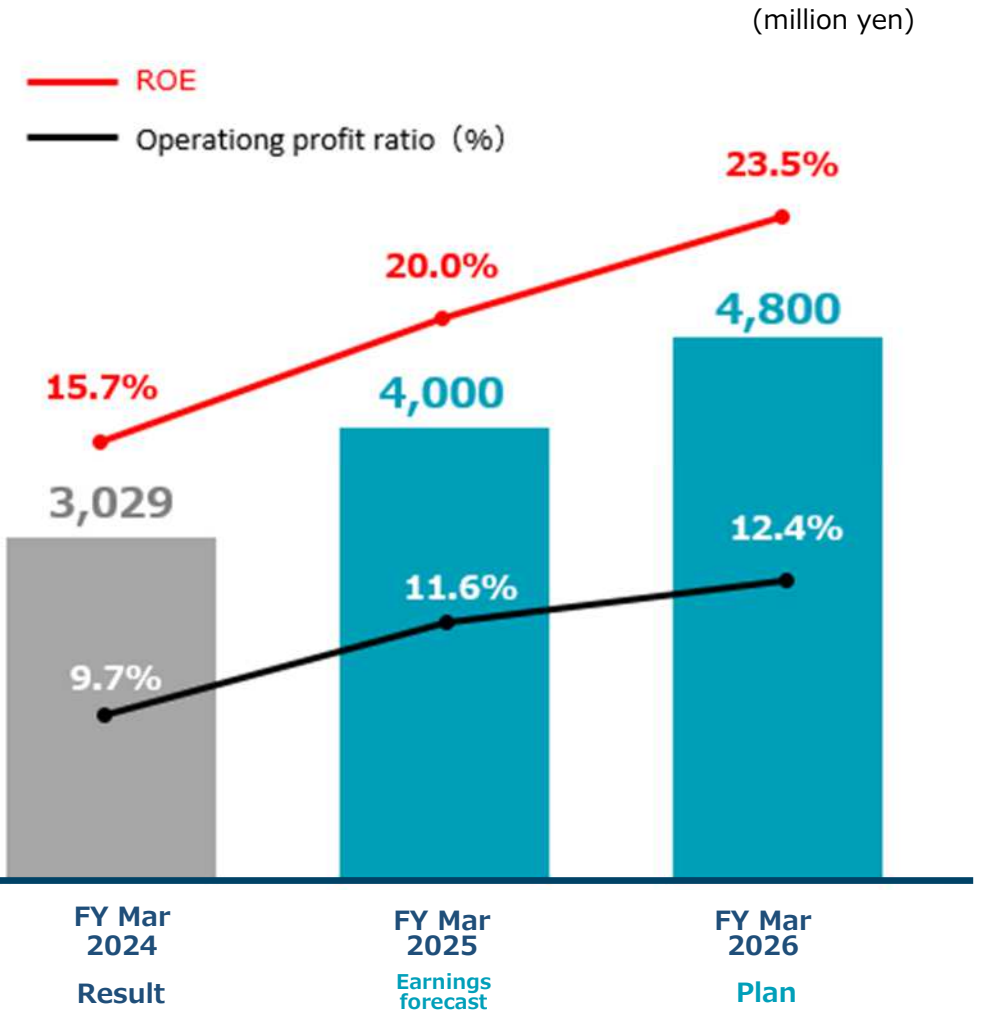
Changes to Medium-Term Management Plan “cognavi Vision 2026“

As per the upwardly revised plan, we expect sales of 38.7 billion yen and operating income of 4.8 billion yen for FY March 2026.

【Net Sales】



【Operating Profit /Operating Profit Ratio/ROE】



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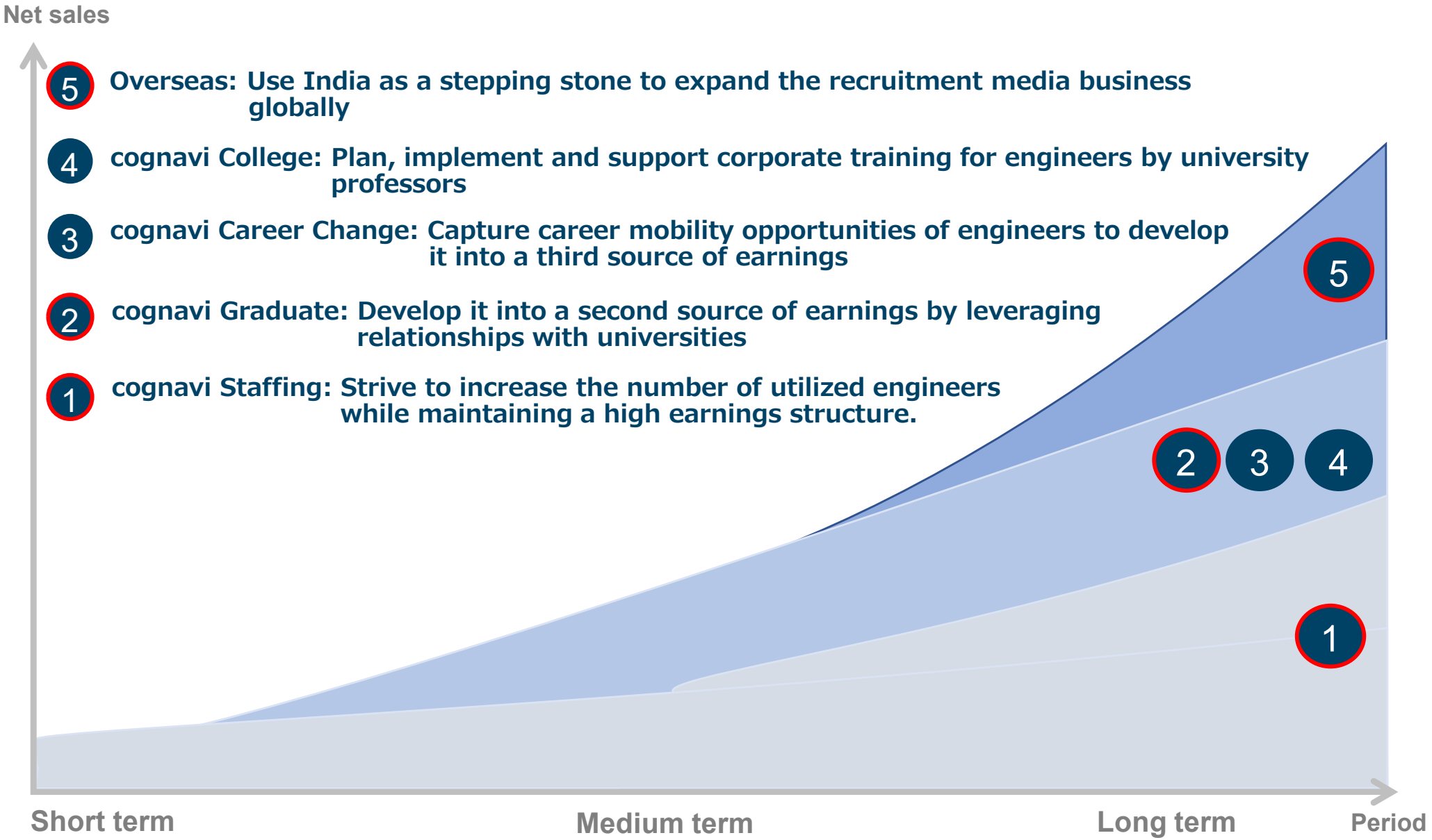
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cognavi Vision 2026 Growth Scenario

In the current fiscal year, we will focus on cognavi Staffing, cognavi Graduate and the overseas business.



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- **Status of Each Service (domestic)**

  cognavi Staffing

  cognavi Graduate

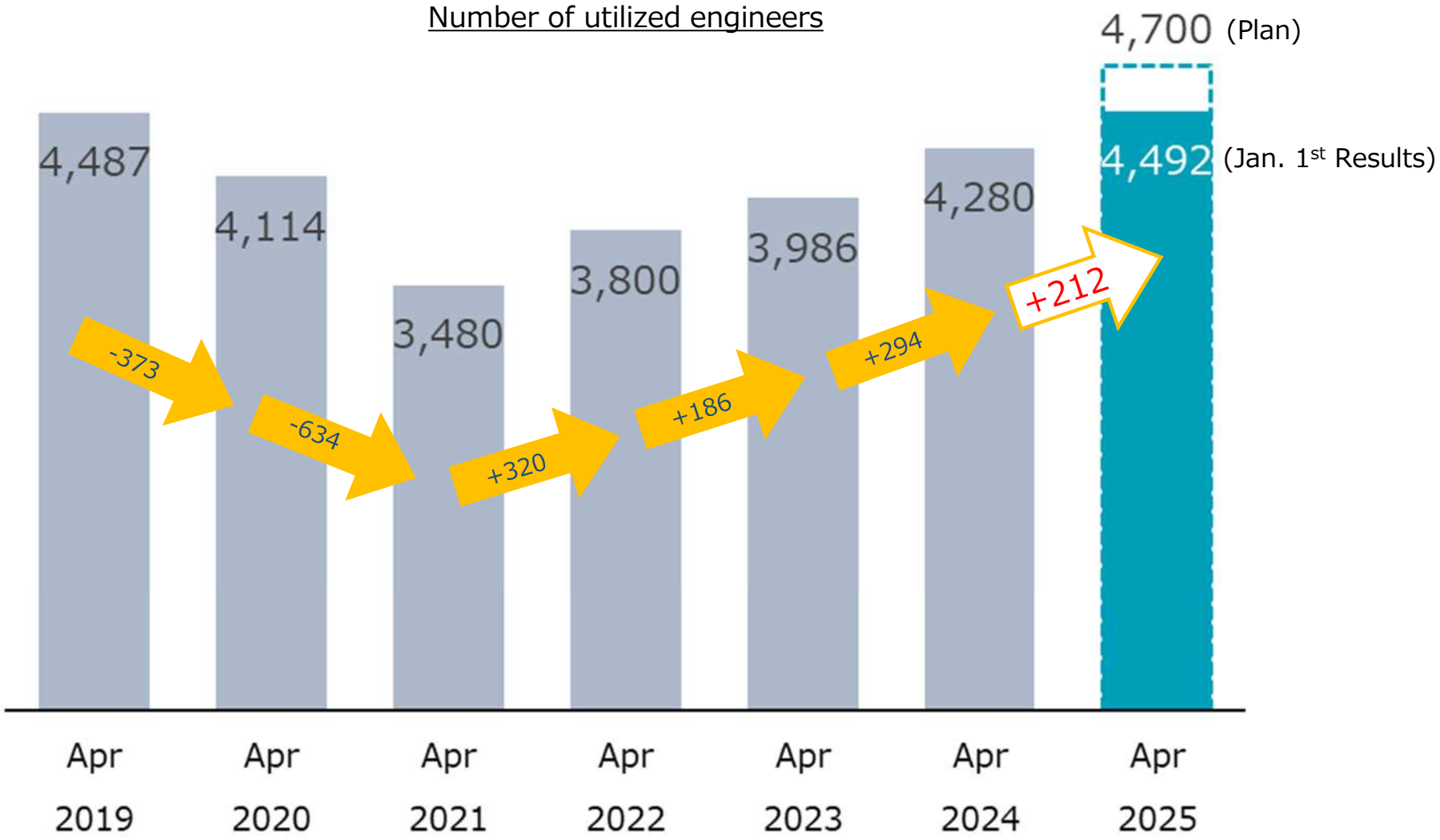
  cognavi Career Change / cognavi College

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(1) Number of utilized engineers

4,492 active engineers at the end of 3Q, up by 212 from the beginning of the fiscal year.
The Company expects to have 4,580 employees, up 300 from the beginning of the fiscal year, compared to the planned 4,700.

