Japaniace

Financial Results for the Fiscal Year Ended November 30, 2024

Japaniace Co., Ltd. (Securities Code: 9558)

January 14, 2025

Contents

- Financial Highlights
- Progress of Medium-Term Management Plan

01

Performance Highlights

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Performance Summary

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(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024	Year-on-year change		FYE Nov. 30, 2024 Forecast at beginning of term	Progress
			Change	%		%
Net sales	9,885	11,211	1,326	+13.4%	11,800	95.0%
Gross profit	2,543	2,898	355	+14.0%	3,152	91.9%
Operating profit	836	945	109	+13.0%	1,020	92.6%
Ordinary profit	873	1,022	149	+17.1%	1,091	93.7%
Profit	616	722	106	+17.3%	768	94.0%

In the first half of the fiscal year, we continued hiring in an increasingly competitive market for recruitment of engineers, but the utilization ratio declined due to an increase in the ratio of employees requiring a certain period of training.
Therefore, from the second half, we carefully recruited the engineers and made efforts to improve the utilization ratio.
Net sales exceeded ¥10 billion for the first time and each profit reached a record high owing to the utilization of engineers hired in the first half and a high utilization rate in the second half.

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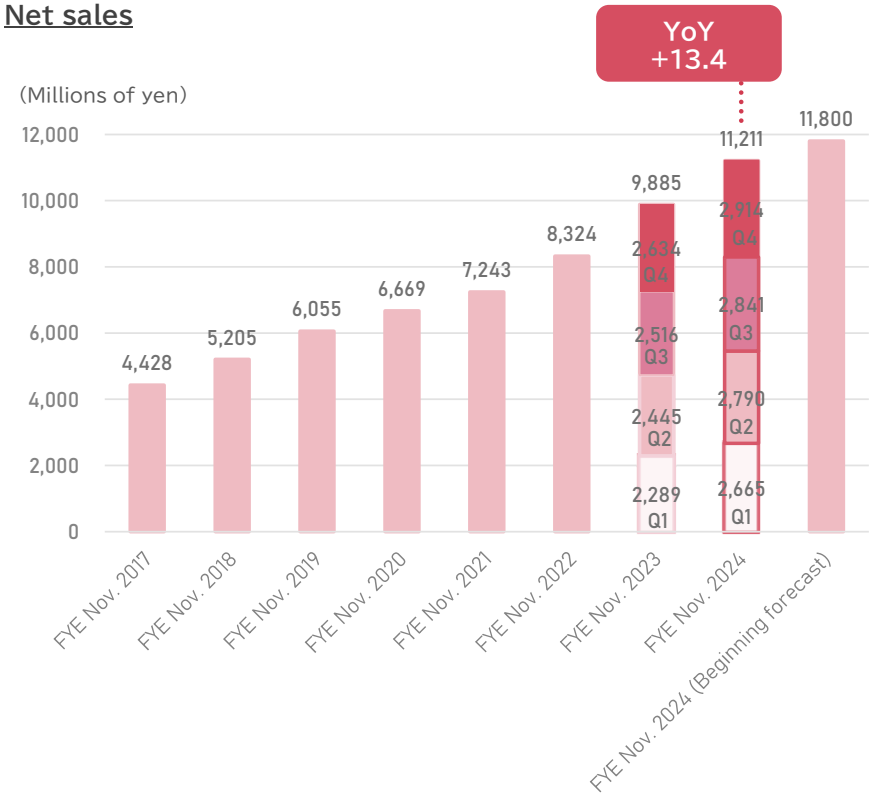
Performance Trends

