

FY March 2025 2Q 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 2Q FY Mar 2025**
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- **Changes to Medium-Term Management Plan “cognavi Vision 2026“**
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[Consolidated] Financial Results for FY March 2025-2Q

Year on year, sales increased by 1,651 million yen (+10.8%), and operating profit increased by 751 million yen (+58.9%). Steady progress has been made in line with the forecast.

(millions of yen)

	【Consolidated】 Result FY Mar 2025 2Q	Full Year Forecast Achievement Rate	Achievement Rate	【Consolidated】 Result FY Mar 2024 2Q	Year on Year	
Net Sales	**16,955**	**34,320**	**49.4%**	**15,304**	**+1,651**	**+10.8%**
Gross Profit	**5,164**			**4,458**	**+705**	**+15.8%**
Gross Profit Ratio (%)	**30.5%**			**29.1%**	**+1.3%pts**	-
Selling, General and Administrative	3,135			3,181	-46	-1.4%
Operating Profit	**2,028**	**3,460**	**58.6%**	**1,276**	**+751**	**+58.9%**
Operating Profit Ratio (%)	**12.0%**			**8.3%**	**+3.6%pts**	-
Ordinary Profit	2,065	3,450	**59.9%**	1,275	+789	+61.9%
Profit before Income Taxes	2,065			1,275	+789	+61.9%
Profit Attributable to Owners of Parent	**1,378**	**2,310**	**59.7%**	**856**	**+522**	**+61.1%**

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Financial Results for FY March 2025-2Q (by Group Companies)

(million yen)		Result FY Mar 2025 2Q	Full-year Forecast	Achievement Rate	Result FY Mar 2024 2Q	Year on Year	
Forum Engineering	Net Sales	16,944	34,140	49.6%	15,304	+1,640	+10.7%
	Operating Profit	2,218	3,710	59.8%	1,352	+865	+64.0%
Cognavi India	Net Sales	10	170	6.4%	0	+11	-
	Operating Profit	-184	-240	-	-76	-108	-

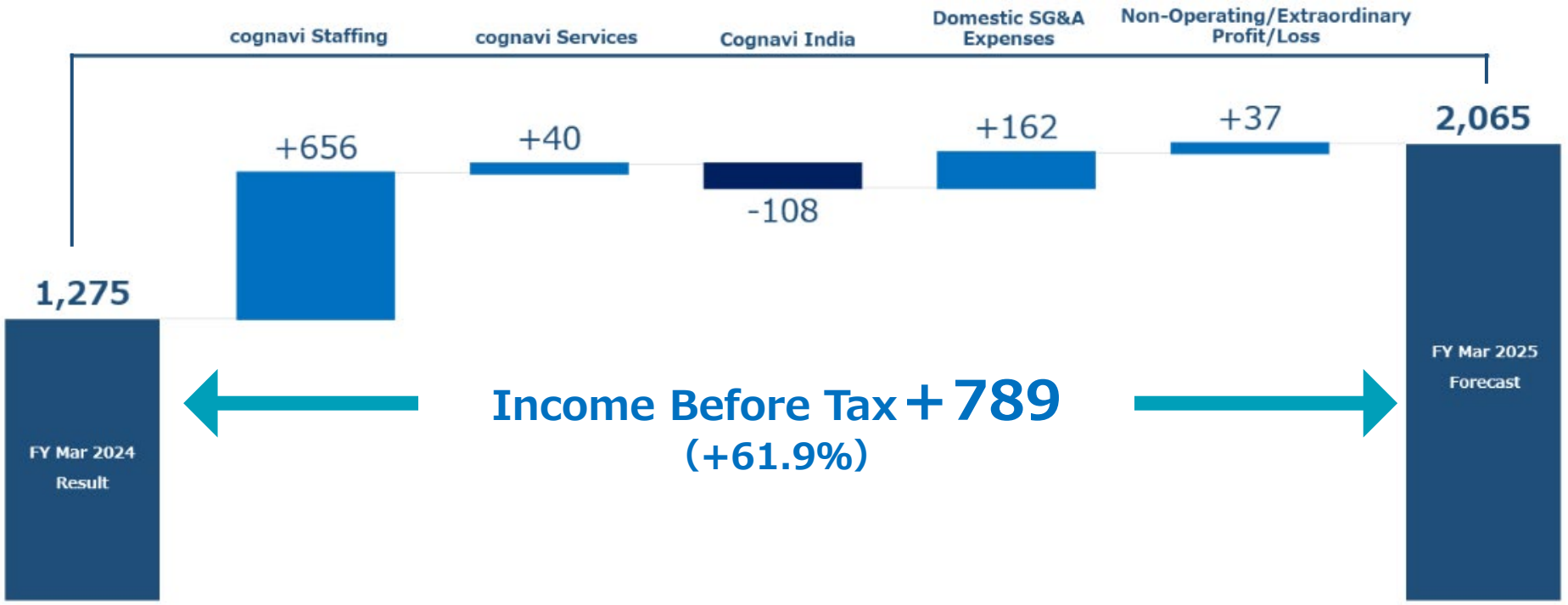
Note: A dash (–) in the achievement rate and YoY comparison indicates a negative value or change of 1,000% or more.

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

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[Consolidated] Profit before Income Taxes for FY March 2025-1Q -- YoY Comparison

(million yen)



cognavi Staffing	
Increase of Utilized Engineers	＋223
Increase of Staffing Rate	＋421
Decrease of Paid Leave Taken	＋61
Increase of Cost	-49

cognavi Servises	
cognave Graduate	＋56
cognavi Career Change	-16

Cognavi India	
Operating Profit	-108

Domestic SG&A expenses	
Personnel Costs	-53
Recruitment Fee	-22
PR Related Cost	-41
Information system expenses・Software amortization cost	-46

Non-operating /extraordinary profit/loss	
Cognavi India Fixed Deposit Investment Profit	＋37

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[Consolidated] Changes to full-year Forecast

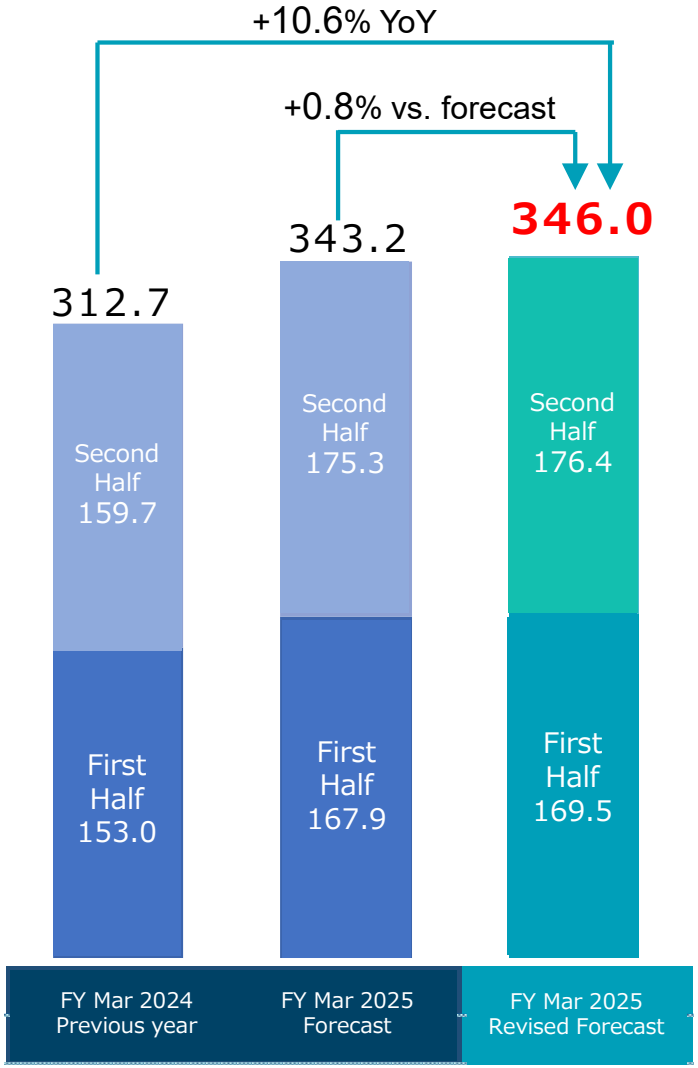
(million yen)	Revised Forecast FY Mar 2025	Forecast FY Mar 2025	Year on Year		Result FY Mar 2024	Comparison with Forecast	
Net Sales	34,600	34,320	+280	+0.8%	31,279	+3,320	+10.6%
Operating Profit	4,000	3,460	+540	+15.6%	3,029	+970	+32.0%
Ordinary Profit	4,070	3,450	+620	+18.0%	3,017	+1,053	+34.9%
Profit Attributable to Owners of Parent	2,725	2,310	+415	+18.0%	2,039	+685	+33.6%
ROE (%)	20.0%	18.2%	+1.8%	-	15.7%	+4.3%	-

