Financial Results for the Second Quarter (First Half) of the Fiscal Year Ending July 31, 2025 (Japanese GAAP, Consolidated)

March 14, 2025

Name of company: INTLOOP Inc. Stock exchange listing: Tokyo Stock Exchange
Stock code: 9556 Company website: https://www.intloop.com/
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Supplementary documents to the financial results: Available
Financial results briefing: Scheduled (for institutional investors and analysts)

(All figures are rounded down to the nearest million yen)

1. Consolidated Earnings for the Second Quarter (First Half) of FY25/7 (Period of August 1, 2024 to January 31, 2025)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY25/7 H1	16,033	36.1	1,065	92.7	1,072	96.6	571	105.0
FY24/7 H1	11,778	－	552	－	545	－	279	－

(Note) Comprehensive income FY25/7 H1: ¥641 million (109.1%) FY24/7 H1: ¥306 million (－%)

	Basic Earnings Per Share	Diluted Earnings Per Share
	¥	¥
FY25/7 H1	122.82	118.66
FY24/7 H1	60.30	58.25

(Note) Year-on-year changes for FY24/7 H1 are not indicated since interim financial statements were not prepared for FY23/7 H1.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	¥ million	¥ million	%
As of January 31, 2025	12,757	5,727	42.0
As of July 31, 2024	12,139	5,076	39.4

(Reference) Equity capital As of January 31, 2025: ¥5,364 million As of July 31, 2024: ¥4,783 million

2. Dividends

	Annual Dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
	¥	¥	¥	¥	¥
FY24/7	－	0.00	－	0.00	0.00
FY25/7	－				
FY25/7 (forecast)		0.00	－	0.00	0.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for FY25/7 (August 1, 2024 to July 31, 2025)

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings Per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full-year	34,550	27.6	1,969	30.7	2,000	30.3	1,211	34.3	272.82

(Note) Revisions to the latest earnings forecast: None

Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - company(ies) (Company name(s))

Excluded: - company(ies) (Company name(s))

(2) Adoption of special accounting methods for the preparation of interim consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(a) Changes in accounting policies resulting from revisions to accounting standards: Yes

(b) Changes in accounting policies other than those in (b) above: None

(c) Changes in accounting estimates: None

(d) Restatements: None

(4) Number of shares outstanding (Common stock)

(a) Number of shares outstanding at the end of period (including treasury shares)	FY25/7 H1	4,679,480 shares	FY24/7	4,655,210 shares
(b) Number of treasury shares at the end of period	FY25/7 H1	67 shares	FY24/7	67 shares
(c) Average number of shares during the period	FY25/7 H1	4,657,121 shares	FY24/7 H1	4,628,123 shares

Second quarter (H1) earnings reports are not subject to a review by a certified public accountant or an audit firm.

On the appropriate use of earnings forecasts and other special notes:

The earnings forecast and other forward-looking statements contained herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. They are not intended to be guarantees of performance. Actual results could differ materially due to various factors. For the assumptions underlying the earnings forecasts and cautionary statements regarding the use of earnings forecasts, please see “1. Overview of Operating Results, etc. (3) Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 4.

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1. Overview of Operating Results, etc.

(1) Operating Results

During the first half of FY25/7, the Japanese economy was on a moderate recovery track due to robust internal demand, such as increased capital expenditure by companies. Private firms, in particular, continued to increase investment in digital transformation to improve productivity amid a growing sense of labor shortage. The global economy is also on a recovery trend due to the stabilization of inflation. However, economic slowdown and exchange rate volatility due to uncertainties in the political landscape and geopolitical risks pose downside risks to the domestic economy.

Under these circumstances, the INTLOOP Group engaged in sales activities mainly for consulting services utilizing its own employees and highly professional freelancers, with a focus on the IT talent market.

As a result, the Group's earnings for the first half of FY25/7 came to the following: net sales of ¥16,033,415 thousand (up 36.1% year on year); operating profit of ¥1,065,520 thousand (up 92.7% year on year); ordinary profit of ¥1,072,240 thousand (up 96.6% year on year); and profit attributable to owners of parent of ¥571,965 thousand (up 105.0% year on year).

Please note that segment results are omitted as the Group's business consists of a single segment, professional human resources solutions & consulting.

(2) Financial Position

(Assets)

Total current assets recorded at the end of the first half of FY25/7 were ¥9,902,938 thousand, an increase of ¥217,959 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥335,524 thousand in cash and deposits, an increase of ¥289,472 thousand in notes and accounts receivable - trade, and contract assets resulting from an increase in orders, among other factors, and an increase of ¥154,440 thousand in prepaid expenses included in "other" under current assets.

Total non-current assets increased ¥400,314 thousand from the end of the previous fiscal year to ¥2,854,638 thousand. This mainly reflected increases of ¥185,120 thousand in property, plant and equipment (primarily construction in progress) due to office relocation and ¥228,282 thousand in investments and other assets.