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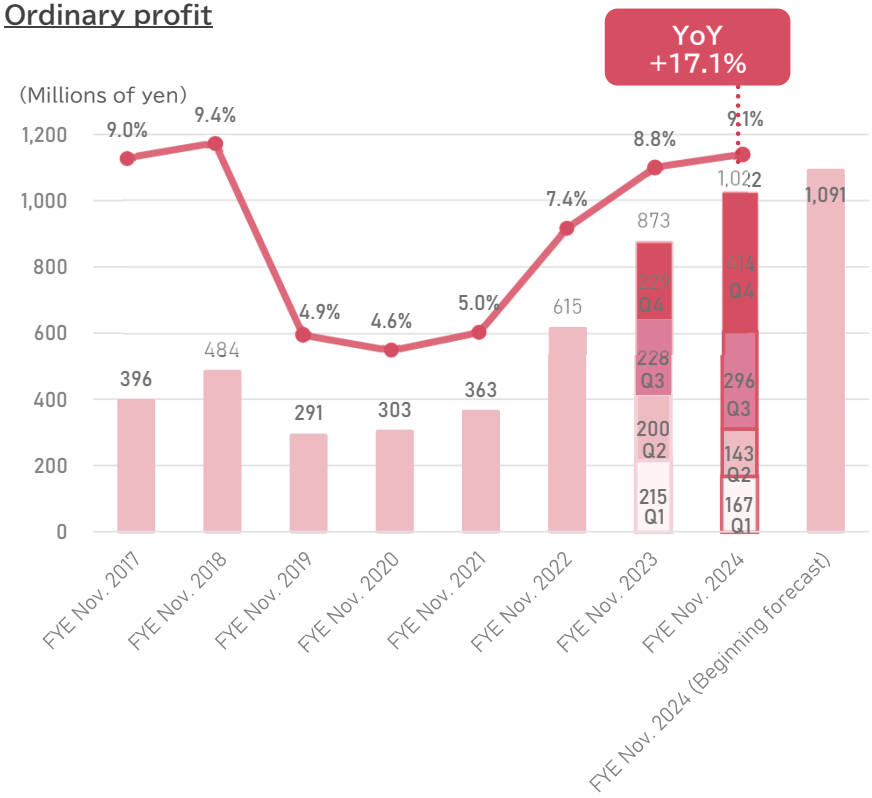
Net sales increased 13.4% YoY due to an increase in the number of engineers, surpassing ¥10 billion for the first time.
Ordinary profit increased 17.1% YoY due to the effect of carefully hired engineers in the second half and investment in hiring in the first half.