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[Consolidated] Summary of Revised Full-Year Forecast

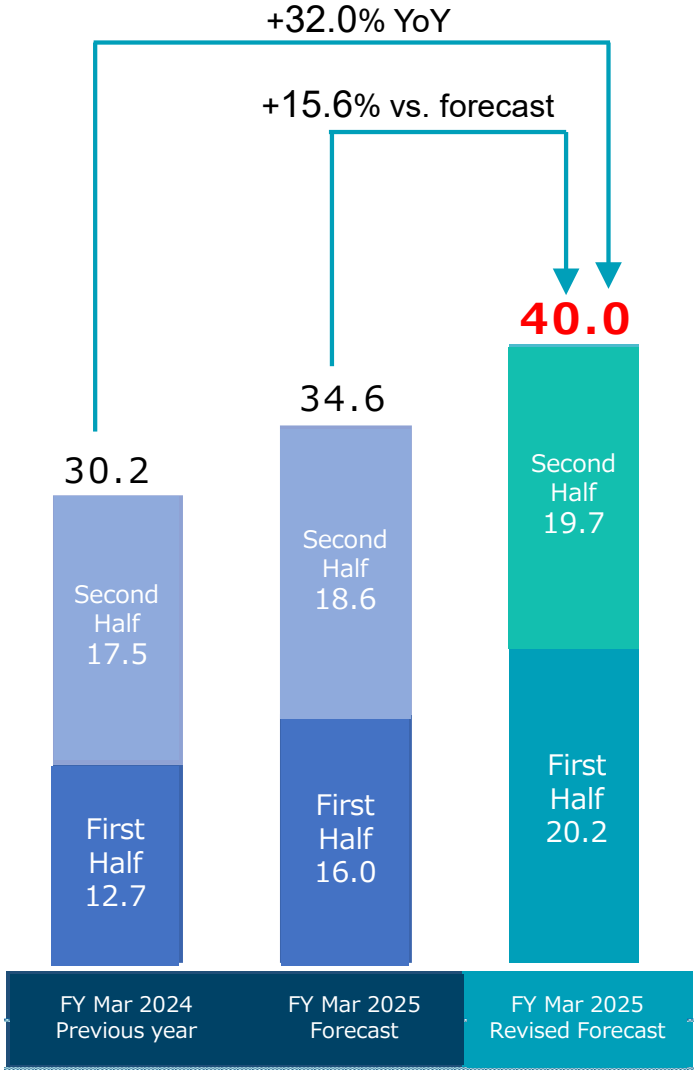
● Net sales

(Unit: 100 million yen)



● Operating profit

(Unit: 100 million yen)