Number of utilized engineers



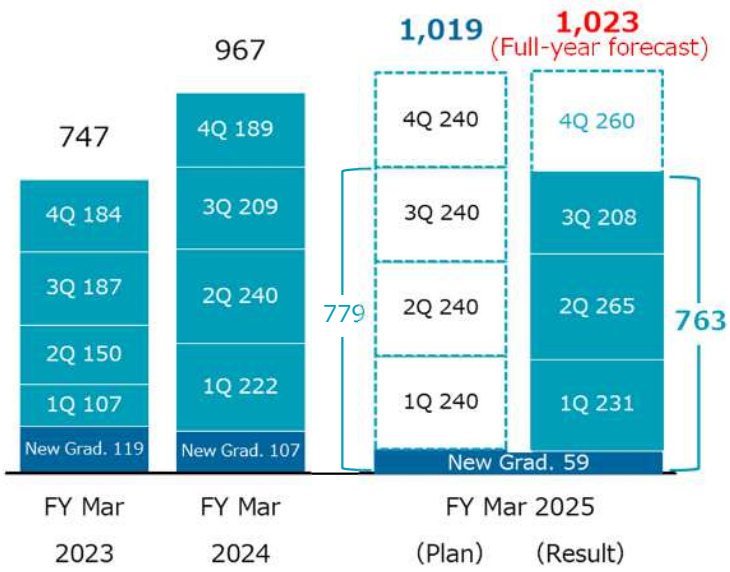
Note: Each figure represents the number at the beginning (i.e. April) of the fiscal year concerned.

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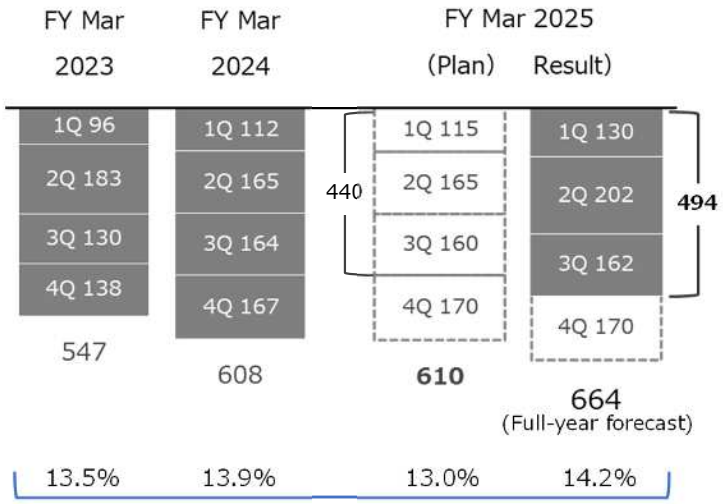
(1) Engineer Recruitment / Retirement

The number of employees hired in the 3Q was 763, slightly less than the plan. The full-year outlook is roughly in line with the plan.

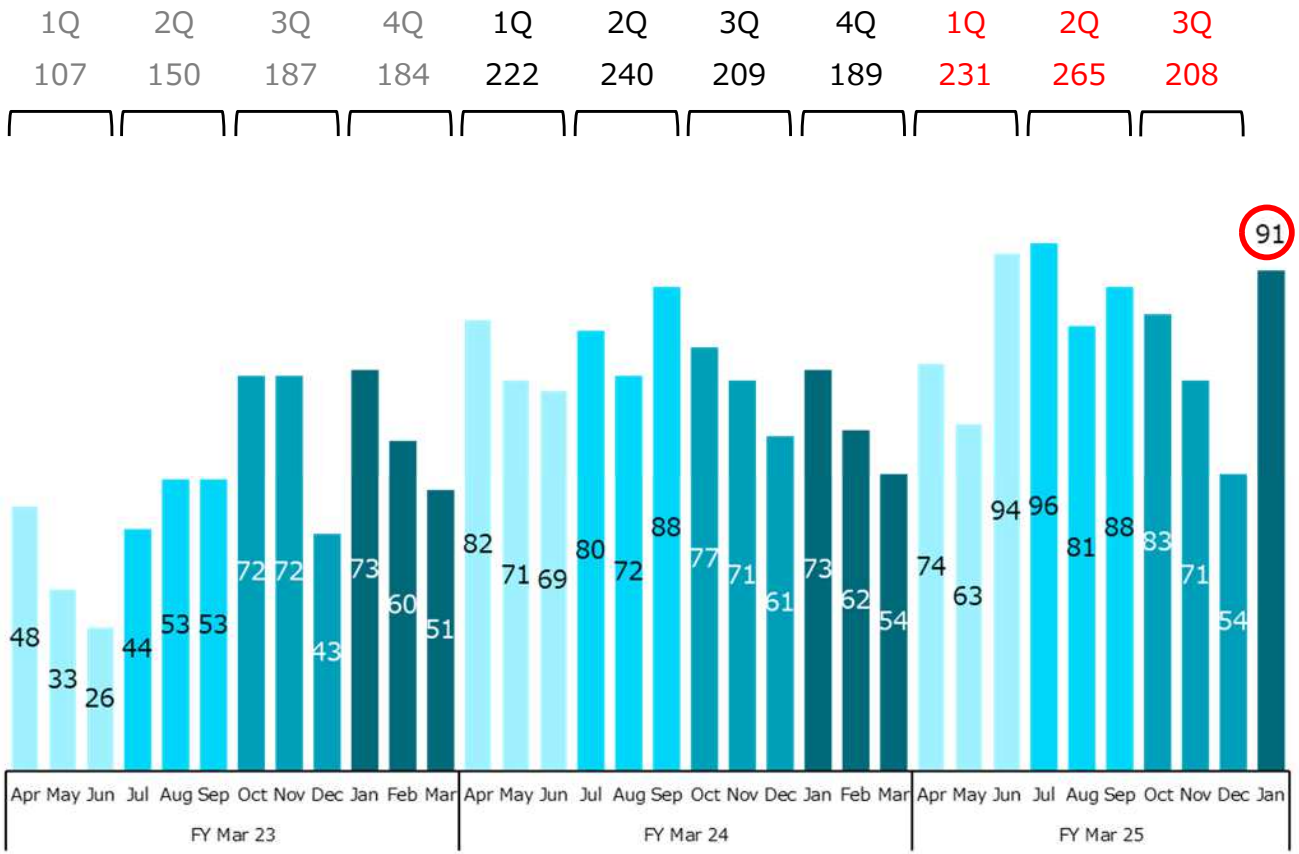
Number of engineers hired



Number of engineer resigned



Number of engineers hired (by quarter and by month)



Employee Stock Ownership Association Established and contributions began in December.

【Subscription status as of Dec. 20th】
Internal Staffs: 171 (44%)
Engineers: 1,264 (28%)

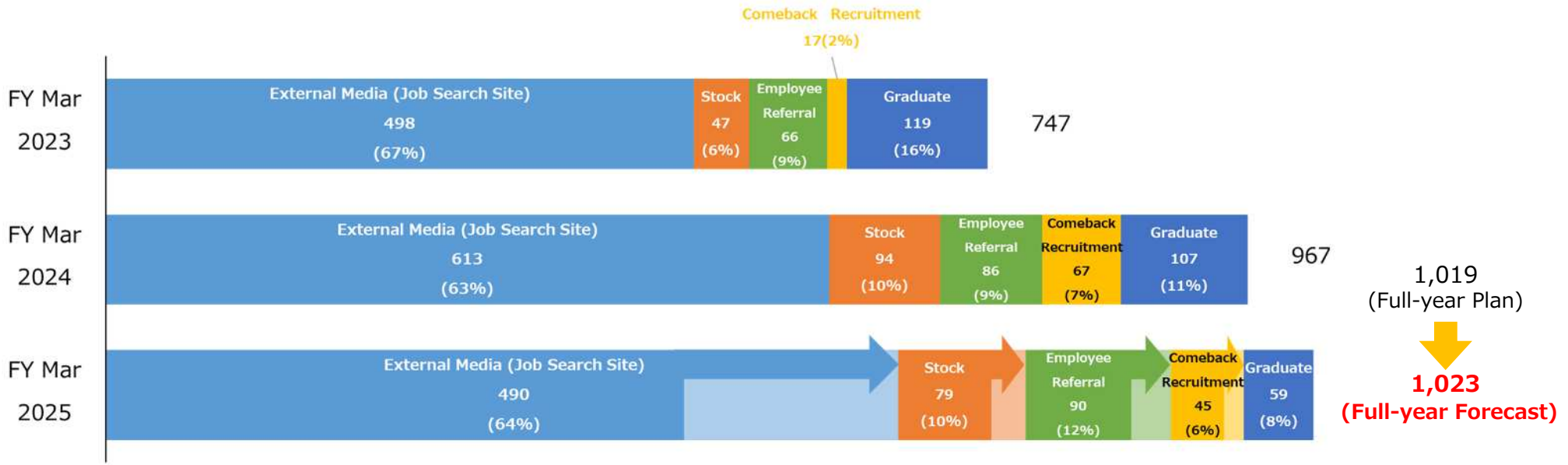
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(1) Engineer Recruitment Strategy and Recruitment Breakdown by Channel

We conducted detailed interviews to understand candidates' needs, matching them with jobs within their commutable distance and identifying opportunities aligned with their skills and preferences. By implementing the following strategies for each recruitment channel, the recruitment process went smoothly.

(1) External media:	Focus exclusively on experienced hires, discontinuing recruitment of engineers without experience.
(2) Stock (Talent pool):	Regularly send follow-up emails to encourage re-application for jobs, targeting approximately 36,000 past applicants who had turned down our employment offer.
(3) Employee referral system:	Request for support from our employees by regularly sending them emails to to ask for referrals.
(4) Comeback recruitment:	Regularly send emails inviting approximately 7,000 former employees to return.
(5) New graduate recruitment:	Connect with professors through engineering seminars to receive referrals of job-seeking graduating students.