Financial Highlights

Net sales



Ordinary profit

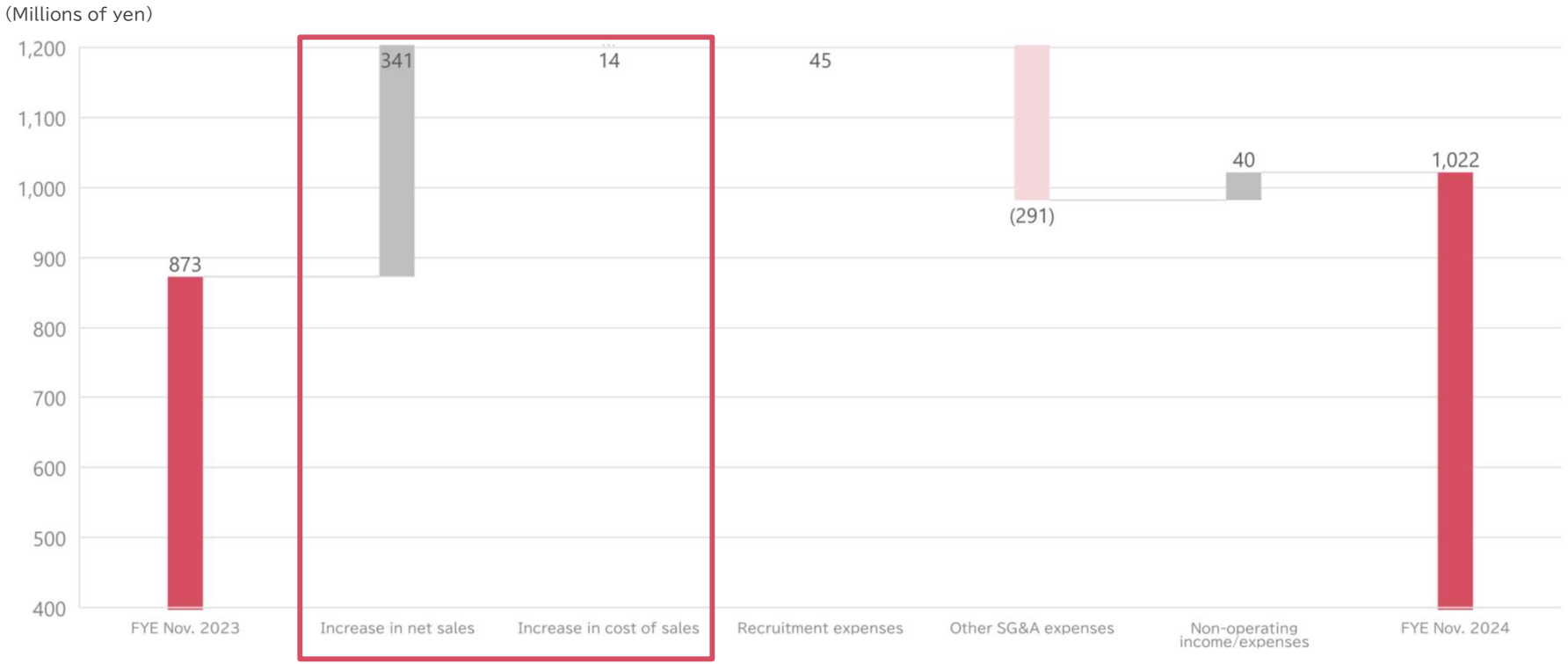


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Analysis of Changes in Ordinary Profit

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FYE Nov. 2024 Year-on-Year Ordinary Profit Change



Gross profit increased due to the increase in net sales resulting from the continuous recruitment of engineers.
Recruitment expenses decreased by taking into consideration the balance between the number of trainees and the utilization ratio in the second half of the fiscal year.
Other SG&A expenses increased due to changes in the retirement allowance system, strengthening human resources for recruiting and training engineers, and the introduction of various systems.
As a result, ordinary profit increased by ¥149 million year-on-year.

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Profit and Loss Statement

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Net sales and Ordinary profit both reached record highs

(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024	YoY change
Net sales	9,885	11,211	+13.4%
Cost of sales	7,342	8,312	+13.2%
Gross profit	2,543	2,898	+14.0%
Gross profit (%)	25.7%	25.9%	
Selling, general and administrative expenses	1,706	1,952	+14.4%
Operating profit	836	945	+13.0%
Operating profit (%)	8.5%	8.4%	
Non-operating income	37	78	+106.9%
Non-operating expenses	1	1	+23.0%
Ordinary profit	873	1,022	+17.1%
Ordinary profit (%)	8.8%	9.1%	
Extraordinary income	-	-	
Extraordinary losses	-	-	
Profit before income taxes	873	1,022	+17.1%
Income taxes	257	299	+16.6%
Profit	616	722	+17.3%
Profit(%)	6.2%	6.4%	

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Balance Sheet

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Net income of ¥722 million, dividend payments of ¥494 million, and a purchase of treasury stock of ¥100 million resulted in an increase in net assets, and the equity ratio was 60.5%.

(Millions of yen)

	FYE Nov. 30, 2023	FYE Nov. 30, 2024
Assets		
Current assets		
Cash and deposits	2,676	2,999
Accounts receivable and contract assets	1,390	1,519
Total current assets	4,227	4,567
Non-current assets		
Property, plant and equipment	60	56
Intangible assets	5	15
Investments and other assets	292	309
Total non-current asset	358	381
Total assets	4,585	4,949

