Q1 Financial Results Summary

Ended June 30, 2025

MS-Japan

TSE-Prime Market
Ticker Symbol:6539
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(IR website: https://ir.jmsc.co.jp/en/index.html)

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① Information & Inquiries

For further information or to arrange an interview, please contact us via the application form below.
English interviews are available without an interpreter.
https://cloud.swcms.net/ms-japanPublic/en/Inquiry.html

Additionally, please refer to the following for details about our business.
https://ir.jmsc.co.jp/en/outline.html

② Financial Result Highlights

-Consolidated revenue reaches a record high, with steady growth in EBITDA and all levels of profit.
Consolidated revenue reached a record high of ¥1.96 billion (+2.5% YoY). EBITDA was solid at ¥0.56 billion (+1.0% YoY), and operating profit was ¥0.45 billion (+1.7% YoY).

-Order value for the MS Agent business reached a new quarterly record.
The leading indicator for MS Agent revenue, the value of accepted job offers (based on the date of acceptance), hit a record high of ¥1.15 billion, up 4.7% YoY and 12.1% QoQ. Current business performance is strong.

-Both revenue and operating profit for the overseas recruitment business in Australia are growing steadily.
The Australian subsidiary's revenue in AUD grew by 10.5% YoY, and operating profit increased by 25.5% YoY, showing steady growth despite a challenging macroeconomic environment. The subsidiary has consistently contributed to the company's cash generation since its acquisition.

③ **Q1 Financial Performance Overview (Unit: million Yen)**

	Three Months Ended June 30		
	FY25	FY26	Growth %
Total Revenue	**1,918**	**1,966**	**2.5%**
MS Agent revenue	1,119	1,109	(0.9%)
Manegy revenue	54	54	0.3%
MS Jobs revenue	33	32	(4.1%)
Overseas revenue	710	769	8.3%
Cost of sales	401	439	9.5%
EBITDA	**559**	**565**	**1.0%**
Operating profit	**443**	**450**	**1.7%**
Ordinary profit	462	470	1.7%
Net income	**294**	**298**	**1.3%**
Net income attributable to the parent	**283**	**285**	**0.8%**

-Recruitment Agency Service “MS Agent” overview

Revenue for our recruiting agency business (based on the month of candidate’s start date) was ¥1.109 billion, a decrease of 0.9% year-on-year, but up 7.0% quarter-on-quarter, indicating a recovery trend since the third quarter of the previous year when the number of registrants declined.

Order value (based on the date of offer acceptance), a leading indicator for revenue, reached a record high of ¥1.155 billion, an increase of 4.7% year-on-year and 12.1% quarter-on-quarter, showing strong recent performance. The first-quarter revenue was already factored into our plans, and we are on track to achieve our annual targets.

The reason for the strong order value is the successful acquisition of "key registrants"—a segment with a high number of job openings—through registrant acquisition measures. Instead of relying on expensive measures like listing advertisements, we have successfully attracted customers using our proprietary databases, such as Manegy and DMP. This has led to a rise in the registrant placement rate to 14.1%, increasing management efficiency.

The number of new registrants (excluding reactivations) for the recruiting agency business saw a decline following the rise of generative AI, which led to a decrease in search volume. This trend, which was unusual compared to previous years, started in October of the previous year and dropped to below 1,200 registrants in December. However, by strengthening organic measures such as generative AI countermeasures, segmented brand recognition initiatives, and collaboration with Manegy, the number of new registrants gradually began to recover. In March, it returned to the average level of FY22-FY24, and this trend continued through the first quarter.

While the total number of new registrants has not yet reached the level of the same period last year, it has caught up to the average of the last three fiscal years (FY22-FY24). Furthermore, the number of registrants in high-placement-rate key segments has already surpassed the level of the same period last year, which supports the strong current order value mentioned earlier. Going forward, the company will not compete with rising acquisition costs but will instead implement effective acquisition strategies by segmenting registrants based on their attributes and matching them with job opening needs, rather than focusing on the total number.

As the seller's market for new job openings clearly continues, the company will segment its acquisition efforts based on registrant attributes rather than total numbers, with an emphasis on the number of successful placements.

-Business Media Service "Manegy" overview

Quarterly revenue for the media business, Manegy, had been on a downtrend until the last fiscal year due to a decrease in demand for tech service adoption following the pandemic. However, this quarter, it slightly exceeded the previous year's same period, landing at ¥54.25 million, offsetting the increase in advertising from non-tech sectors. In the second half of the year, we plan to launch a communication-based advertising model (similar to the MR field in healthcare) in addition to the existing lead-provision model, aiming for a full-year revenue growth of 5.3%.