ROE	15.7%	18.2%	**20.0%**

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Dividend per share forecast

○Interim: 18.0 yen
●Year-end: 24.5 yen

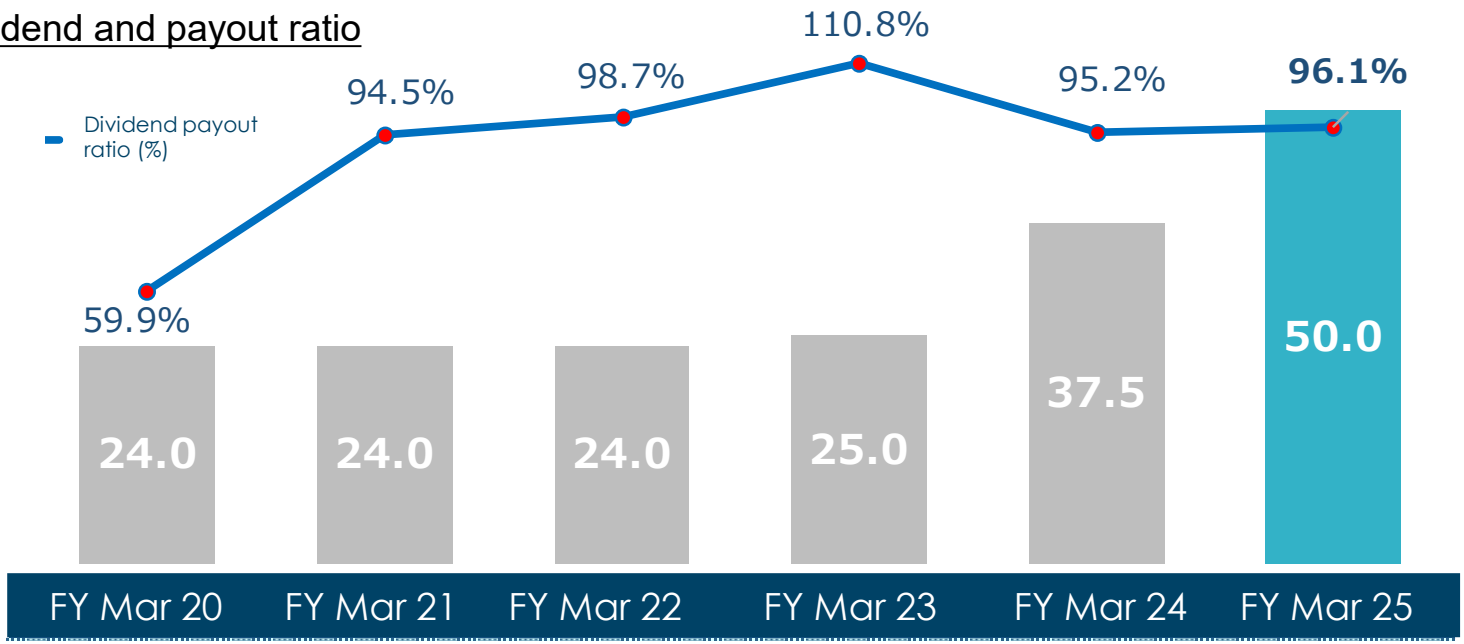
Full year **42.5 yen**

+7.5 yen per share

○Interim: 21.0 yen
●Year-end: 29.0 yen

Full year **50.0 yen**

Dividend and payout ratio



Note: There was a 2-for-1 split of common stock on December 1, 2023

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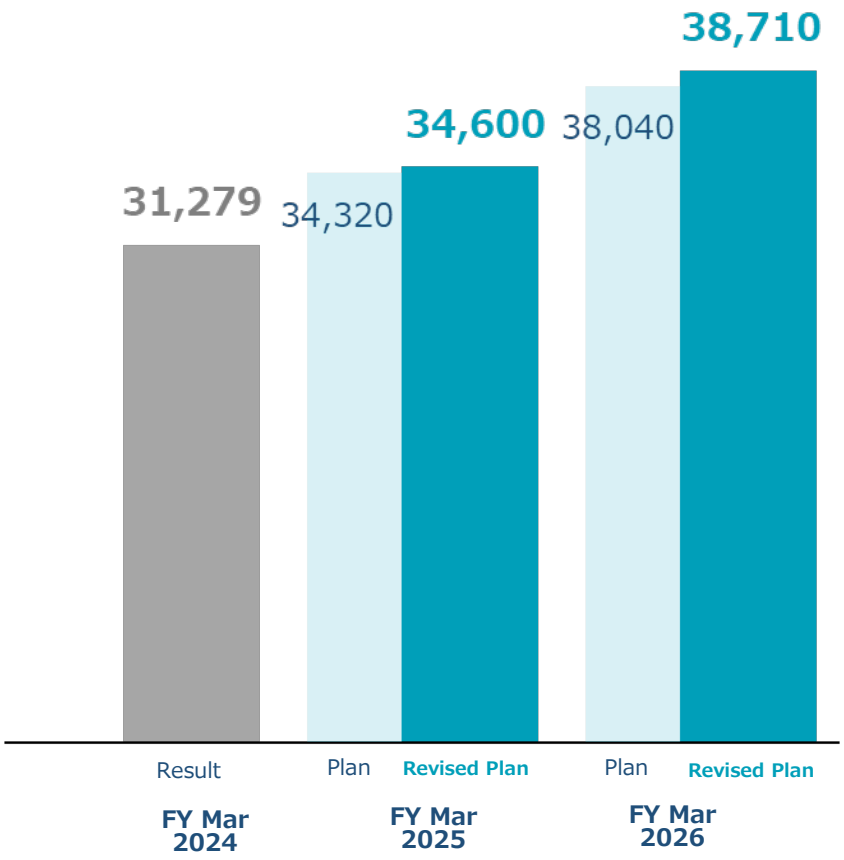
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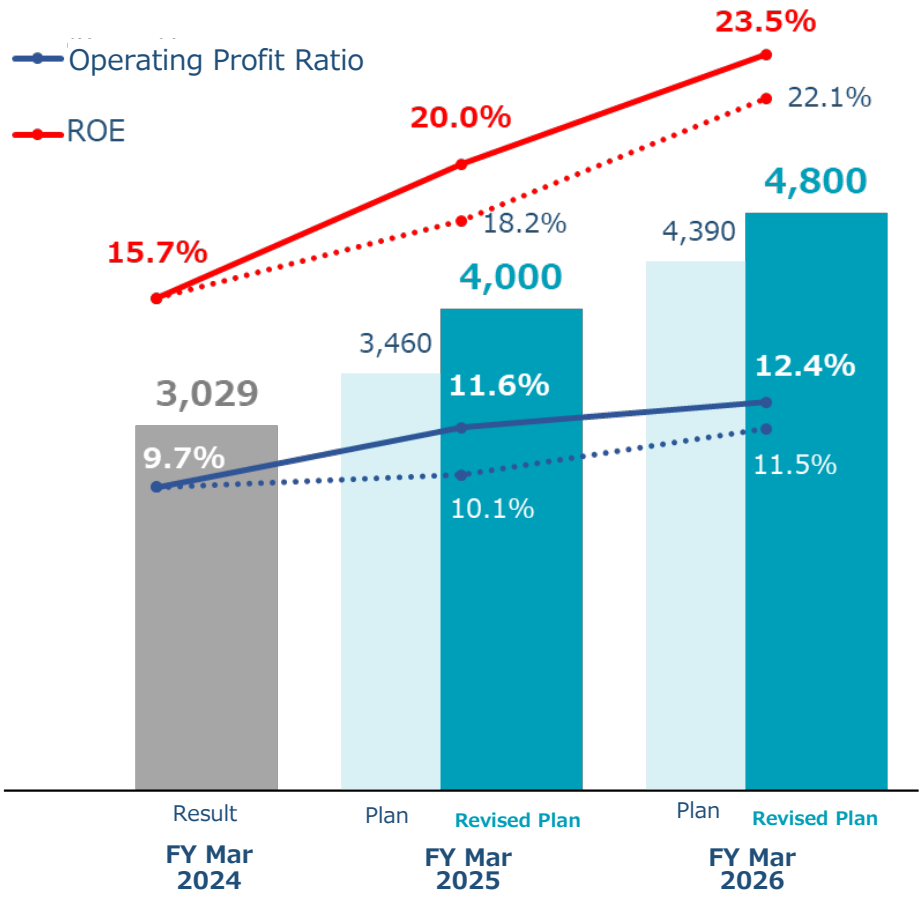
Changes to Medium-Term Management Plan “cognavi Vision 2026“

The figures for the FY March 2025 and the FY March 2026 have been revised upward from the planned figures at the time of publication of the medium-term management plan.

【Net Sales】



【Operating Profit /Operating Profit Ratio/ROE】



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Improving Free-Float Market Capitalization
(in response to the Next-Generation TOPIX)

The Company aims to improve stock liquidity and increase the free-floating market capitalization in the view to meet the selection criteria for the Next-Generation TOPIX.

Next-Generation TOPIX stock selection criteria and schedule

	Current TOPIX	Next-Generation TOPIX (Second Periodic Review)
Eligible Markets	Prime Market * Companies that were constituents at the time of the market restructuring and chose the Standard Market or Growth Market are included.	Prime Market, Standard Market and Growth Market
Periodic Review	None	Annually, on the last business day of October (Base date: last business day of August) First periodic review is scheduled in October 2026
Selection Criteria	None * Phased weighting reductions of constituents which had a tradable share market capitalization of under JPY 10 billion at the time of the market etc. are in progress.	・Periodic review of constituents based on the following liquidity criteria
Non-periodic Inclusion	New listings on or segment transfers to the Prime Market	New listings on the Prime, Standard and Growth Markets whose free-float adjusted market capitalization exceeds the minimum for issues with a percentage of cumulative free-float adjusted market capitalization in the top 95%.

Indicator	Inclusion Criteria	Continuation Criteria
Annual Traded Value Ratio	0.2 or more	0.14 or more
% of Cumulative Free-Float Adjusted Market Capitalization	In the top 96%	In the top 97%

* Created by the company based on materials from JPX Research Institute.

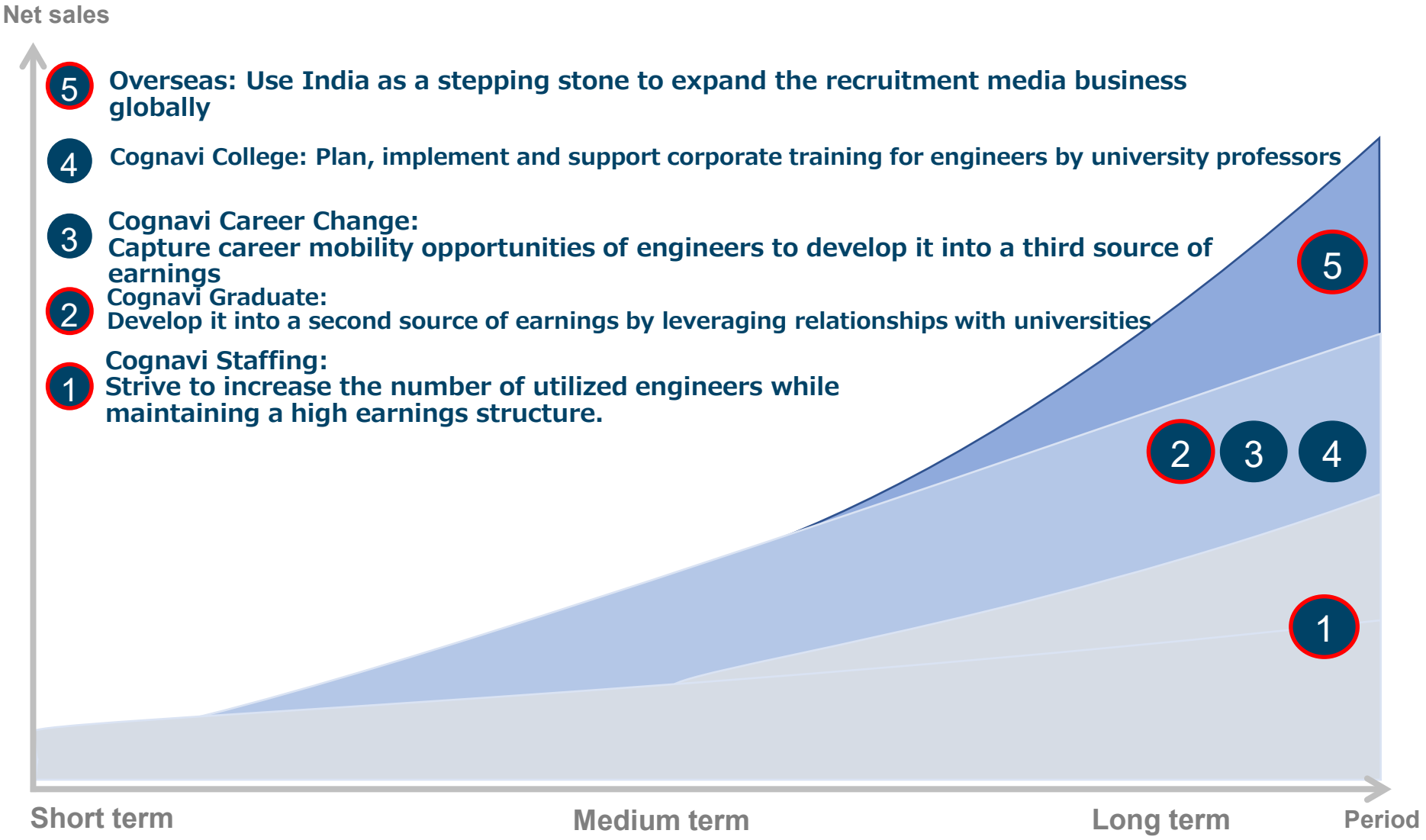
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Cognavi Vision 2026 Growth Scenario