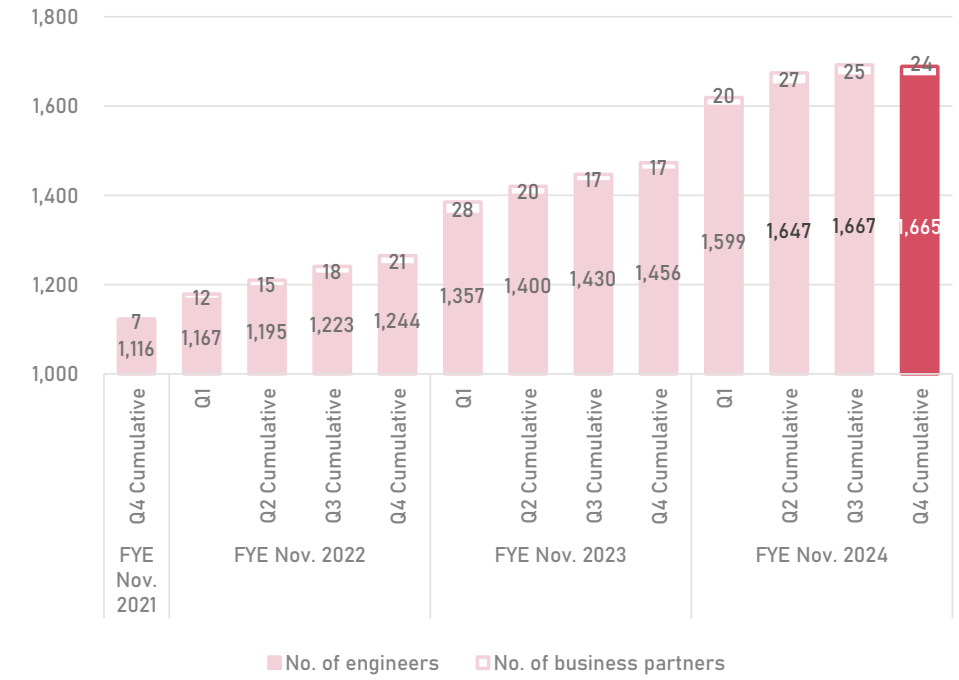
	FYE Nov. 30, 2023	FYE Nov. 30, 2024
Liabilities		
Current liabilities		
Accrued expenses	717	851
Total current liabilities	1,515	1,740
Non-current liabilities		
Total non-current liabilities	212	212
Total liabilities	1,727	1,952
Net assets		
Shareholders' equity		
Common stock	20	22
Retained earnings	2,761	2,988
Treasury stock	(8)	(101)
Total shareholders' equity	2,857	2,996
Total net assets	2,857	2,996
Total liabilities and net assets	4,585	4,949

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The number of engineers increased by an average of 209 during the period compared to the previous fiscal year due to the hiring of 376 engineers, including 101 engineers trained at J-college and 49 new graduates.

Number of engineers

(Unit: persons)



Topics

✓ The number of engineers to be trained increased in the first half of the fiscal year but we slowed down the pace of hiring engineers to minimize the decrease in profits in the second half.

As a result, the average number of engineers during the period remained flat in the second half.

✓ We hired 49 new graduates and 327 mid-career recruits during the current fiscal year.

The number of engineers increased by 99 persons from the end of the previous fiscal year.

* Number of engineers: Average number of engineers and business partners enrolled during the period
* Number of engineers includes temporary employees.
* Figures shown are averages for the period.