Recruitment Breakdown by Channel



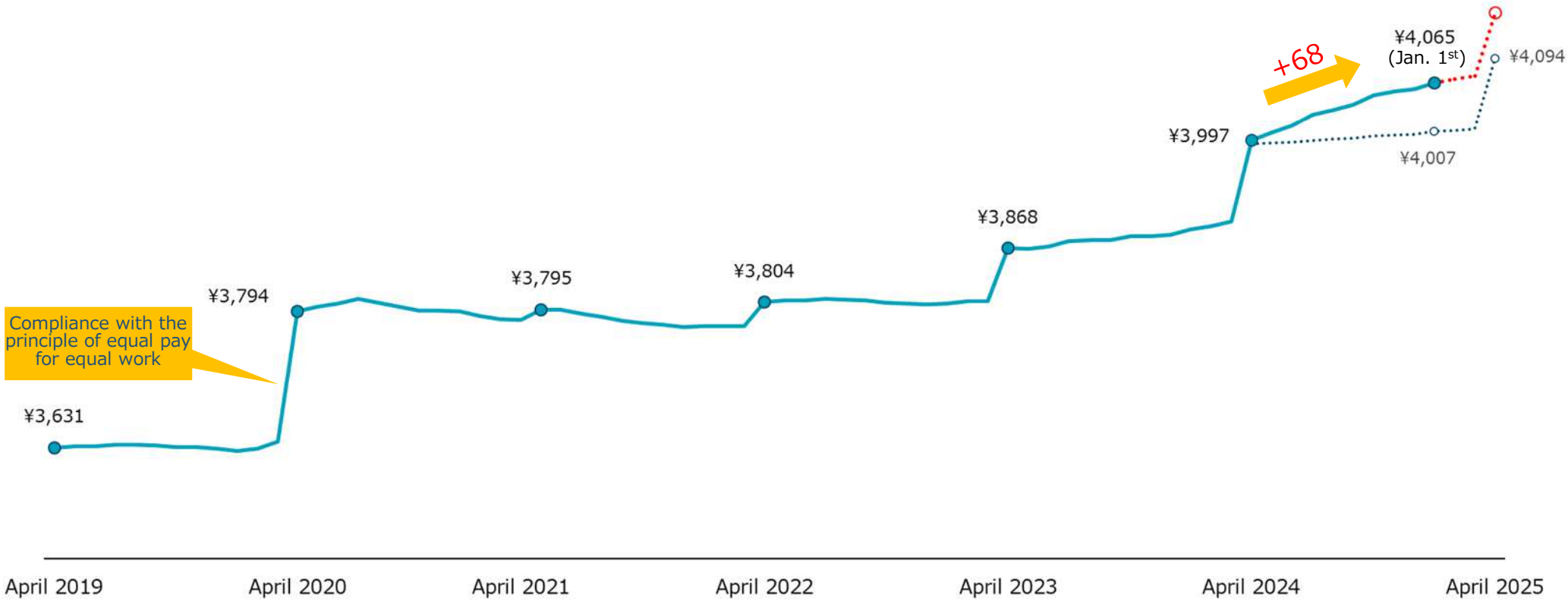
＊The number of people in each channel is the actual figure for 3Q.

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(1) Average sales per utilized engineers

Up by 68 yen from the beginning of the fiscal year. The increase was due to a focus on experienced hires and inflationary trends, which pushed up new contract rates.

Average sales per utilized engineers

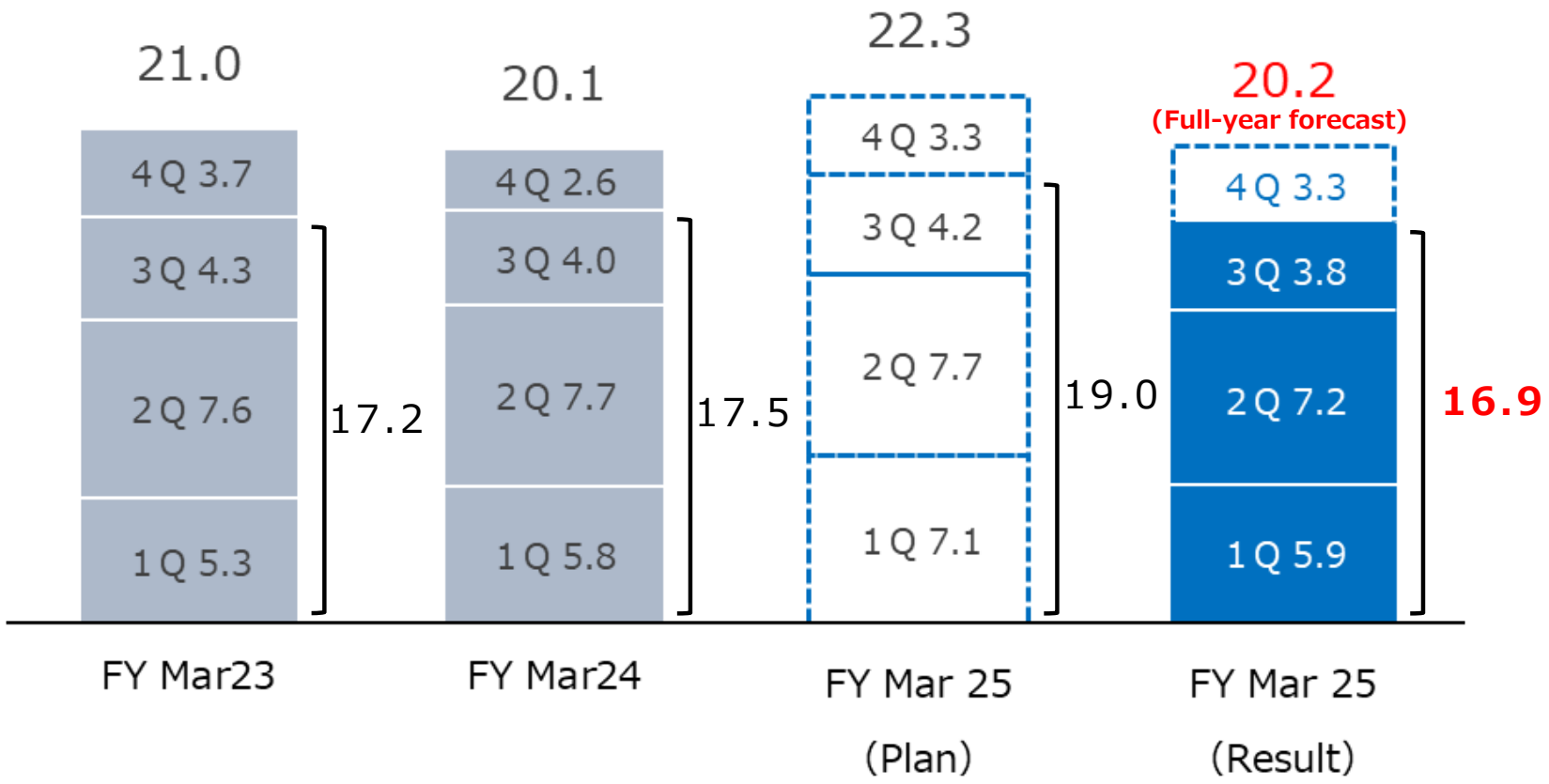


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(1) Number of days of paid leave taken

Projected to be 4.2 days in 3Q, assuming 100% use of allocated leave days, but actual usage was 3.8 days, falling short of the plan as in 2Q.
Full-year forecast for this fiscal year is 20.2 days.

Number of days of paid leave taken



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- **Status of Each Service (domestic)**

  cognavi Staffing

  cognavi Graduate

  cognavi Career Change / cognavi College

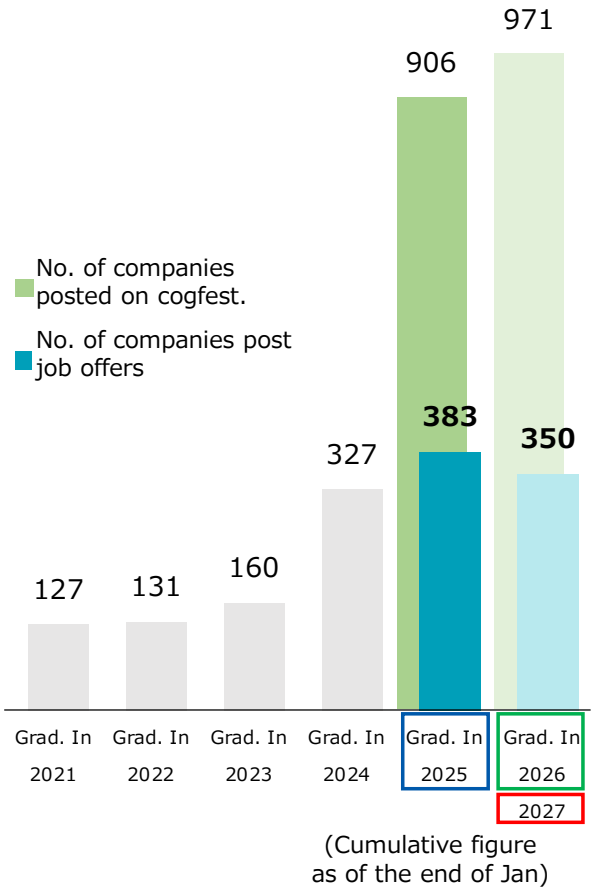
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(2) Main KPIs

2025 graduates (Sales for FY March2025): 308 successful contracts against a plan of 500.
2026 / 2027 graduates: Companies that hire more than 50 graduates are the main target and we aim to increase the number of contracts.

Number of companies posting job offers

Major manufacturers targeted
Approx. 1,400 companies

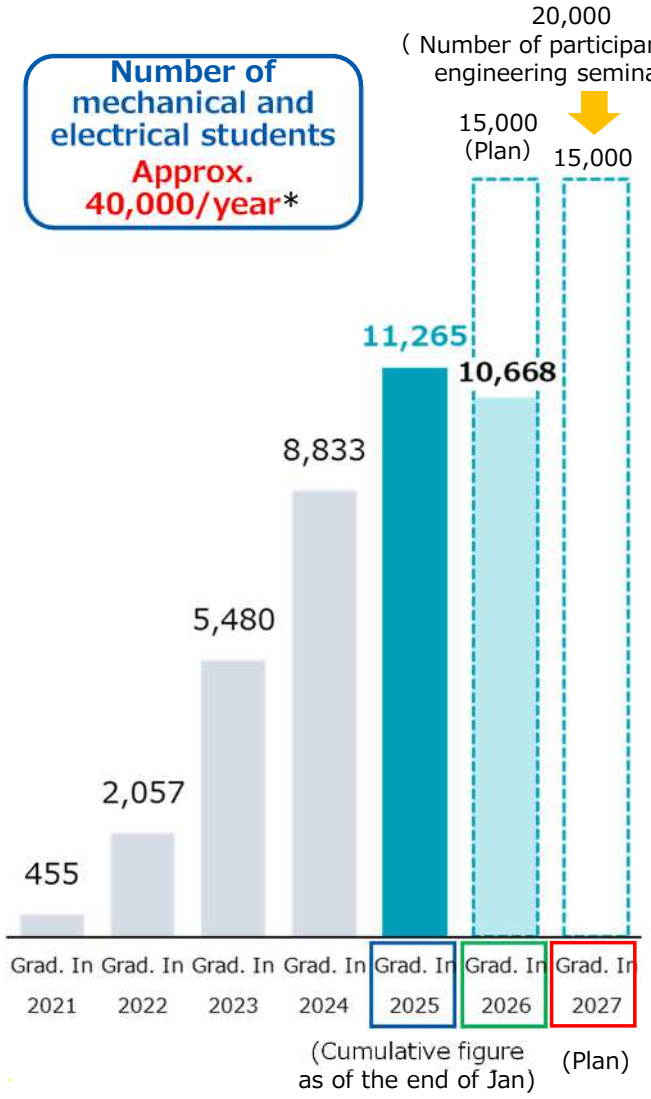


(Cumulative figure as of the end of Jan)