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

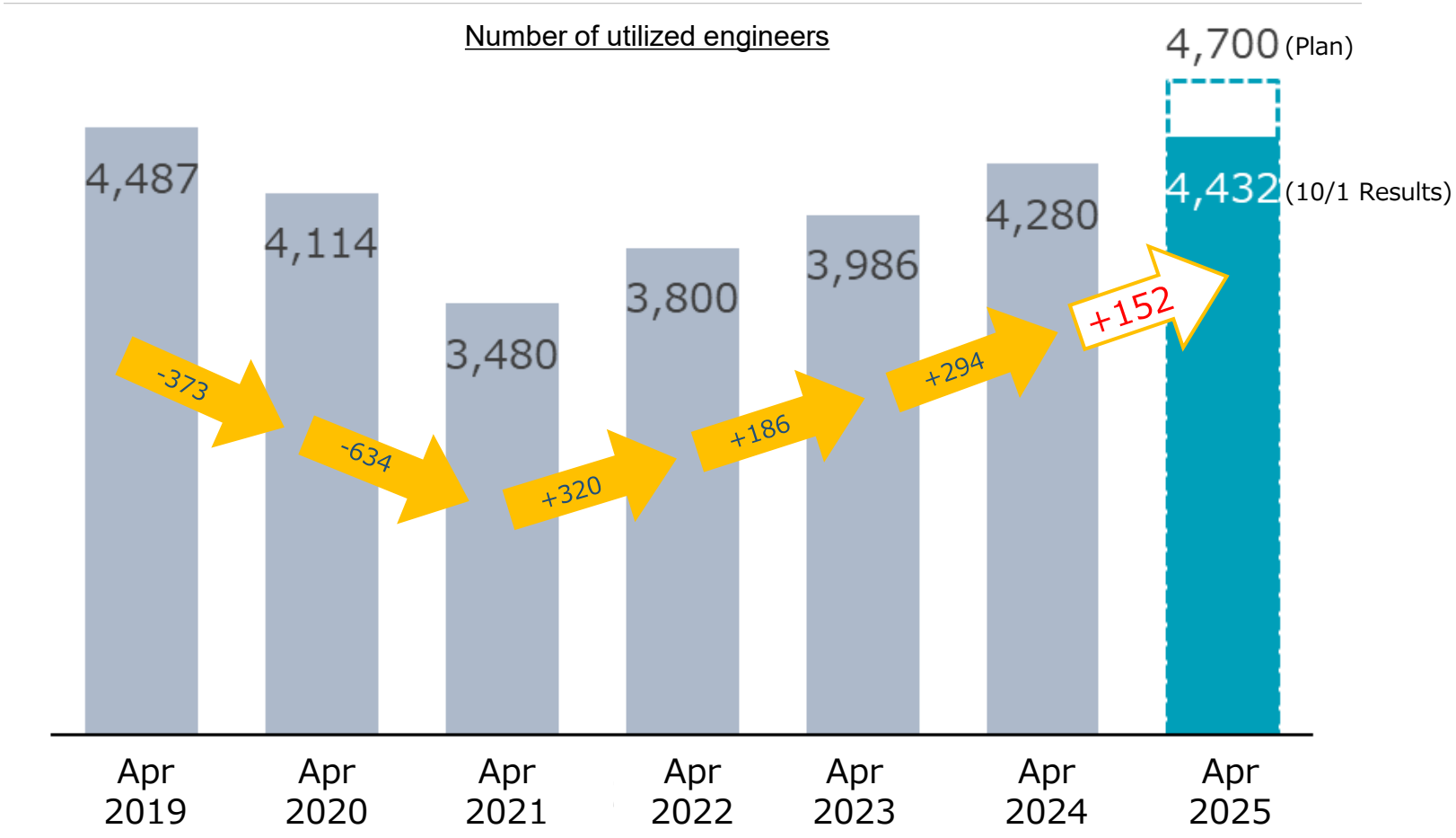
  cognavi Graduates

  cognavi Career Change / cognavi College

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(1) Number of utilized engineers

4,432 active engineers at the end of the first half, up by 152 from the beginning of the fiscal year.
The Company expects to have 4,620 employees, up 340 from the beginning of the fiscal year, compared to the planned 4,700.



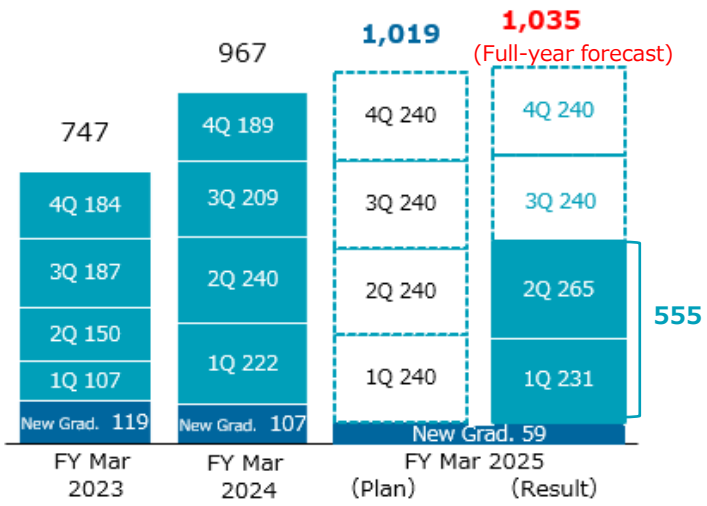
Note: Each figure represents the number at the beginning (i.e. April) of the fiscal year concerned.

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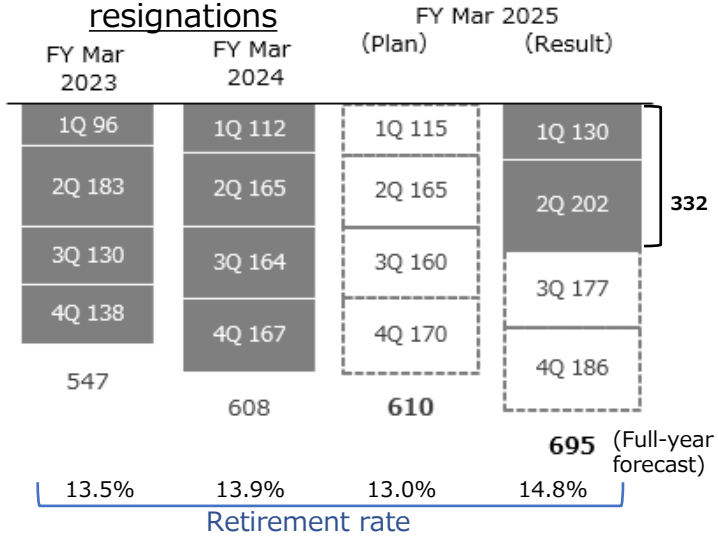
(1) Engineer Recruitment / Retirement

Hired 555 engineers in the first half, exceeding planed 539 by 16.