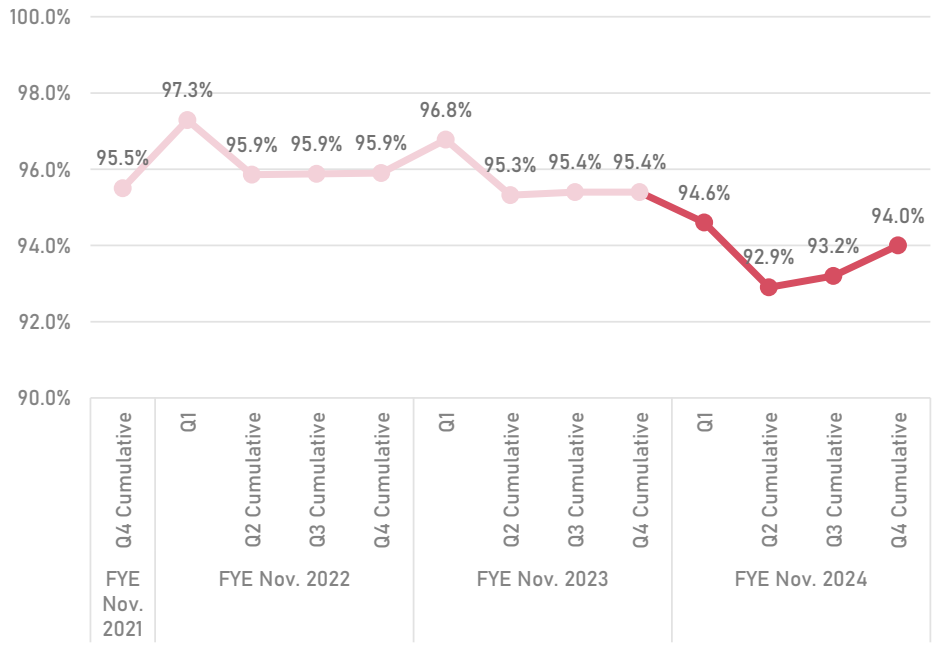
(Reference) Number of engineers as of the end of the fiscal year (Unit: persons)

	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	1,372	1,474	1,498	1,552
FYE Nov. 30, 2024	1,624	1,731	1,695	1,651

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Utilization ratio was weak until Q3 due to an increase in the number of trainees, but improved to 94.0% for the full fiscal year due to a higher utilization ratio in the three months of Q4 than that in the same period of the previous fiscal year.

Utilization ratio



Topics

✓ Utilization ratio for experienced engineers was high, driven by favorable market demand, as in previous years.

✓ Utilization ratio declined in the first half of the fiscal year due to a significant increase in the number of engineers to be trained.
However, the number of projects in which trained engineers were able to work increased from Q3 onwards, resulting in a higher utilization ratio in the three months of Q4 than that in the same period of the previous fiscal year.

* Utilization ratio: (Total No. of assigned engineers per month + Total No. of assigned business partners per month) / (No. of engineers per month + No. of business partners per month) x 100
* Number of assigned engineers includes temporary employees.
* Figures shown are averages for the period.

(Reference) Utilization ratio for each quarter

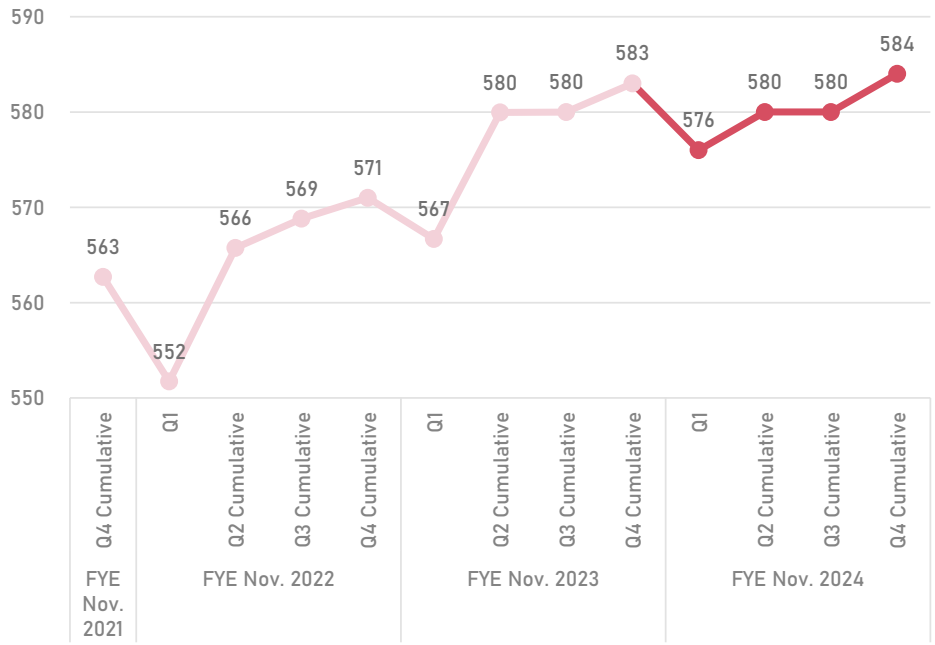
	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	96.8%	93.9%	95.4%	95.5%
FYE Nov. 30, 2024	94.6%	91.4%	93.6%	96.4%