Number of members registered

Number of mechanical and electrical students
Approx. 40,000/year*

20,000
(Number of participants in the engineering seminar)

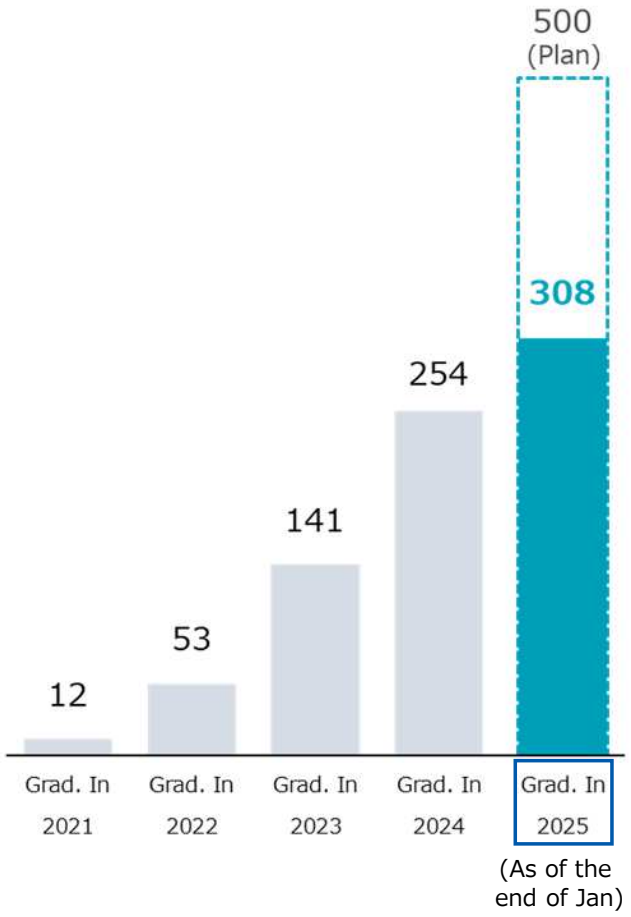


(Cumulative figure as of the end of Jan)

(Plan)

Number of successful contracts

Rewards for contracts
1 million yen/person



(As of the end of Jan)

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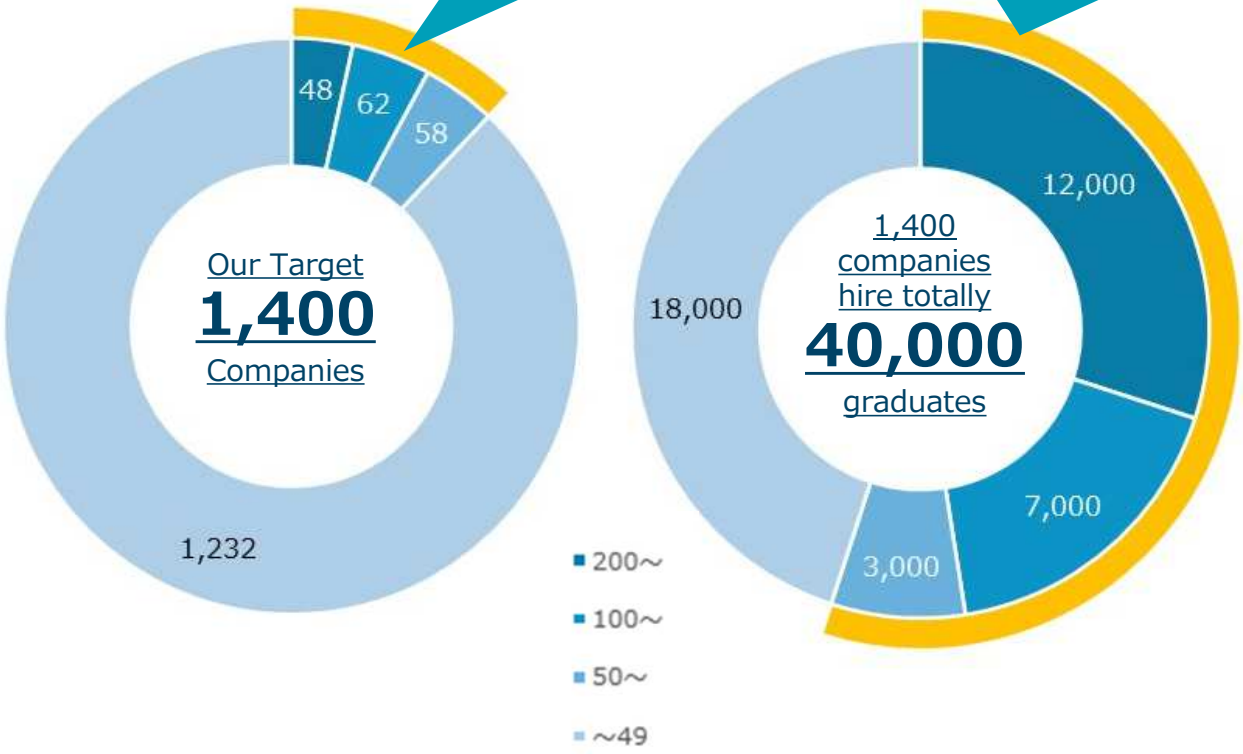
* The number of students is the Company's estimate based on 2023 nationwide school data from Kyouiku Solution Corporation

(2) Progress for 168 major target companies

(hire more than 50 graduates)

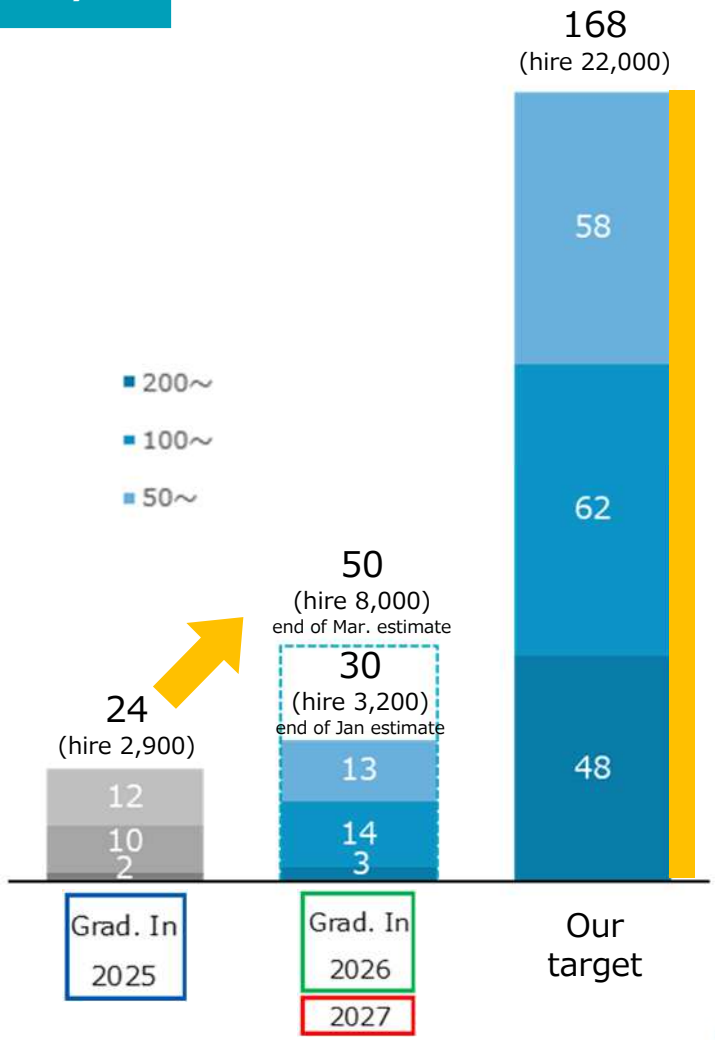
Companies hire more than 50 graduates **168 (Total 13%)**

168 companies (hire more than 50 graduates) **hire 22,000 (Total 55%)**



Number of companies posting job offers

(Hire more than 50)



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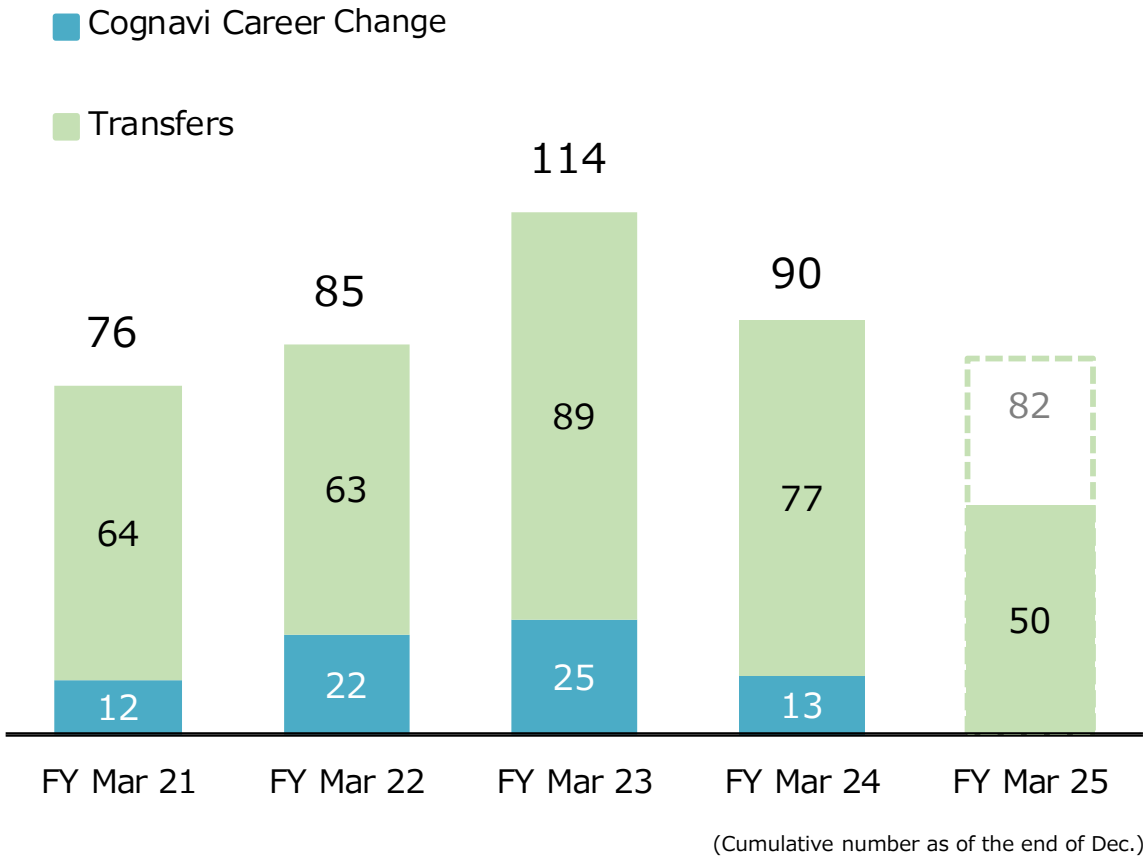
- **Status of Each Service (domestic)**
  - cognavi Staffing
  - cognavi Graduate
  - **cognavi Career Change / cognavi College**