Accordingly, total assets recorded at the end of the first half were ¥12,757,577 thousand, an increase of ¥618,274 thousand from the end of the previous fiscal year.

(Liabilities)

Total current liabilities recorded at the end of the first half of FY25/7 were ¥5,445,830 thousand, an increase of ¥176,801 thousand from the end of the previous fiscal year. This was mainly due to increases of ¥196,948 thousand in accounts payable - trade and ¥490,474 thousand in deposits received and a decrease of ¥500,000 thousand in short-term borrowings.

Total non-current liabilities decreased ¥209,023 thousand from the end of the previous fiscal year to ¥1,584,400 thousand. This mainly reflected a decrease of ¥182,409 thousand in long-term borrowings.

Accordingly, total liabilities at the end of the first half were ¥7,030,230 thousand, a decrease of ¥32,222 thousand from the end of the previous fiscal year.

(Net assets)

Total net assets recorded at the end of the first half of FY25/7 were ¥5,727,346 thousand, an increase of ¥650,496 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥571,965 thousand in retained earnings as a result of the recording of profit attributable to owners of parent.

(Cash flows)

Cash and cash equivalents ("cash") at the end of the first half of FY25/7 were ¥5,373,449 thousand, a decrease of ¥335,524 thousand from the end of the previous fiscal year. The status of each cash flow and major factors during the first half are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥953,379 thousand, compared with ¥47,528 thousand in the same period of the previous fiscal year.

The main factor contributing to an increase was profit before income taxes of ¥1,018,063 thousand. The main factors contributing to a decrease were income taxes paid of ¥272,943 thousand and an increase in trade receivables of ¥322,130 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥518,929 thousand, compared with ¥267,369 thousand in the same period of the previous fiscal year.

The main factors contributing to the decrease were the purchase of property, plant and equipment of ¥135,052 thousand and the purchase of investment securities of ¥352,519 thousand.

(Cash flows from financing activities)

Net cash used in financing activities was ¥769,973 thousand, compared with net cash of ¥757,277 thousand provided in the same period of the previous fiscal year.

The main factors contributing to the decrease were repayments of short-term borrowings of ¥500,000 thousand and repayments of long-term borrowings of ¥266,190 thousand.

(3) Consolidated Earnings Forecasts and Other Forward-Looking Statements

The consolidated earnings forecast for FY25/7 is as stated in the earnings report for the fiscal year ended July 31, 2024, which was released on September 13, 2024, and remains unchanged.

2. Interim Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY24/7 (As of July 31, 2024)	FY25/7 H1 (As of January 31, 2025)
Assets		
Current assets		
Cash and deposits	5,708,973	5,373,449
Notes and accounts receivable - trade, and contract assets	3,553,498	3,842,971
Inventories	65,716	111,382
Other	369,220	610,738
Allowance for doubtful accounts	(12,429)	(35,601)
Total current assets	9,684,979	9,902,938
Non-current assets		
Property, plant and equipment	334,933	520,054
Intangible assets		
Goodwill	479,517	453,597
Other	29,602	42,433
Total non-current assets	509,120	496,031
Investments and other assets	1,610,269	1,838,552
Total non-current assets	2,454,323	2,854,638
Total assets	12,139,303	12,757,577
Liabilities		
Current liabilities		
Accounts payable - trade	2,091,959	2,288,908
Short-term borrowings	1,200,000	700,000
Current portion of long-term borrowings	366,615	282,834
Income taxes payable	197,807	295,328
Deposits received	95,865	586,339
Provision for bonuses	93,019	100,974
Other	1,223,763	1,191,445
Total current liabilities	5,269,028	5,445,830
Non-current liabilities		
Long-term borrowings	1,268,190	1,085,781
Provision for retirement benefits for directors (and other officers)	100,375	88,850
Retirement benefit liability	97,372	106,923
Asset retirement obligations	40,230	28,998
Other	287,256	273,847
Total non-current liabilities	1,793,424	1,584,400
Total liabilities	7,062,453	7,030,230

(Thousands of yen)

	FY24/7 (As of July 31, 2024)	FY25/7 H1 (As of January 31, 2025)
Net assets		
Shareholders' equity		
Share capital	55,689	60,175
Capital surplus	1,946,706	1,951,191
Retained earnings	2,781,055	3,353,020
Treasury shares	(323)	(323)
Total shareholders' equity	4,783,128	5,364,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	114
Total accumulated other comprehensive income	46	114
Share acquisition rights	138	74
Non-controlling interests	293,537	363,093
Total net assets	5,076,850	5,727,346
Total liabilities and net assets	12,139,303	12,757,577