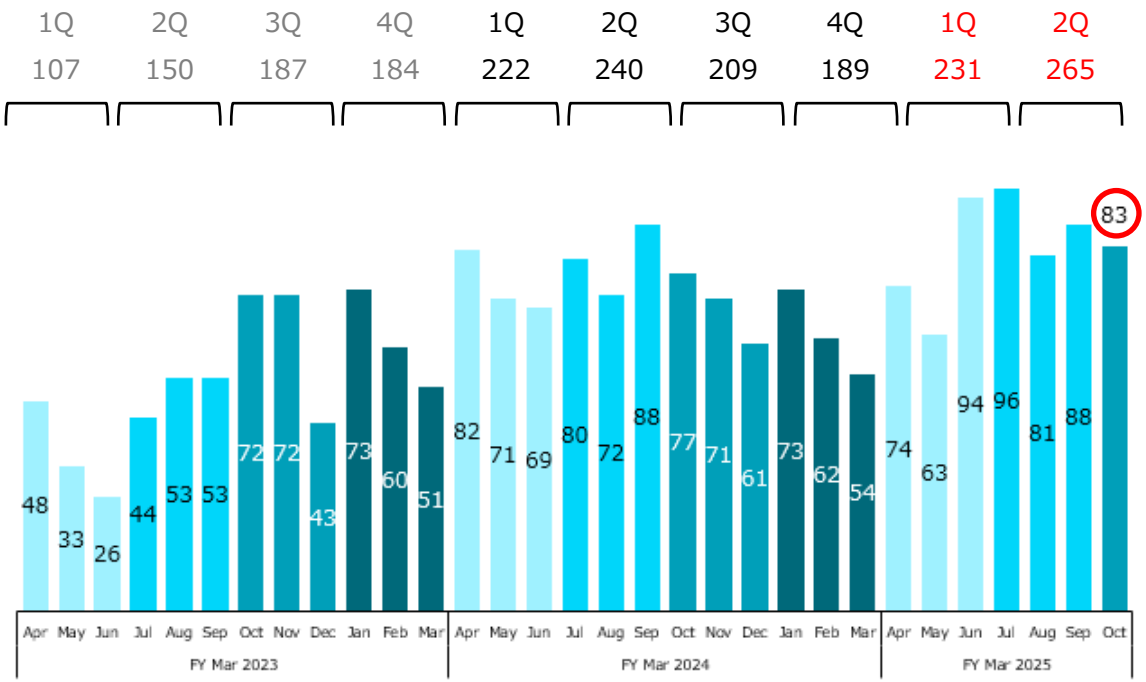
Number of engineers hired



Number of engineer resignations



Number of engineers hired (by quarter and by month)



Employee Stock Ownership Association Established in October

【Subscription status as of the end of October】
Internal Staffs 124 (32 %)
Engineers 716 (16 %)

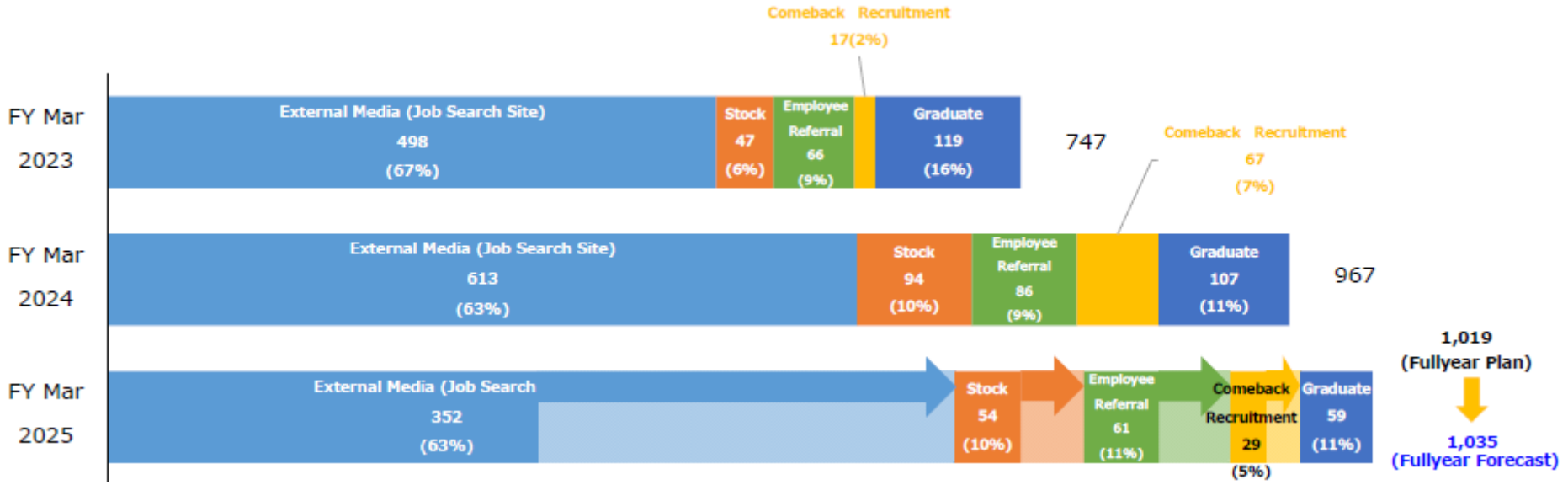
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(1) Engineer Recruitment Strategy and Recruitment Breakdown by Channel

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 31,000 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 6,500 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

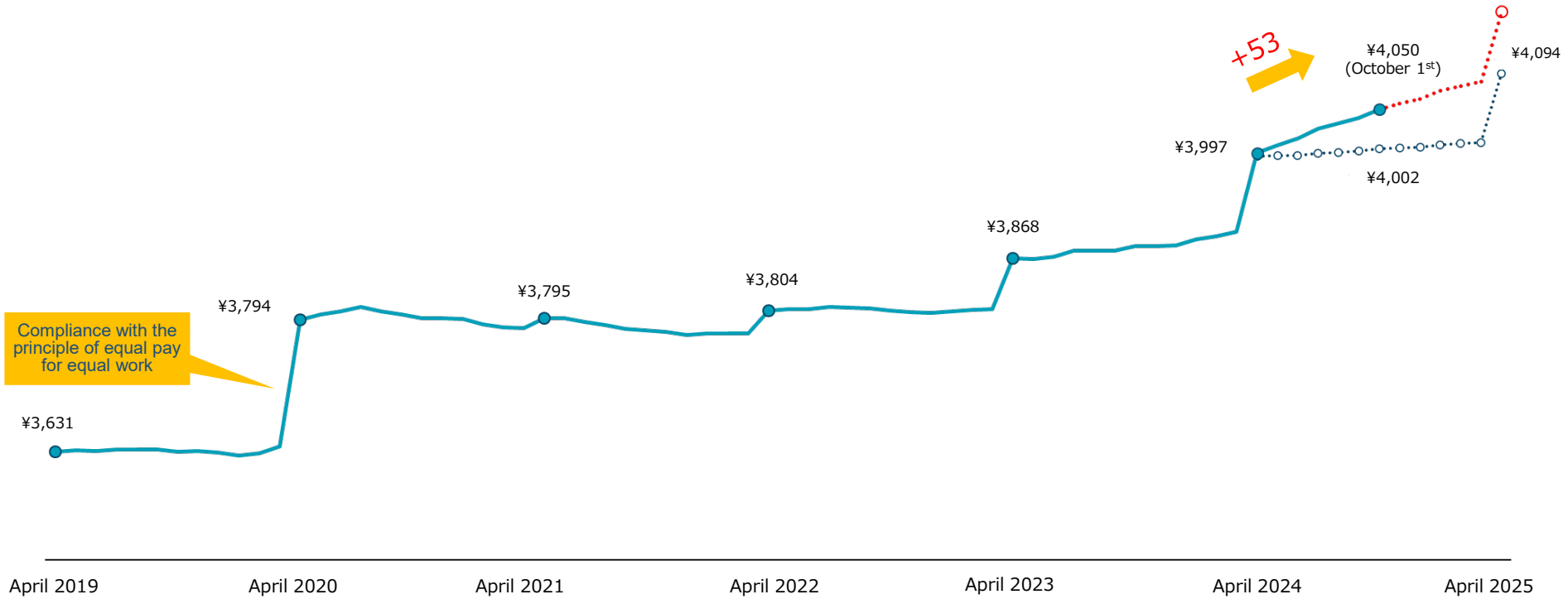


＊The number of people in each channel is the actual figure for the first half.