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(3) cognavi Career Change

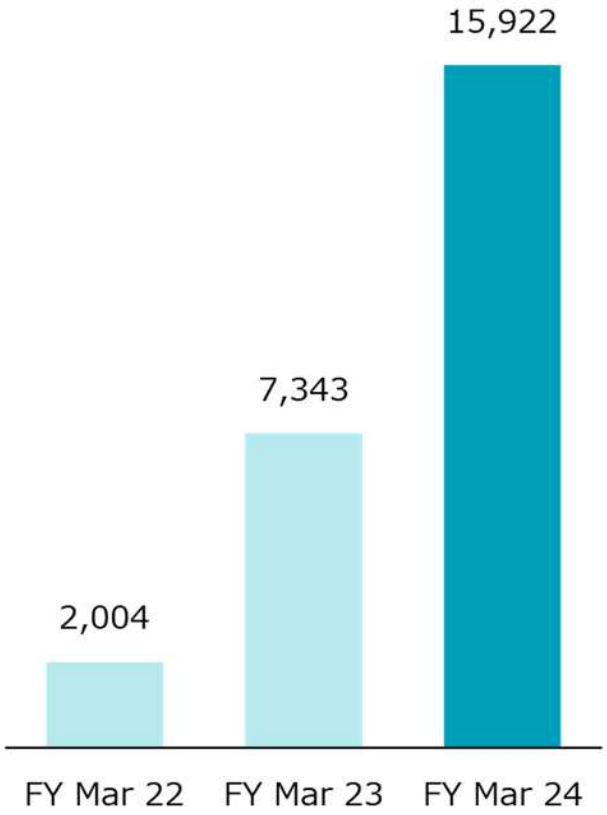
This fiscal year, the Company did not incur any web advertising or commercials to attract members but only implemented “transfer of employment” which engineers employed in the staffing business switch to direct employment at client companies.
Aims to achieve mid- to long-term profitability by providing a place for engineers who joined the company through cognavi Graduate as new graduates when changing jobs in the future.

Number of successful contracts



(Cumulative number as of the end of Dec.)

Number of website members of cognavi Graduate (Cumulative)



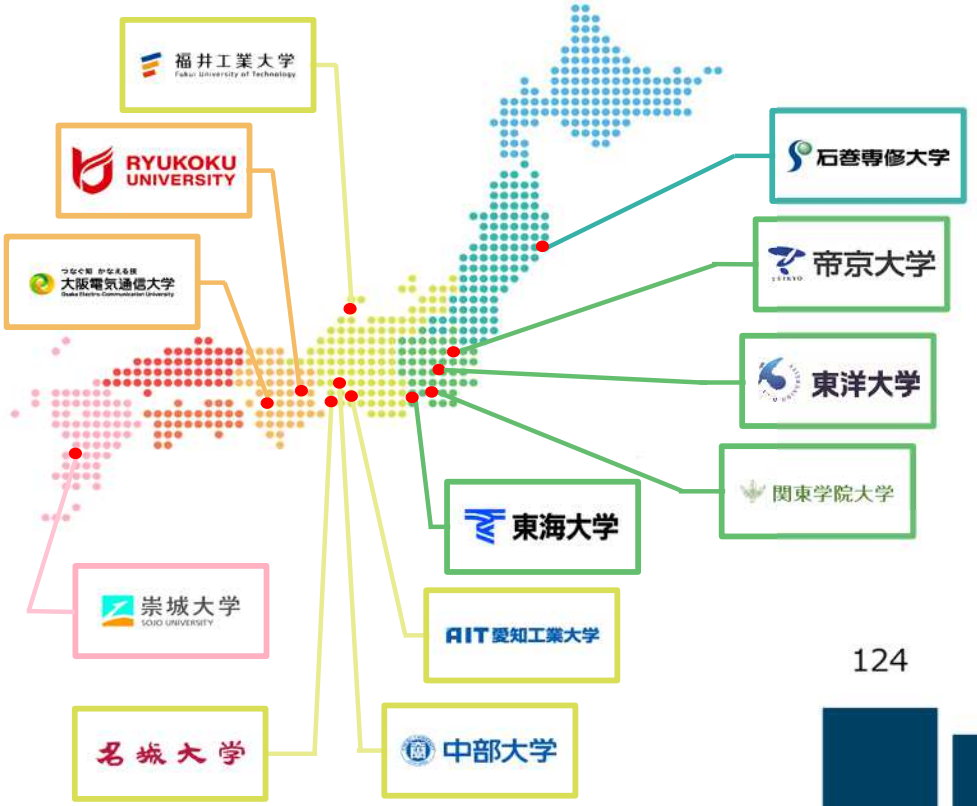
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(4) cognavi College

Thus far, 649 people have taken the course, including 67 people who took the “basic training” course for new employees who joined the company through cognavi Graduate.
Plans to continue promoting the use of the course in conjunction with cognavi by aiming to expand the business.

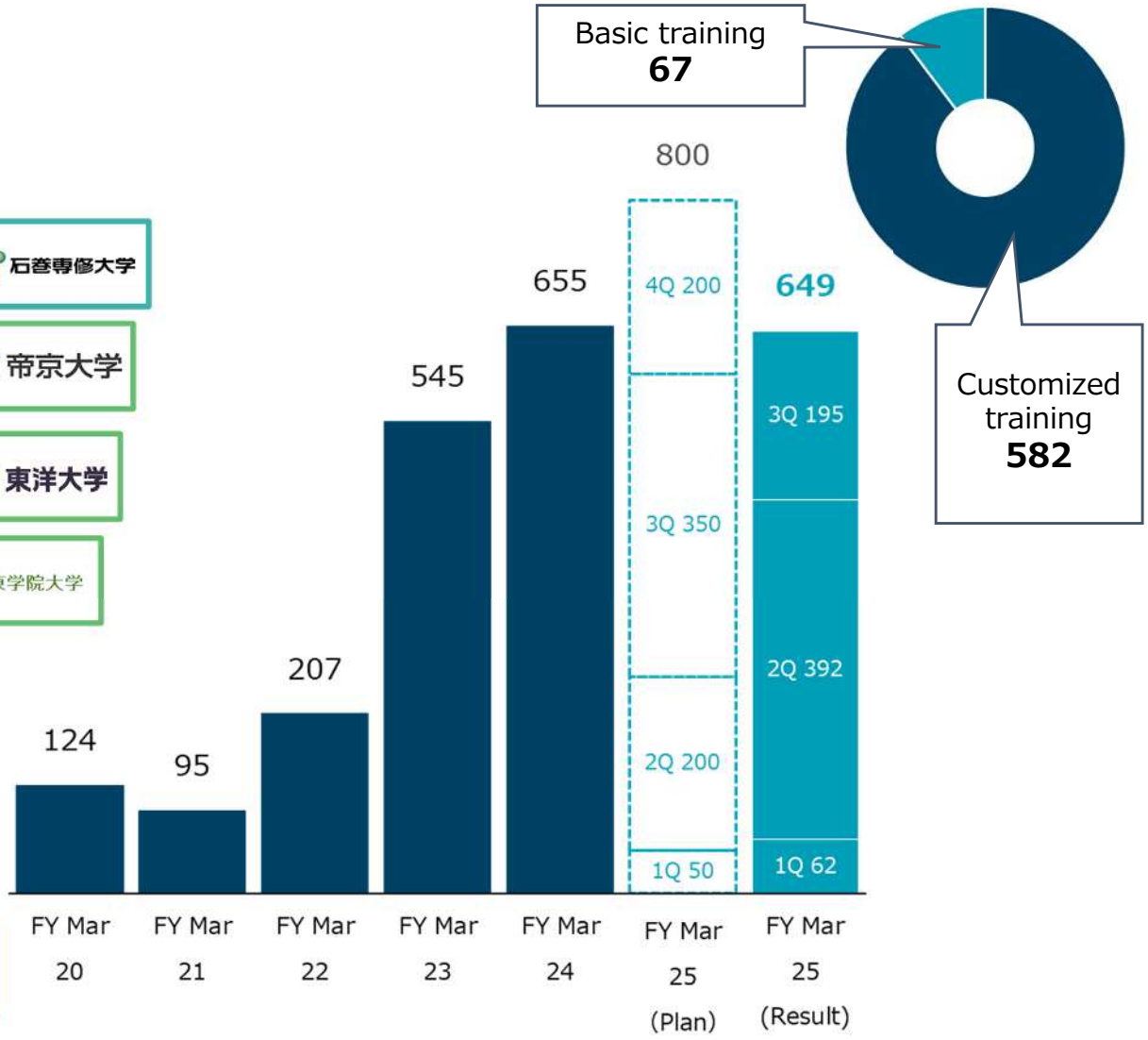
Partner Universities

＊As of the end of Dec. 2024



In partnership with a total of 12 universities
Total number of professors: Approx. 850

Number of attendees



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(5) Cognavi India - Earnings Forecast Figures

(million yen)