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Net sales per engineer are on an upward trend year-on-year due to the effect of unit price revisions for experienced engineers.

Net sales per engineer

(Unit: Thousands of yen / month)



Topics

✓ Unit price for experienced engineers increased since the market price was on the rise due to the shortage of engineers and J-college provides engineers with high value-added training.

✓ Unit price for engineers in need for training remained at the same level as the previous fiscal year due to the continued high demand for such engineers, even under the condition that competition with other companies is intensifying.

* Net sales per engineer: Net sales for the full fiscal year / (Total No. of assigned engineers per month + Total No. of assigned business partners per month)
* Figures shown are averages for the period.

(Reference) Net sales per engineer for each quarter

(Unit: Thousands of yen / month)

	Q1	Q2	Q3	Q4
FYE Nov. 30, 2023	567	593	581	589
FYE Nov. 30, 2024	576	583	580	596

Financial Results Forecasts

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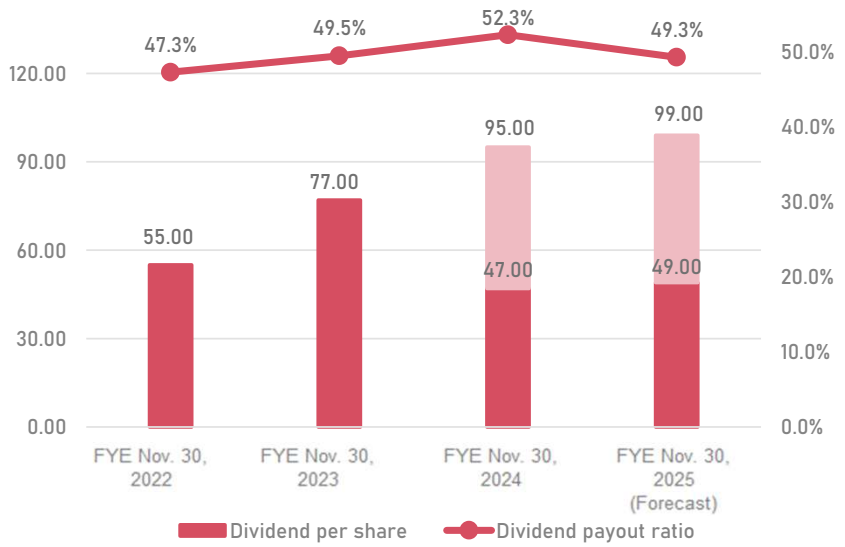
Ordinary profit 10% growth planned through investments in facilities for area expansion and in human capital to strengthen our sales force

(Millions of yen)

	FYE Nov. 30, 2024	FYE Nov. 30, 2025 (Forecast)	Year-on-year change	
			Change	%
Net sales	11,211	12,050	839	7.5%
Gross profit	2,898	3,170	272	9.3%
Operating profit	945	1,040	95	9.9%
Ordinary profit	1,022	1,130	108	10.5%
Profit	722	800	78	10.7%

Plan to continue to increase dividends by maintaining a dividend payout ratio of 50%

Dividends and Dividend Payout Ratio



(Unit: Yen)

	FYE Nov. 30, 2022	FYE Nov. 30, 2023	FYE Nov. 30, 2024	FYE Nov. 30, 2025 (Forecast)
Basic earnings per share	116.28	155.52	181.51	200.81
Dividend per share	55.00	77.00	95.00	99.00
Dividend payout ratio	47.3%	49.5%	52.3%	49.3%

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02

Progress of Medium-Term Management Plan

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Major initiatives in the basic strategies for the fiscal year ended November 30, 2024

Business Strategy



Obtaining certified partners	Obtained certification for AWS Select Tier Service Partners.
Strengthening new businesses (1)	Increased to 11 clients that use our on-site development support in the chemical & biotech business.
Strengthening new businesses (2)	Assisted approximately 50 people for employment in the job placement business.