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Up by 53 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

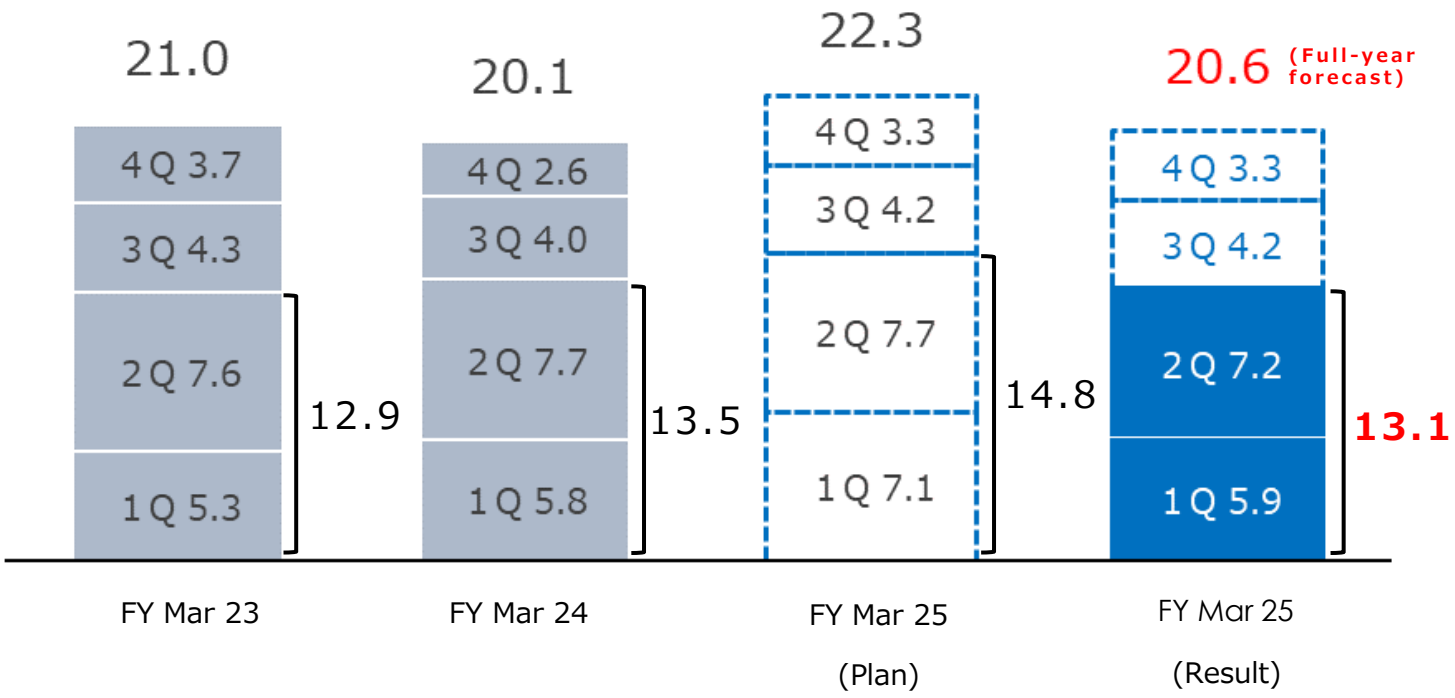


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(1) Number of days of paid leave taken

Projected to be 7.7 days in 2Q, assuming 100% use of allocated leave days, but actual usage was 7.2 days, falling short of the plan as in 1Q.
This trend is expected to continue in and after 3Q.

Number of days of paid leave taken



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

  cognavi Staffing

  cognavi Graduates

  cognavi Career Change / cognavi College

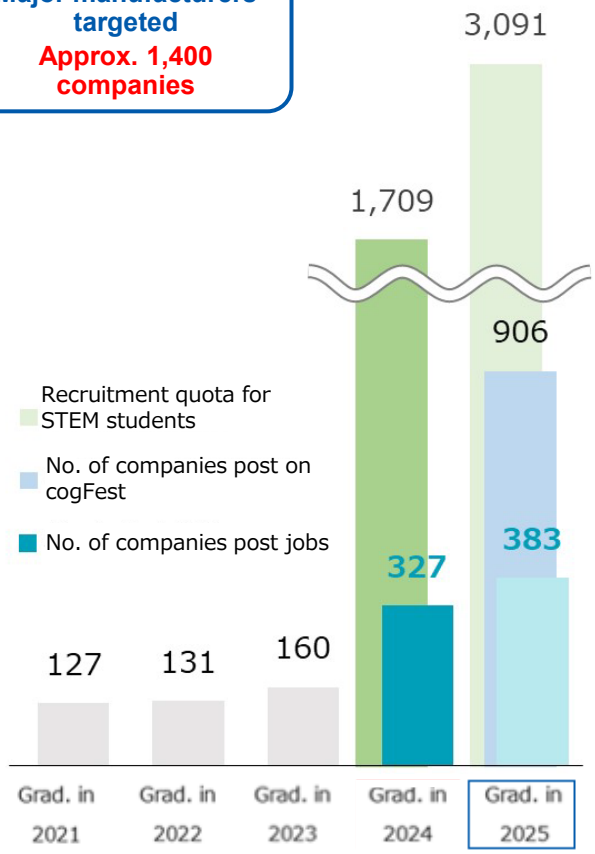
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2025 Graduates (Sales for FY March 2025)

287 successful contracts, with a forecast of 300 against a plan of 500.

Number of companies posting job offers

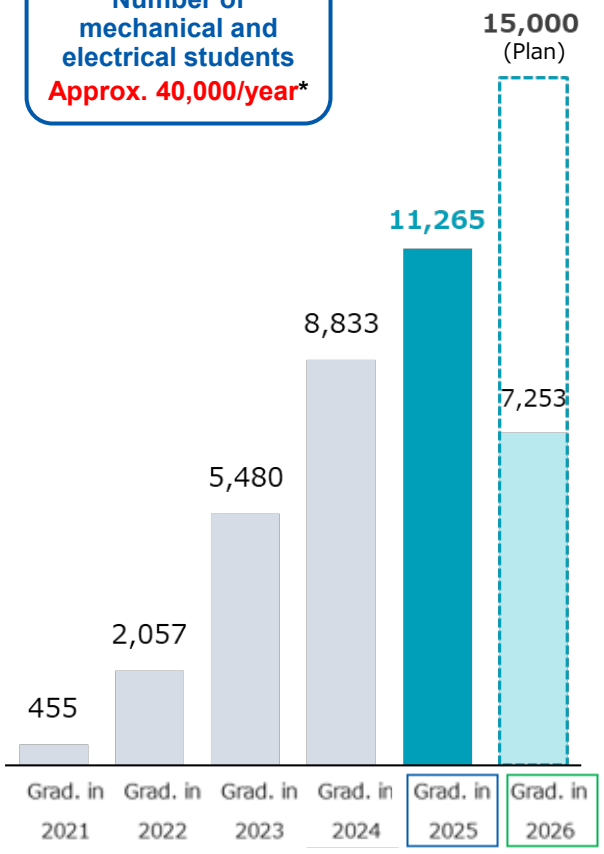
Major manufacturers targeted
Approx. 1,400 companies



(Cumulative figure as of September 30)

Number of members registered

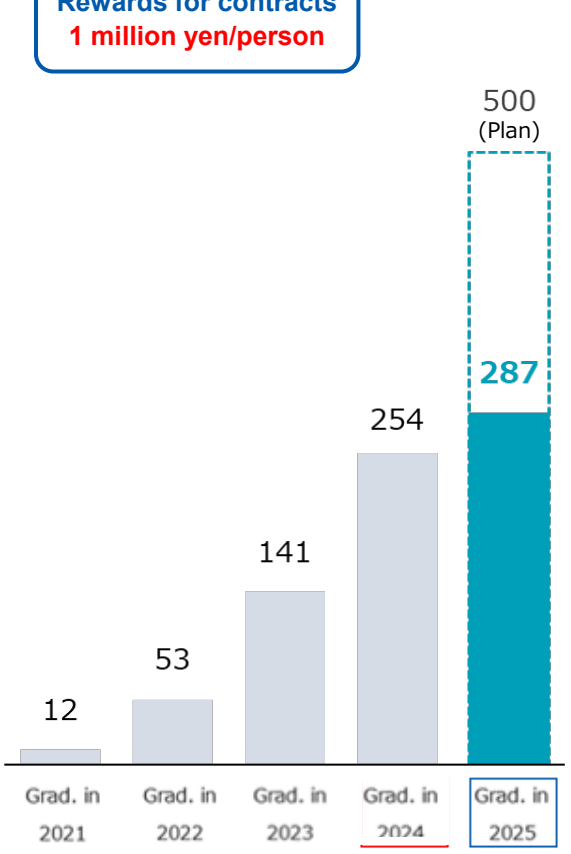
Number of mechanical and electrical students
Approx. 40,000/year*