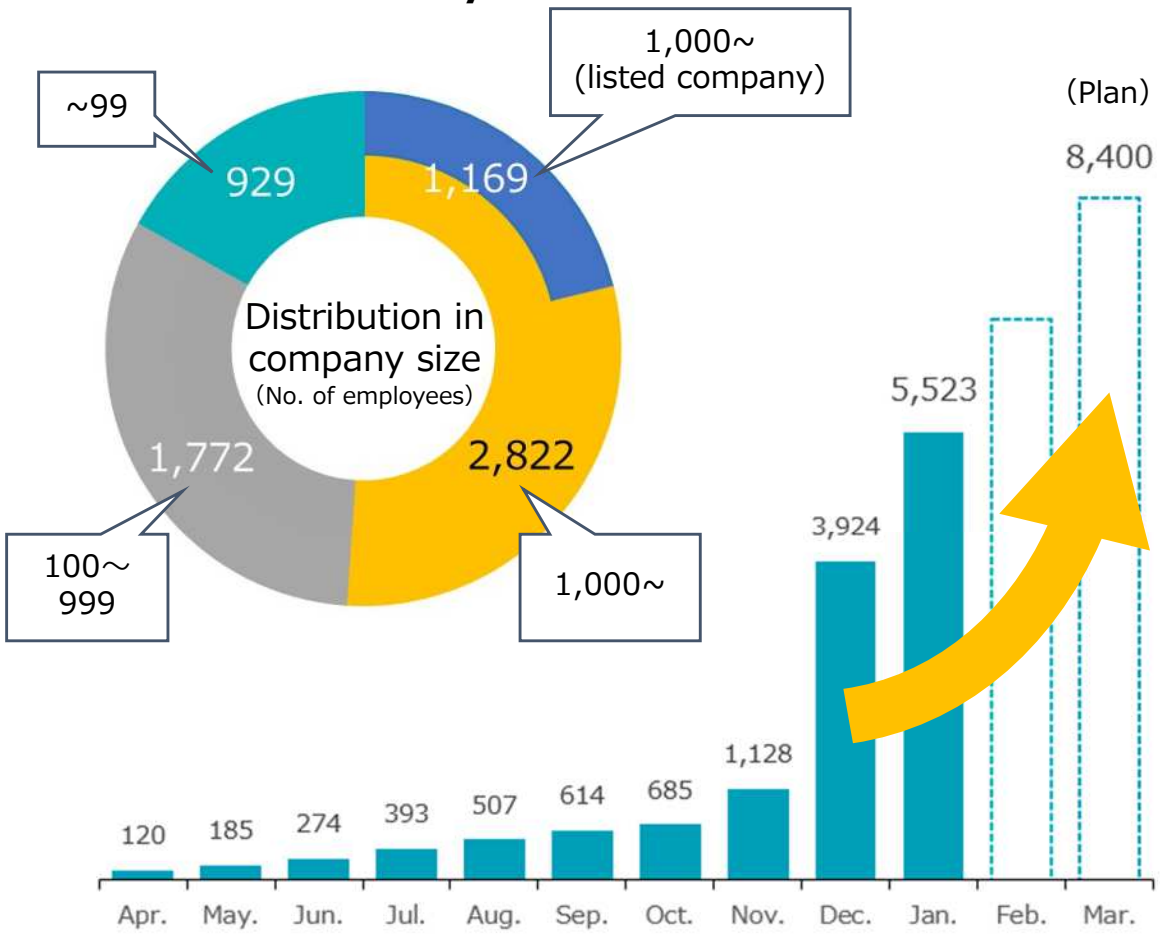
	FY 2025 March 3Q result	FY 2025 March forecast	FY 2026 March planned
Net Sales	15	**30**	310
SG&A	294	**380**	490
Operating Profit	- 279	**- 350**	- 170

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(5) Recruiter Portal - Recruitment management system

In preparation for the job-hunting season in India, from January to March 2025, online sales had been strengthened and the number of companies using the service increased rapidly.

Number of companies introduced our system



Main companies that have introduced the system

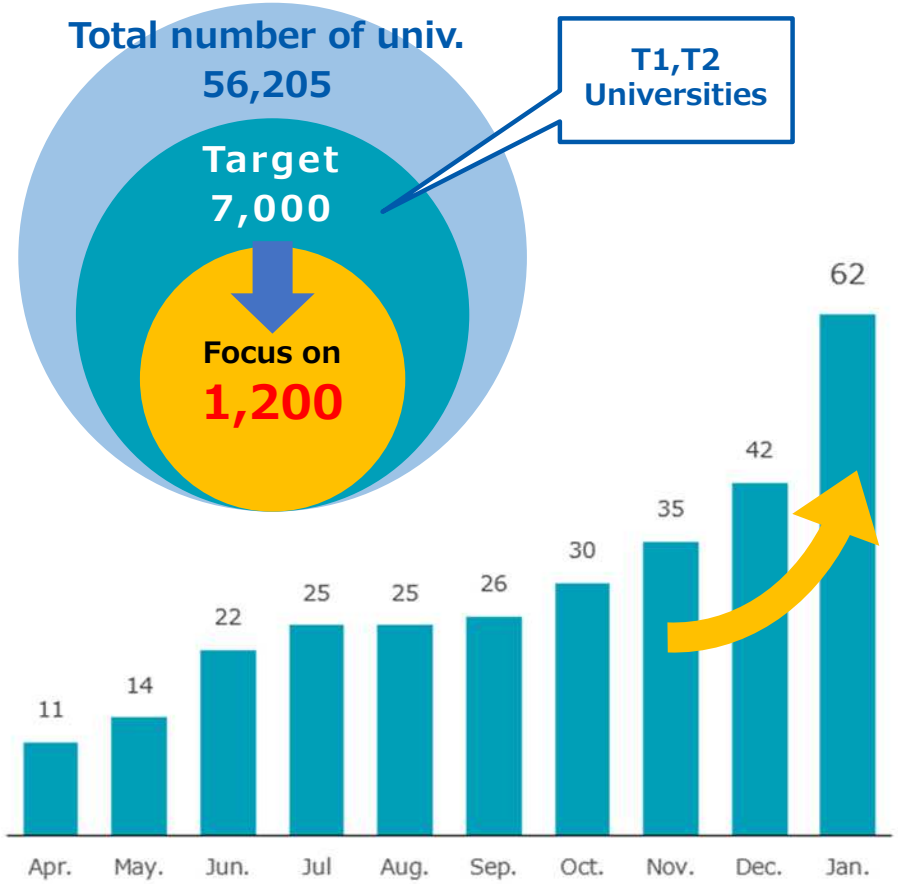
Coca-Cola
BRIDGESTONE
DAIMLER TRUCK
oppo
Mahindra
MACQUARIE
Reliance Industries Limited
ASHOK LEYLAND

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(5) University Portal - Student and job offer management system

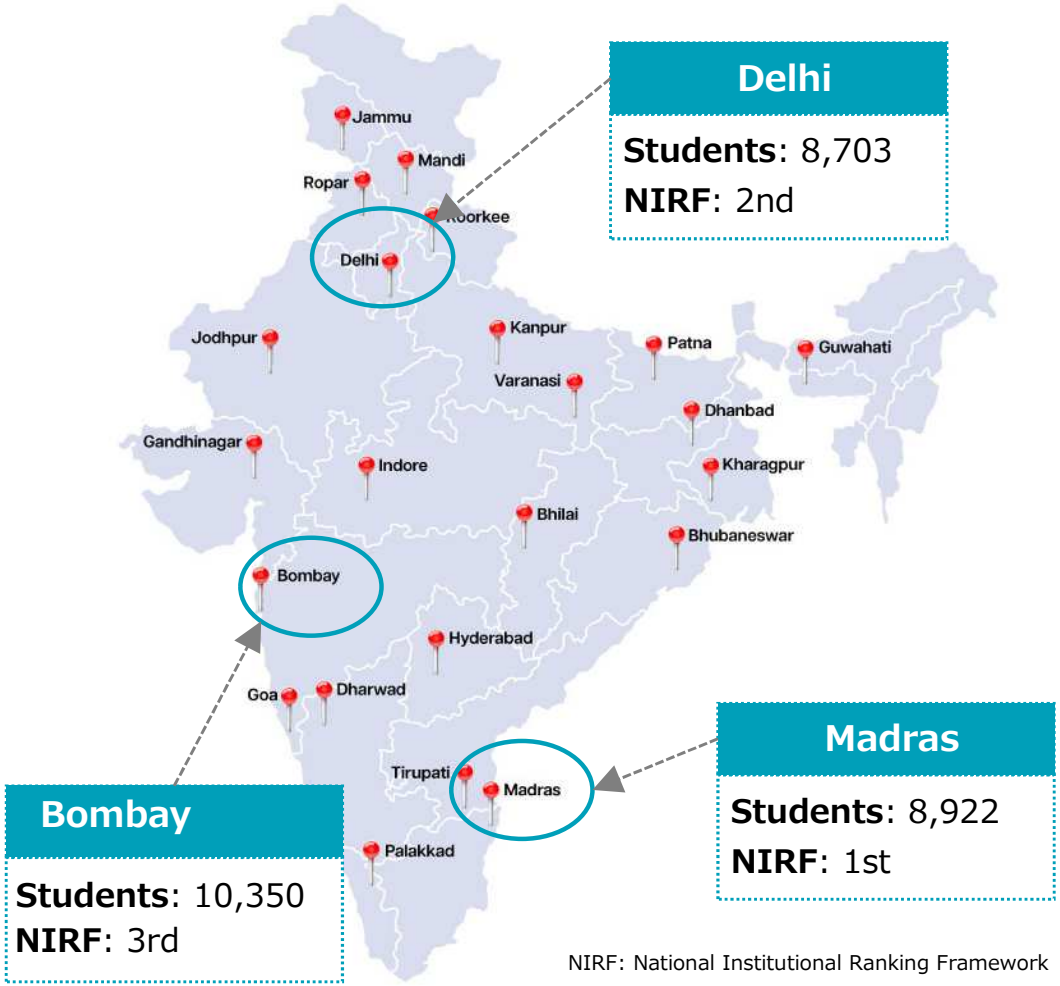
Thus far, established relationships with 62 universities.
Commenced to provide the service to three campuses of the Indian Institutes of Technology (IIT), which are world-famous for producing outstanding engineers.

Number of universities introduced our system



Indian Institutes of Technology (IIT)

- An extremely difficult exam with a pass rate of around 1.6%.
- Students with the highest grades choose their campus and faculty in order of merit (23 campuses in total).



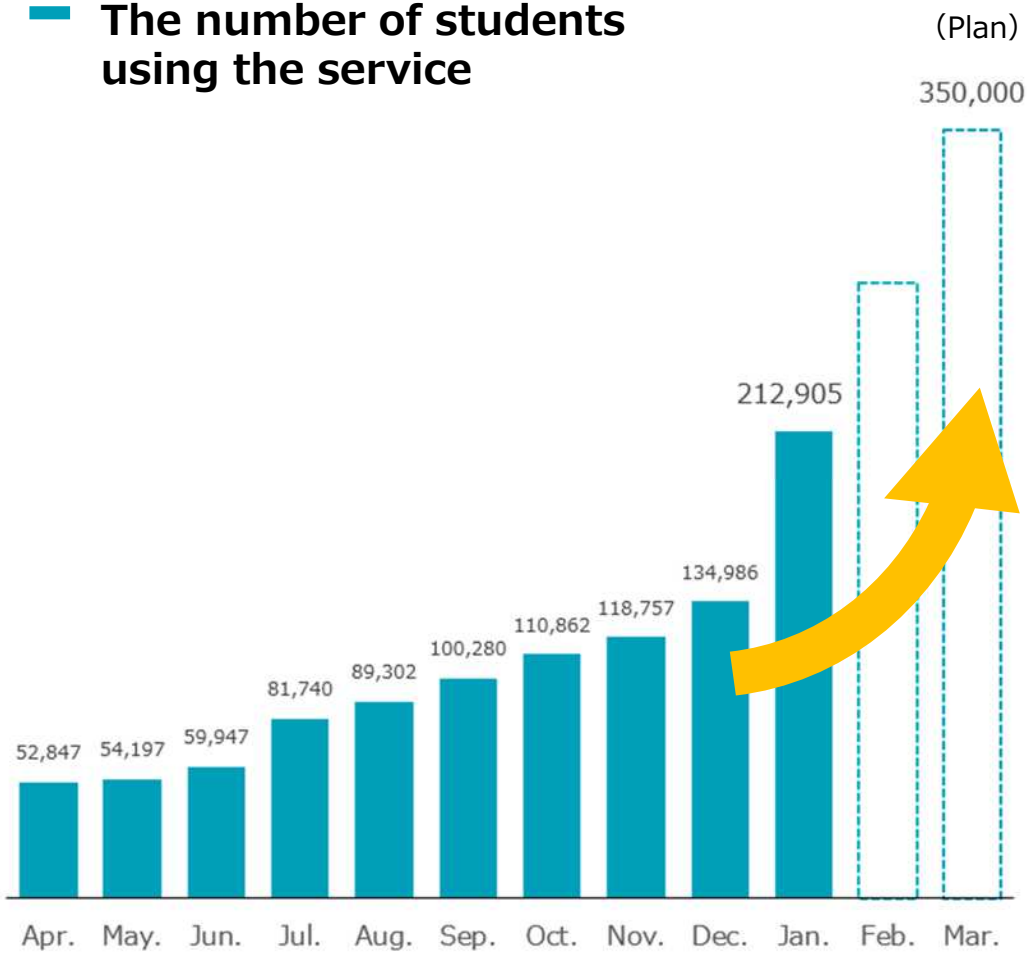
NIRF: National Institutional Ranking Framework