Furthermore, Manegy's revenue from placements in the HR business (based on identifiable data only) was ¥735 million for the last fiscal year. It has played a core role in securing our competitive advantage and high-profit margin amidst the rising costs of job seeker marketing. In the current quarter, it surpassed the previous year's same period, reaching ¥191 million, further increasing its prominence. Including conversions from unidentifiable non-members, it contributes to a significant number of registrant acquisitions. Moving forward, we will begin developing a new app to increase Manegy's active user rate.

-Direct Recruitment Service "MS Jobs" overview

Revenue for our Direct Recruitment Service (MS Jobs) [1] is linked to the registration status of the recruiting agency business, as it does not conduct its own job seeker marketing. While revenue was ¥19 million last quarter, it recovered significantly this quarter to ¥32 million, which is nearly the same level as the previous year[2].

Due to the ongoing talent shortage in a seller's market, the number of job openings has increased steadily. At the end of June, the number of job listings (excluding MS Agent cases) exceeded 9,000 for the first time, a 36.3% increase compared to the same month last year.

The AI-powered matching module, which has completed development, is currently undergoing test operations to improve its matching accuracy and is being implemented into the UI for full-scale use this fiscal year. The goal is to improve the placement rate with the AI consultant.

The number of certified agents has been narrowed down from 122 at the end of the previous quarter to 112. To prevent the misuse of scouts, we will continue to carefully select agents based on their placement track record.

-Overseas Recruitment Service overview

Despite a challenging macroeconomic environment, the Australian business achieved revenue growth of 10.5% and operating profit growth of 25.5% on an AUD basis. The number of active temporary workers has turned to a steady recovery trend, and it has consistently contributed to cash generation since its acquisition.

-Cost of Sales and SG&A expenses overview **(Unit: million Yen)**

	Three Months Ended June 30		
	FY25	FY26	Growth %
SG&A Total	**1,074**	**1,075**	**0.2%**
Marketing related expenses	165	166	0.3%
Personnel expenses	297	316	6.1%
Depreciation	24	24	(0.2%)
Office Rent	49	43	(13.1%)
Other expenses	209	193	(7.6%)
Expenses overseas	249	256	2.9%
Goodwill amortization	77	75	(2.0%)

-Marketing Expenses

Marketing expenses were nearly the same as the previous year. Although the number of new registrants was 4,041 (down 11.0% YoY), the company successfully acquired registrants for job categories with a high number of openings, leading to an increase in the registrant placement rate to 14.1%. Registrant acquisition was achieved by leveraging the company's competitive advantages, such as the effectiveness of traffic from the Manegy media business.

-Personnel Expenses

Personnel expenses increased due to an average increase of 10 employees compared to the same period last year, primarily from aggressive hiring in the first half of the previous fiscal year to address a labor shortage.

-Rent

Rent decreased due to the consolidation of the Yokohama branch.

-Other Expenses

Other expenses primarily decreased due to a reduction in outsourcing costs and temporary staffing expenses, such as those related to the PMI of the overseas subsidiary.

-Overseas SG&A

SG&A for the overseas subsidiary is primarily related to employee personnel expenses.

-Goodwill Amortization

Goodwill amortization expenses arose from the acquisition of the Australian subsidiary (calculated at an average exchange rate of ¥95.72 for the period).

-Balance Sheet overview **(Unit: million Yen)**

The equity ratio continues to be maintained at a high level.

	FY 25 (31 Mar 2025)	FY 26 (30 Jun 2025)
Current assets	5,778	4,757
Non-currents assets	5,063	4,829
Total assets	10,841	9,586
Liabilities	1,067	1,044
Net assets	9,773	8,542
Equity ratio	89.2%	88.0%

-Capital Allocation Policy (Unchanged from the Annual Financial Summary Announcement)

The company's policy is to maintain a stable dividend supported by operating cash flow (approximately ¥15 billion in FY2025) while actively reinvesting for future growth. This includes using cash generated from profit growth and existing cash reserves (approximately ¥70 billion in cash and cash equivalents at the end of FY2025) for growth investments. These investments will target existing businesses (¥1 billion to ¥3 billion), as well as M&A and new business opportunities to further enhance long-term value.

With a high equity ratio of 89.2%, the current level of retained earnings on the balance sheet is considered sufficient, providing a strong financial foundation. The company remains committed to balancing shareholder returns and growth investments, efficiently deploying excess cash to drive sustainable growth while maintaining financial flexibility.

-Shareholder Return Policy [1]

Our company has adopted JGAAP (Japanese Generally Accepted Accounting Principles), and as a result, our dividend payout ratio has exceeded 100% due to the amortization of goodwill associated with M&A activities, which is deducted from our accounting profit. However, our ability to generate operating cash flow, which is an indicator of cash-generating capacity, remains stable. Since the dividends are fully covered by operating cash flow, there are no issues with our business operations or financial management. We will continue to maintain a shareholder return policy based on cash flow while keeping in mind future profit growth both domestically and internationally.