(Cumulative figure as of September 30)

Number of successful contracts

Rewards for contracts
1 million yen/person



(As of September 30)

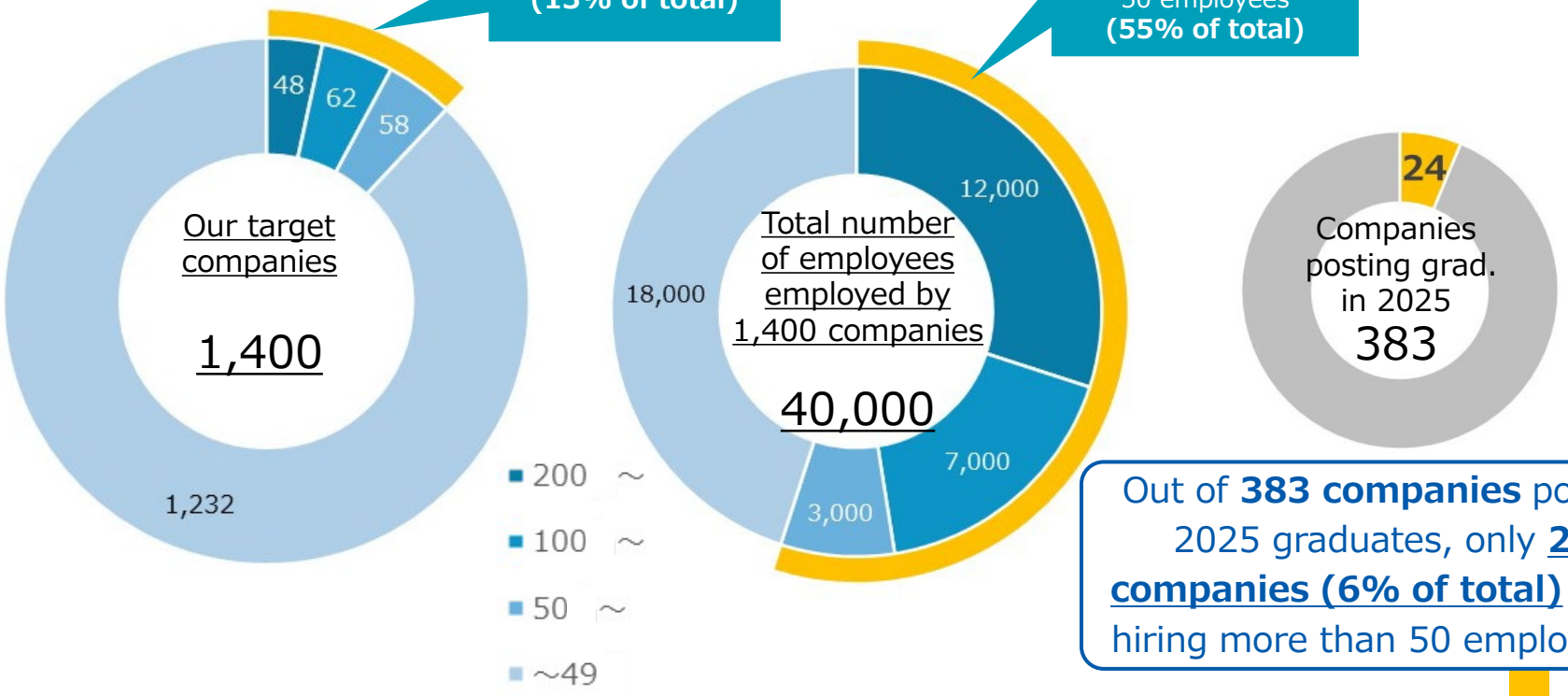
* The number of students is the Company estimate based on 2023 nationwide school data from Kyouiku Solution Corporation

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(2) Number of New Graduates hired by 1,400 Major Manufacturers targeted by the company

168 companies employed 50 or more employees **(13% of total)**

22,000 employees employed by **168 companies** with over 50 employees **(55% of total)**



Out of **383 companies** posted 2025 graduates, only **24 companies (6% of total)** were hiring more than 50 employees.

From 2026 graduates, the main target is companies which employed 50 or more employees and increase the number of contracts.
System usage fees and traditional Commission-based fees are planned to be used in combination depending on the number of employees hired.

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

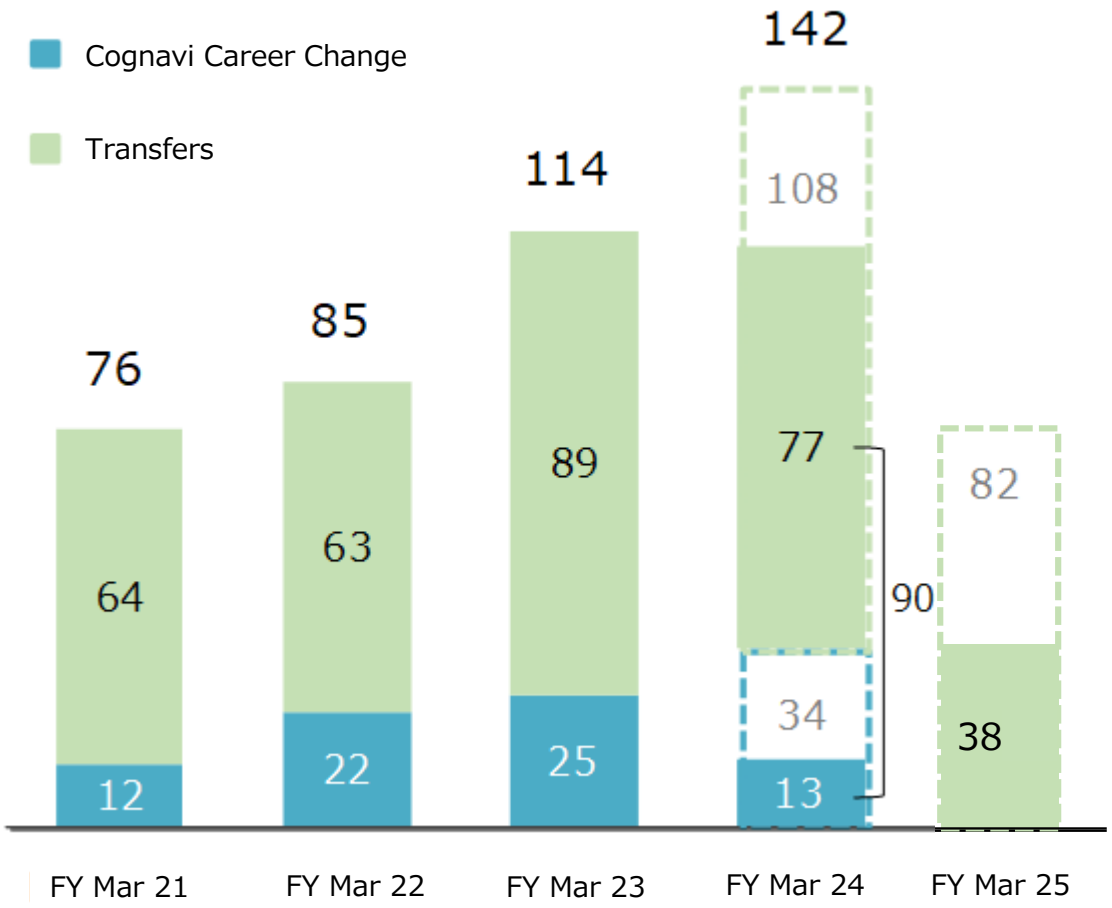
  cognavi Staffing

  cognavi Graduates

  cognavi Career Change / cognavi College

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Number of successful contracts