Human Capital Strategy



Recruitment of engineers	Hired more than 100 inexperienced people and trained them at J-college.
Human capital development	Strengthened organizational capabilities through management training mainly for managers
Acquisition of qualifications	Established a new master system for cloud-related Azure in the in-house qualification system.

Financial Strategy



Capital investment	Opened recruiting offices in Shizuoka, Shiga and Hiroshima.
Shareholder return	Acquired 45,100 shares (¥99 million) of treasury stock in July 2024.
Investment in human resources	Insourced onboarding and training for new graduates and accumulated know-how for the following fiscal years.

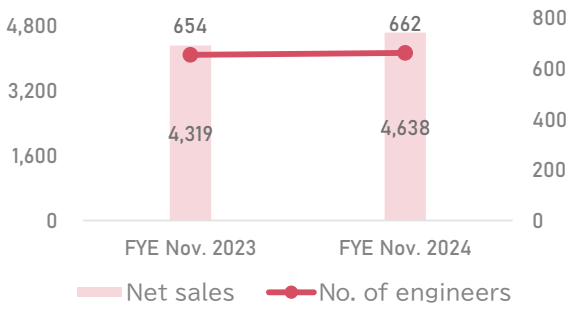
Technical Field

*Year-on-year change

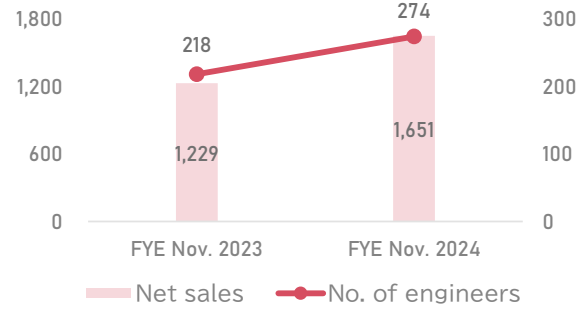
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Software and Infrastructure: Net sales increased year-on-year due to maintaining high growth rates.
Cloud and CRM: Shifted to projects with higher unit price.
Machinery & Electric: Steadily responded to solid demand.