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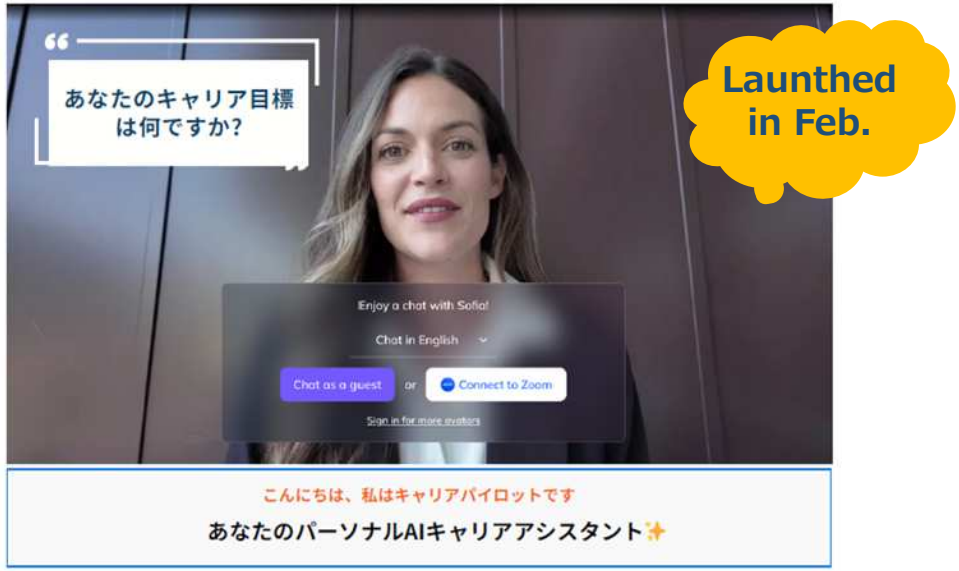
(5) Student Portal - Job hunting support tool

The number of students using the service has exceeded 210,000.
In addition to students at universities that have introduced the service, the number of students registering via the website is also increasing.

The number of students using the service



New function [AI career counselor]



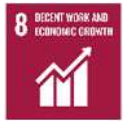
- Available in 30 languages.
- A counselor in the form of an AI avatar talks with the student.
- Collect and record student profile data from conversations.
- Grasp the state of students' job-hunting preparations and give advice.
- The collected data is also used for matching with job offers.

Use of AI avatars for sales support and customer support is planned in the future.

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E	Make active use of renewable energy and DX to reduce environmental impact.	
S	Continue to hold engineering job seminars for students in mechanical and electrical engineering. Plan and implement corporate training and re-skilling training for engineers at universities. Use an original AI matching technology based on skills and learning. Sponsor the RoboCup JapanOpen and Rescue Robot contest. Lecture at seminars for high school students aiming for science and engineering universities. Carry out a normalization project. Support exchanges between universities of India and Japan (Short-term Academic Exchange Programs).	    
G	Maintain a well-balanced governance structure. Take measures for cybersecurity.	 

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Support university exchanges between India and Japan
A short-term academic exchange program for students in India and in Japan, “Discover India”, was launched.

In collaboration with SRM Institute of Science and Technology AP, this program invites Japanese professors and students in engineering to this institute at the Company’s expense*. During the visit, the professors and students stay in accommodations on campus. They participate in lectures and tours of local firms to have exchanges with local professors and students. (*Financial support is provided for those who participate in this program for the first time only and does not cover personal expenses.)

⇨ This term, 14 professors and 46 students from 8 universities have decided to participate.

Timing of participation	University	No. of participating professors	No. of participating students
August	Tokai University	2	5
August	Tokyo University of Science	2	4
September	Chiba Institute of Technology	2	5
September	Hiroshima Institute of Technology	1	3
October	Sojo University	1	5
February	Nihon University	2	6
February	Ryuoku University	2	8
March	Keio University	2	10



SRM Institute of Science and Technology, AP

It was established in 1985. It is one of the top-ranked private universities in India, in terms of both size (52,000 students and 3,200 teaching staff) and academic level.
The university operates a total of eight campuses in six cities across India including Chennai, and is an interdisciplinary university with six faculties (Engineering & Technology, Management, Medicine & Health Sciences, Science & Humanities, Law and Agricultural Sciences).
The universities engages in joint development with companies from around the world including Japan, and actively engages in exchange programs with universities, among other endeavors.



* Latest facilities of SRM University AP

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<Example of schedules in India>

Schedule	
Day 1	Fly From Narita International Airport to Bangalore, India
Day 2	Move to university, receive a welcome meeting, take mechanical engineering workshops
Day 3	Take electrical and electronic engineering workshops, visit local company
Day 4	Give research presentations, have interactions with students learning Japanese, go sightseeing
Day 5	Stop at a shopping center and head to the airport
Day 6	Return to Japan



<Comments from students>

Student A

“Indian students have strengths in computer science, and many students talked about their enthusiasm for leveraging those strengths to work in Japan, which inspired me as a job hunter. In addition, I felt that both Japanese companies and students need to change, knowing that overseas students use their majors to find jobs, and that companies value students with more specialized knowledge.”

Student B

“I felt that Indian students have a strong desire to improve and are passionate about research. I was also inspired by the Indian students who were actively speaking Japanese even though it was only their second month of study.”

Student C

“It was an extremely valuable opportunity to tour the laboratory, feel the actual atmosphere and see the actual machine. I would like to utilize this experience in my own research activities.”

Student D

“In India, there are many students who are confident in their own research, and they were interested in hearing about our research. I had the impression that they were thinking more concretely and deeply about their future than Japanese students.“

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Climate change initiatives (TCFD)

As climate change issues become more important on a global scale, we have set goals to achieve carbon neutrality.
We conducted information disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD).

Risk Management

We have defined our stance on and initiatives regarding sustainability as a companywide activity target in the cognavi Vision 2026 medium-term management plan. We will review the initiatives to achieve this target and will have internal meeting bodies monitor them.
We also prioritize actions to address sustainability-related risks and opportunities of high importance. The Management Meeting and other organizations examine significant risks and opportunities related to our business activities and incorporate their findings into management strategies and risk management activities.

Metrics and Targets

The Forum Engineering Group has set the long-term target of achieving carbon neutrality in 2050. In FY2024, we calculated our GHG emissions.
We will continue our efforts to accelerate the introduction of renewable energy and to minimize the CO2 emissions of our business activities.

(Unit: t-CO2)

	FY2023 Actual	2050 Target
Scope1	73	Carbon neutrality
Scope2	116	
Total	189	

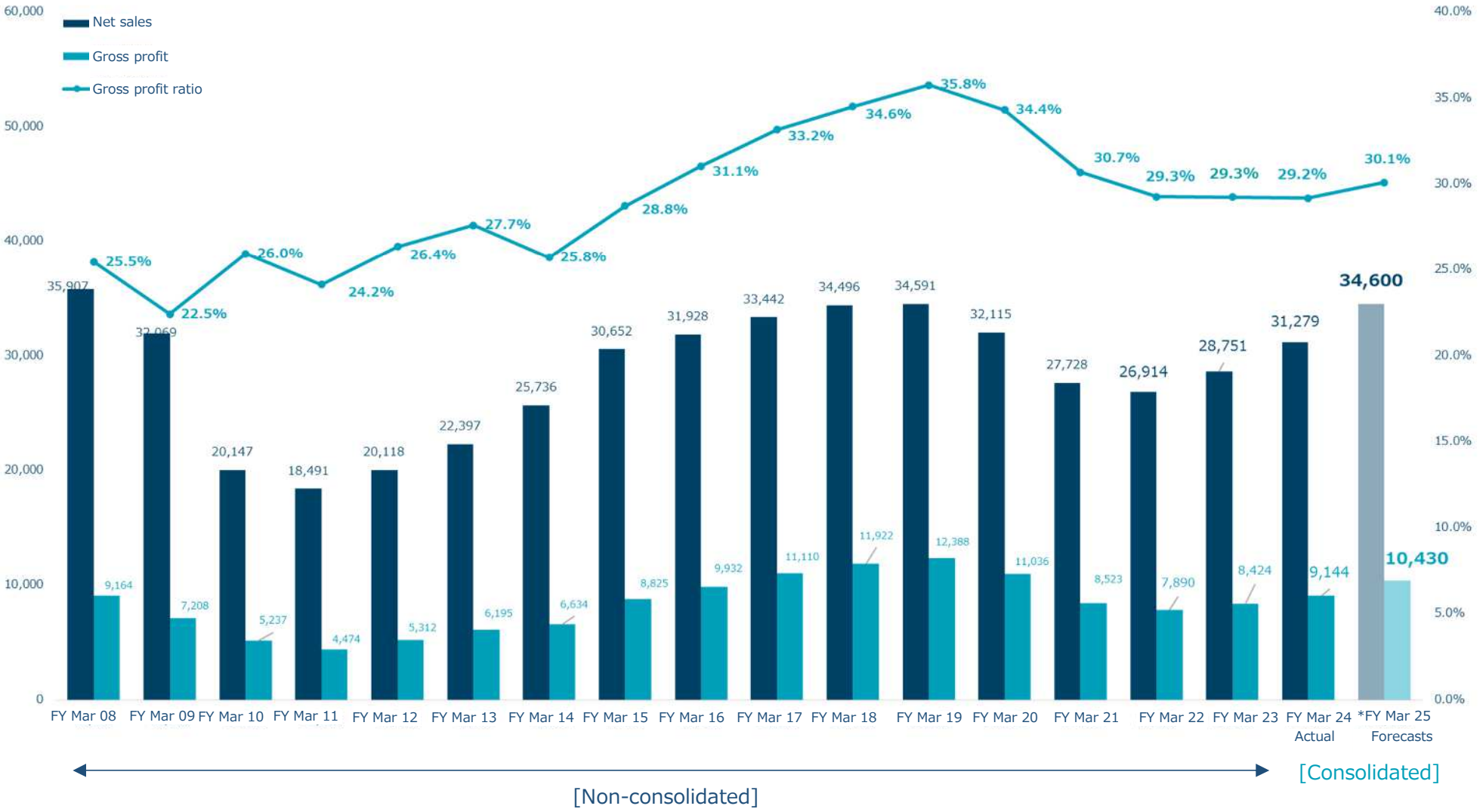
Note: The above figures are the emissions of Forum Engineering Inc. only.