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY24/7 H1 (August 1, 2023– January 31, 2024)	FY25/7 H1 (August 1, 2024– January 31, 2025)
Net sales	11,778,011	16,033,415
Cost of sales	8,929,199	11,700,737
Gross profit	2,848,812	4,332,678
Selling, general and administrative expenses	2,295,919	3,267,158
Operating profit	552,892	1,065,520
Non-operating income		
Interest income	16	781
Dividend income	4	5
Gain on investments in investment partnerships	4,636	—
Subsidy income	2,101	12,972
Surrender value of insurance policies	—	8,000
Other	1,115	4,324
Total non-operating income	7,873	26,083
Non-operating expenses		
Interest expenses	7,380	15,326
Office relocation expenses	7,817	—
Loss on investments in investment partnerships	—	4,022
Other	52	14
Total non-operating expenses	15,250	19,363
Ordinary profit	545,515	1,072,240
Extraordinary losses		
Loss on retirement of non-current assets	—	30,893
Loss on valuation of investment securities	55,908	23,284
Total extraordinary losses	55,908	54,177
Profit before income taxes	489,607	1,018,063
Income taxes	185,054	376,589
Profit	304,552	641,473
Profit attributable to non-controlling interests	25,486	69,508
Profit attributable to owners of parent	279,066	571,965

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY24/7 H1 (August 1, 2023– January 31, 2024)	FY25/7 H1 (August 1, 2024– January 31, 2025)
Profit	304,552	641,473
Other comprehensive income		
Valuation difference on available-for-sale securities	2,212	115
Total other comprehensive income	2,212	115
Comprehensive income	306,764	641,589
(Breakdown)		
Comprehensive income attributable to owners of parent	281,253	572,032
Comprehensive income attributable to non-controlling interests	25,511	69,556

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY24/7 H1 (August 1, 2023– January 31, 2024)	FY25/7 H1 (August 1, 2024– January 31, 2025)
Cash flows from operating activities		
Profit before income taxes	489,607	1,018,063
Depreciation	16,851	80,547
Amortization of goodwill	13,283	25,919
Increase (decrease) in allowance for doubtful accounts	276	23,172
Interest and dividend income	(20)	(787)
Interest expenses	7,380	15,326
Loss (gain) on sale and retirement of non-current assets	—	30,893
Loss (gain) on valuation of investment securities	55,908	23,284
Loss (gain) on investments in investment partnerships	(4,636)	4,022
Relocation expenses	7,817	—
Decrease (increase) in trade receivables	(374,066)	(322,130)
Decrease (increase) in inventories	(101,740)	(45,665)
Increase (decrease) in trade payables	204,214	196,948
Increase (decrease) in accrued expenses	74,502	39,139
Increase (decrease) in provision for bonuses	(79,367)	7,955
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,900	(11,525)
Increase (decrease) in retirement benefit liability	(1,886)	9,551
Other	(12,253)	146,145
Subtotal	299,772	1,240,861
Interest and dividends received	20	787
Interest paid	(7,380)	(15,326)
Income taxes paid	(244,884)	(272,943)
Net cash provided by (used in) operating activities	47,528	953,379
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,592)	(135,052)
Purchase of intangible assets	—	(44,300)
Purchase of investment securities	(348,692)	(352,519)
Proceeds from collection of loans receivable	65,039	—
Proceeds from distributions from investment partnerships	1,977	2,625
Payments of guarantee deposits	(1,087)	(49)
Proceeds from refund of guarantee deposits	—	15,391
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	92,117	—
Purchase of shares of unconsolidated subsidiaries	(49,000)	—
Other	(7,131)	(5,025)
Net cash provided by (used in) investing activities	(267,369)	(518,929)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(500,000)
Proceeds from long-term borrowings	890,000	—
Repayments of long-term borrowings	(142,310)	(266,190)
Repayments of lease liabilities	(1,073)	(12,690)
Proceeds from exercise of employee share options	10,804	8,907
Purchase of treasury shares	(143)	—
Net cash provided by (used in) financing activities	757,277	(769,973)
Net increase (decrease) in cash and cash equivalents	537,435	(335,524)
Cash and cash equivalents at beginning of period	4,026,429	5,708,973
Cash and cash equivalents at end of period	4,563,865	5,373,449

(4) Notes to Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Material Changes in Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Methods for Preparation of Interim Consolidated Financial Statements)

Tax expenses were calculated by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to the estimated profit before income taxes for the consolidated fiscal year including the first half of FY25/7.

However, if the calculation of tax expenses using such estimated effective tax rate would lead to a significantly unreasonable result, the statutory tax rate is used.

(Notes to Changes in Accounting Policies)

(Adoption of Accounting Standard for Current Income Taxes)

The Company has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 (revised October 28, 2022); hereinafter, the "2022 Revised Accounting Standard") and others since the beginning of the first half of FY25/7.

Revisions to the classification of income taxes (taxes on other comprehensive income) are in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28 (revised October 28, 2022)). This change in accounting policy has no impact on interim consolidated financial statements.

(Notes to Segment Information, etc.)

[Segment information]

This information is omitted as the Group's business consists of a single segment, professional human resources solutions & consulting.