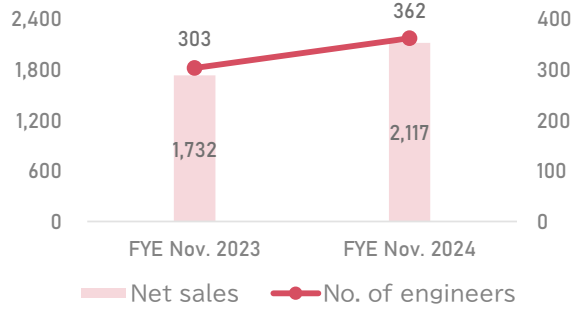
Software Development



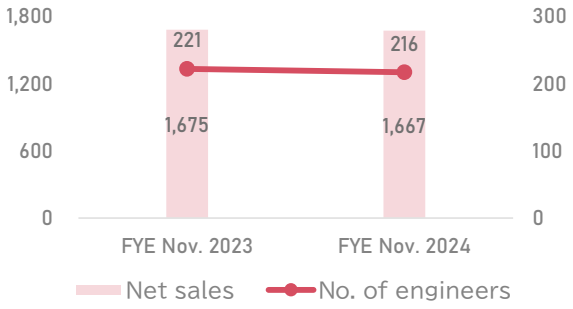
Software Evaluation



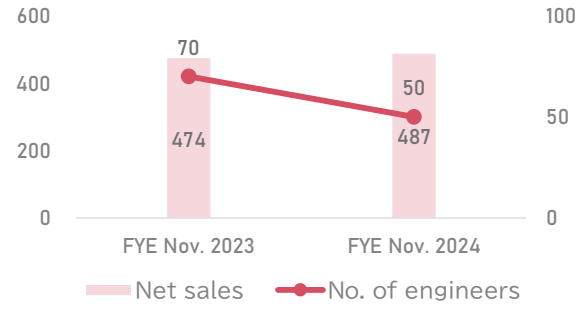
Infrastructure



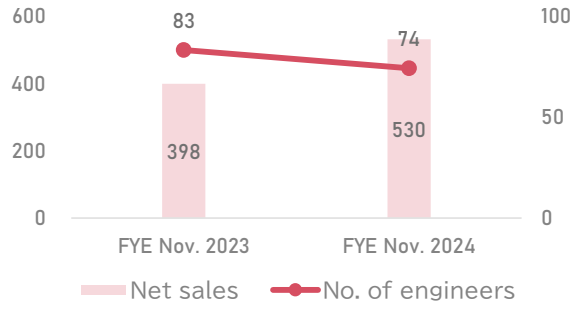
Machinery & Electric



Cloud



CRM

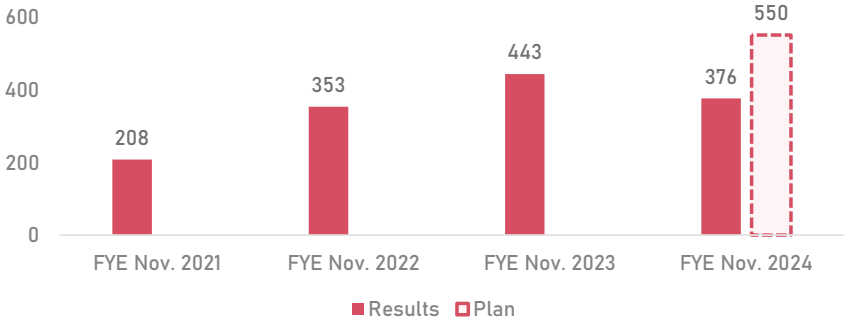


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Number of engineers hired

✓ Decreased by 67 since we carefully hired engineers from Q3.

(Unit: persons) ＊The number of hires is the total of new graduates and mid-career recruits, starting from the month they joined us.



On-site development support for chemical and biotech

✓ Received orders for a wide variety of work, including development support for optical filters, asbestos analysis, and research and development of coatings.

Engineers

Those with knowledge of engineering, science, agriculture, medical, pharmacy, etc.

＋

Chemical, pharmaceutical, cosmetic, and food manufacturers

Chemical

Inspection, analysis, evaluation, measurement, development, synthesis, etc.

Biotech

Animal, cell and genetic experiments, and protein purification, etc.

Acquisition of qualifications

✓ Number of holders increased due to recommendations to acquire basic level qualifications necessary to meet increasing demand for AWS

		FYE Nov. 2023	FYE Nov. 2024	YoY
Salesforce	CRM Manager/Consultant	144	120	(24)
	Development/Architect	61	56	(5)
	Marketer/Consultant	34	29	(5)
AWS	Machine Learning Expertise	1	2	+1
	Developer Associate	9	13	+4
	Solution Architect Associate	27	47	+20
	Cloud Practitioner	46	67	+21
JSTQB	Advanced Level	7	13	+6
	Foundation Level	55	87	+32

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Notes

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The statements on forecasts presented in this document are based upon currently available information and assumptions deemed rational.

These statements are not guarantees of future results or performance.
Such statements contains known and unknown risks, and uncertainties.
Therefore, a variety of factors could cause actual results to differ materially from forecasts.

Factors that may affect the actual results described above include, but not limited to, changes in national and international economic conditions and business trends.

In addition, information regarding matters and organizations other than the Company is based on publicly available information. The Company has not verified and is does not guarantee the accuracy or adequacy of such publicly available information.

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