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Changes in Net Sales, Gross Profit and Gross Profit Ratio

Changes in net sales, gross profit and gross profit ratio

(millions of yen)

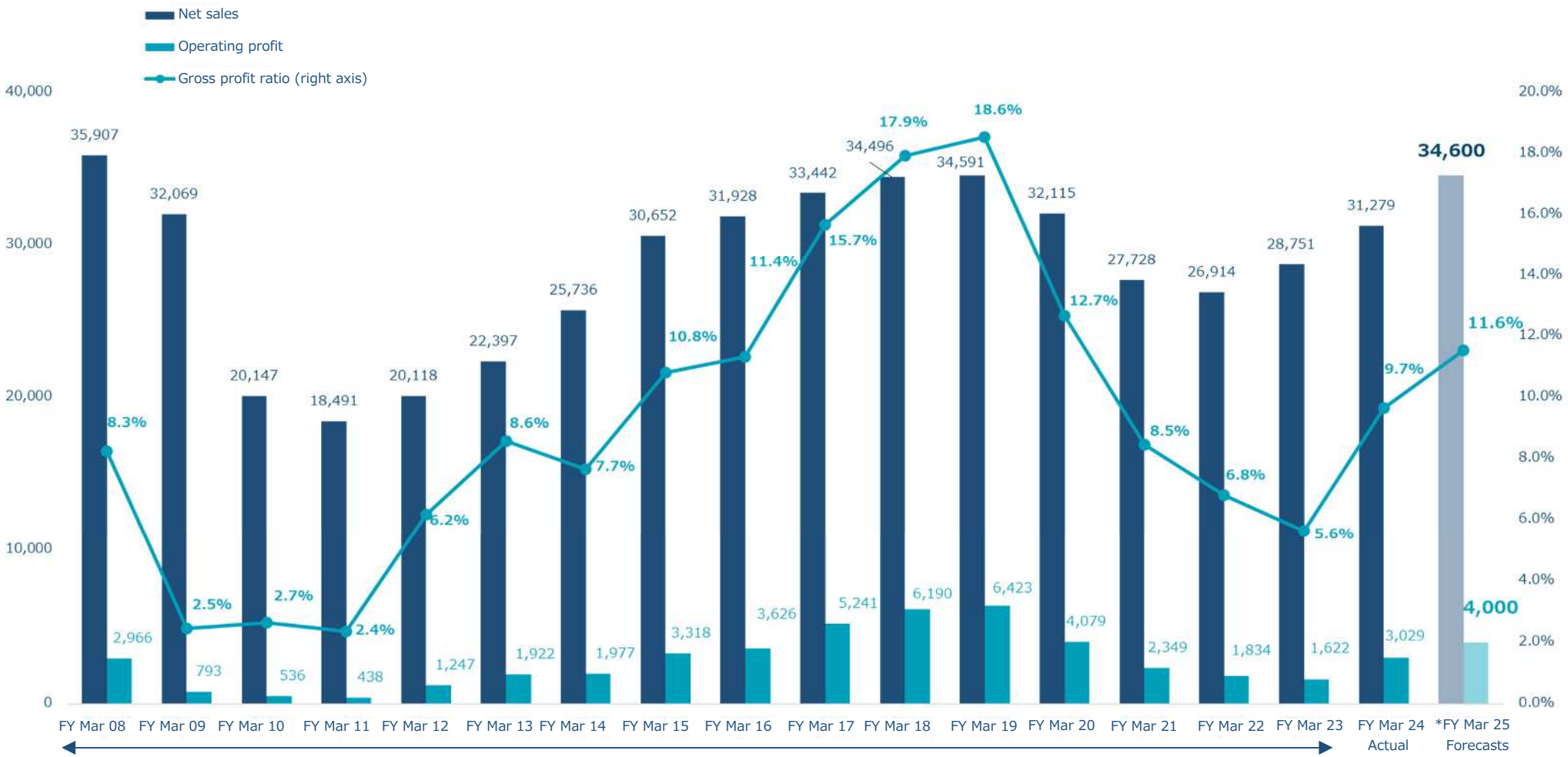


©2025 Forum Engineering Inc. Note: Net sales and gross profit for FY March 2017 and before are not audited.

Changes in Net Sales, Operating Profit and Operating Profit Rate

Changes in net sales, operating profit and operating profit rate

(millions of yen)



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Note: Net sales and operating profit for FY March 2017 and before are not audited.

Transition to consolidated accounting from FY March 2024

Statement of income (million yen)

	Actual results		
	FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	3Q/FY Mar 2023 [Consolidated]
Net sales	**28,751**	**31,279**	**26,052**
Gross profit	**8,424**	**9,144**	**8,130**
	29.3%	29.2%	31.2%
Selling, general and administrative expenses	**6,802**	**6,115**	**4,713**
	23.7%	19.5%	18.1%
Operating profit	**1,622**	**3,029**	**3,417**
	5.6%	9.7%	13.1%
Profit attributable to owners of parent	**1,163**	**2,039**	**2,330**
	4.0%	6.5%	8.9%

Balance sheet (million yen)

			FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	3Q/FY Mar 2025 [Consolidated]
Assets	Current assets	Cash and deposits	10,395	11,006	9,947
		Total current assets	**14,492**	**15,117**	**14,434**
	Non-current assets	Property, plant and equipment	435	417	470
		Intangible assets	1,391	1,157	1,123
		Investments and other assets	1,380	1,225	1,247
		Total non-current assets	**3,207**	**2,800**	**2,842**
	Total assets		**17,700**	**17,918**	**17,277**

		FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	3Q/FY Mar 2025 [Consolidated]
Liabilities	Total current liabilities	**5,728**	**4,618**	**4,550**
	Total non-current liabilities	**-**	**9**	**78**
	Total liabilities	**5,728**	**4,628**	**4,628**
Net assets	Total shareholders' equity	**11,972**	**12,921**	**12,297**
	Total net assets	**11,972**	**13,289**	**12,648**
Total liabilities and net assets		**17,700**	**17,918**	**17,277**

Statement of cash flows (million yen)

	FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	3Q/FY Mar 2025 [Consolidated]
Cash flows from operating activities	1,515	3,299	1,595
Depreciation	336	400	197
Cash flows from investing activities	-594	-1,078	-95
Purchase of property, plant, equipment and intangible assets	-499	-209	-96
Free cash flow[1]	921	2,221	1,500
Cash flows from financing activities	-4,215	-2,771	-1,922
Cash and cash equivalents at beginning of period	13,690	10,434	9,904
Cash and cash equivalents at end of period	10,395	9,904	9,458

1: Cash flows from operating activities + Cash flows from investing activities

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KPIs for Cognavi Staffing

<KPI Item>		FY Mar 2023					FY Mar 2024					FY Mar 2025				
		1Q	2Q	3Q	4Q	Fiscal Year	1Q	2Q	3Q	4Q	Fiscal Year	1Q	2Q	3Q	4Q	Fiscal Year
Cognavi Staffing	Number of projects	**2,135**	**2,122**	**2,490**	**2,460**	**9,207**	**2,572**	**3,410**	**2,872**	**2,519**	**11,373**	**2,534**	**2,504**	**2,556**		
	Mid-career hires	**107**	**150**	**187**	**184**	**628**	**222**	**240**	**209**	**189**	**860**	**231**	**265**	**208**		
	New graduate hires	**119**	–	–	–	–	**107**	–	–	–	–	**59**	–	–	–	–
	Resignations	**96**	**183**	**130**	**138**	**547**	**112**	**165**	**164**	**167**	**608**	**130**	**202**	**162**		
	Turnover rate (%)	–	–	–	–	**13.5**	–	–	–	–	**13.9**	–	–	–		
	Number of engineers registered	**3,904**	**3,914**	**3,964**	**4,019**	–	**4,190**	**4,284**	**4,336**	**4,340**	–	**4,470**	**4,539**	**4,589**		
	Number of utilized engineers (persons)	**3,834**	**3,857**	**3,913**	**3,927**	–	**4,046**	**4,137**	**4,229**	**4,224**	–	**4,337**	**4,392**	**4,466**		
	Work rate (%)	**97.9**	**98.5**	**98.5**	**98.2**	**98.3**	**96.5**	**96.5**	**97.2**	**97.4**	**96.9**	**98.5**	**98.3**	**98.3**		
	Working hours	**157.7**	**154.3**	**160.6**	**156.7**	–	**157.6**	**153.1**	**163.6**	**153.7**	–	**157.9**	**154.5**	**164.1**		
	Staffing rates (yen)	**3,807**	**3,806**	**3,802**	**3,826**	–	**3,872**	**3,879**	**3,886**	**3,931**	–	**4,016**	**4,041**	**4,056**		

Notes:
- Number of engineers registered and number of utilized engineers are numbers as of the last day of the quarter
- The work rate is calculated by dividing the total number of utilized engineers by the total number of registered engineers at the end of each quarter. Starting in FY March 2025, figures exclude unassigned engineers after being hired (1Q figures have been retrospectively corrected).
- Unassigned Engineers after being hired are engineers who, after joining the company, have not yet been matched with their first client company.
- Working hours are calculated as the average monthly working hours over the three months of each quarter.
- Staffing rates are the average of contract unit prices as of the end of each quarter.
- For each KPI regarding the cognavi staffing service we disclose the aggregated value for regular employees, excluding employees on leave.

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KPIs for Cognavi Graduates

<KPI Item>			FY Mar 2023				FY Mar 2024				FY Mar 2025			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Cognavi New Graduates	Grad. in 2024	Number of companies posting job offers	**25**	**115**	**186**	**263**	**311**	**325**	**327**	**327**	–	–	–	–
		Registered members	**3,934**	**4,754**	**7,977**	**8,537**	**8,669**	**8,726**	**8,808**	**8,833**	–	–	–	–
		Successful contracts	–	–	–	**14**	**144**	**240**	**259**	**254**	–	–	–	–
	Grad. in 2025	Number of companies posting job offers	–	–	–	–	–	**197**	**326**	**344**	**365**	**383**	**383**	
		Registered members	–	–	–	–	**4,973**	**6,296**	**10,587**	**11,154**	**11,265**	**11,265**	**11,265**	
		Successful contracts	–	–	–	–	–	–	–	**18**	**220**	**287**	**305**	
	Grad. in 2026	Number of companies posting job offers	–	–	–	–	–	–	–	–	**77**	**250**	**318**	
		Registered members	–	–	–	–	–	–	–	–	**6,041**	**7,253**	**10,412**	
		Successful contracts	–	–	–	–	–	–	–	–	–	–		

Note: All figures for companies posting job offers, registered members, and successful contracts are cumulative.

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