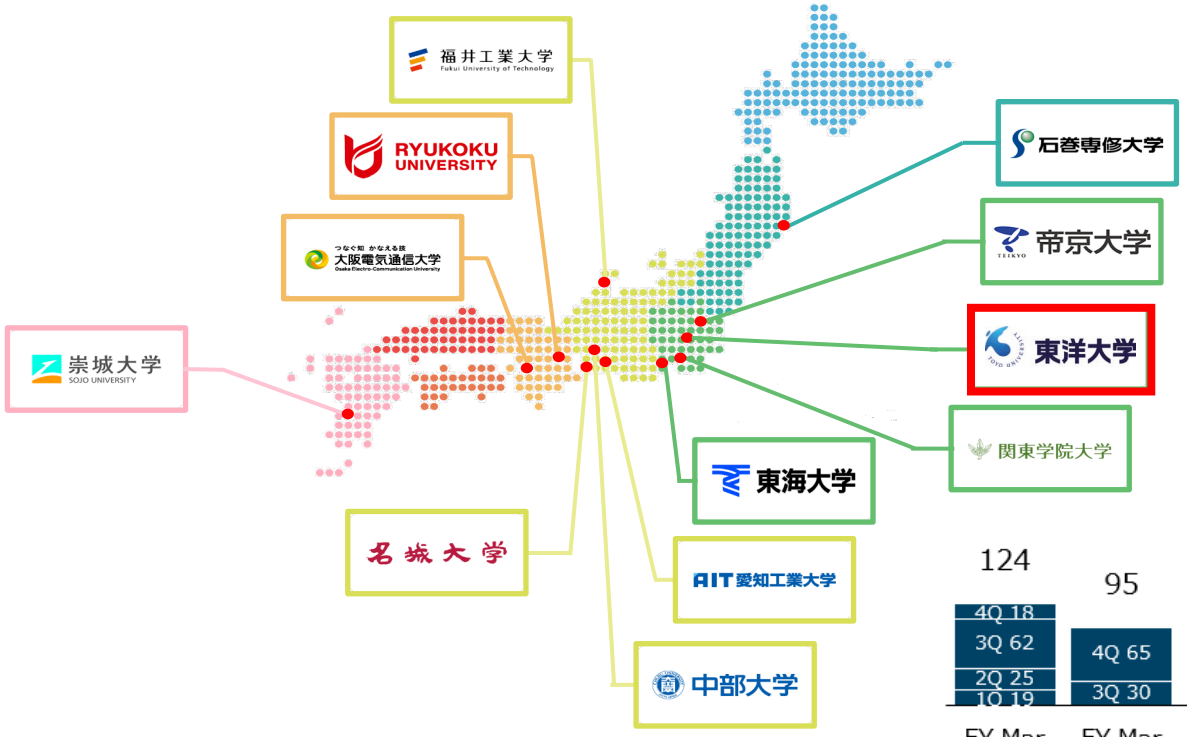


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(4) cognavi College

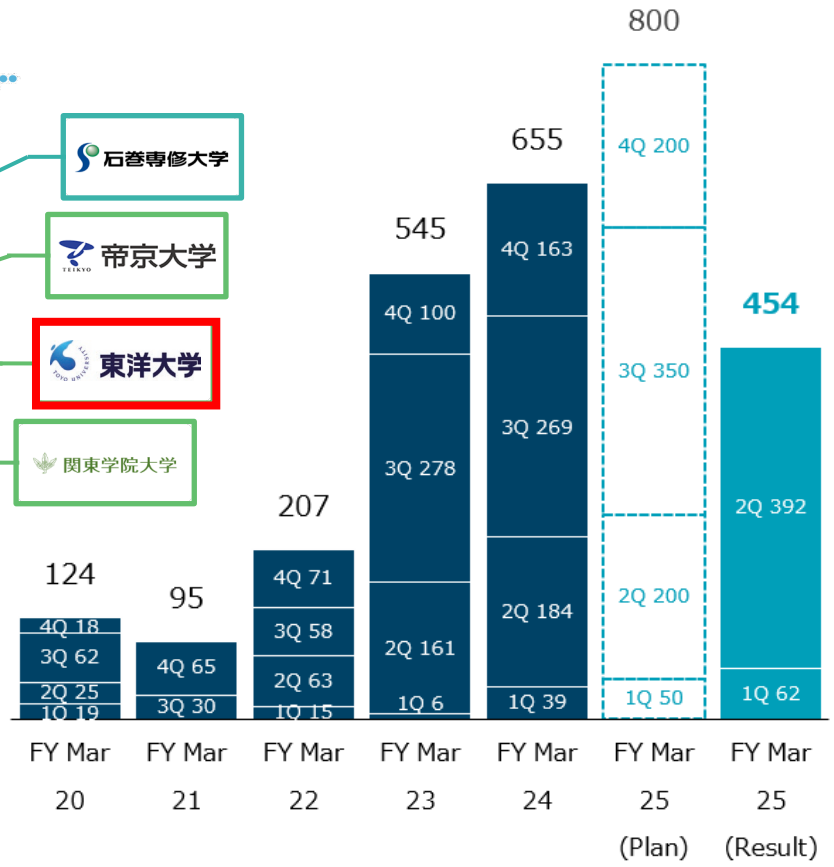
Started a new partnership with Toyo University. In the second quarter, 392 people took the course, 200 more people against the previous term.

Partner Universities



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

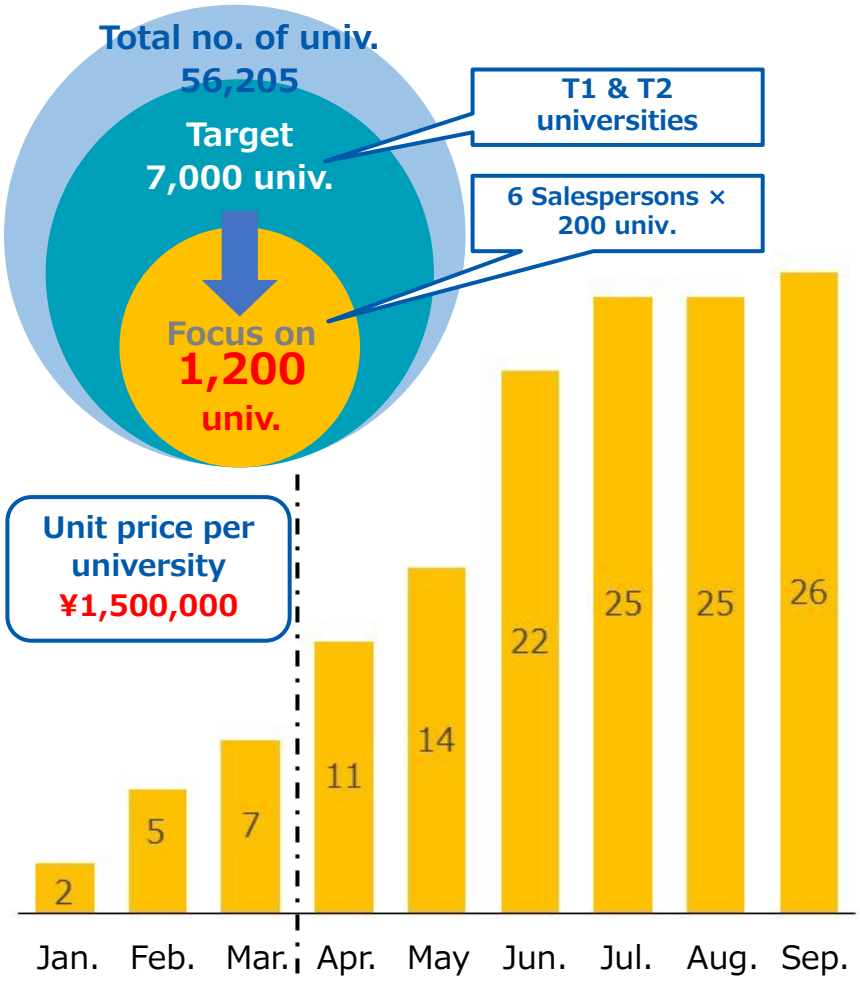
	FY 2025 March revision forecast	FY 2025 March forecast	Difference	FY 2026 March planned
Net Sales	**30**	170	- 140	310
SG&A	**380**	410	- 30	490
Operating Profit	**- 350**	- 240	- 110	- 170

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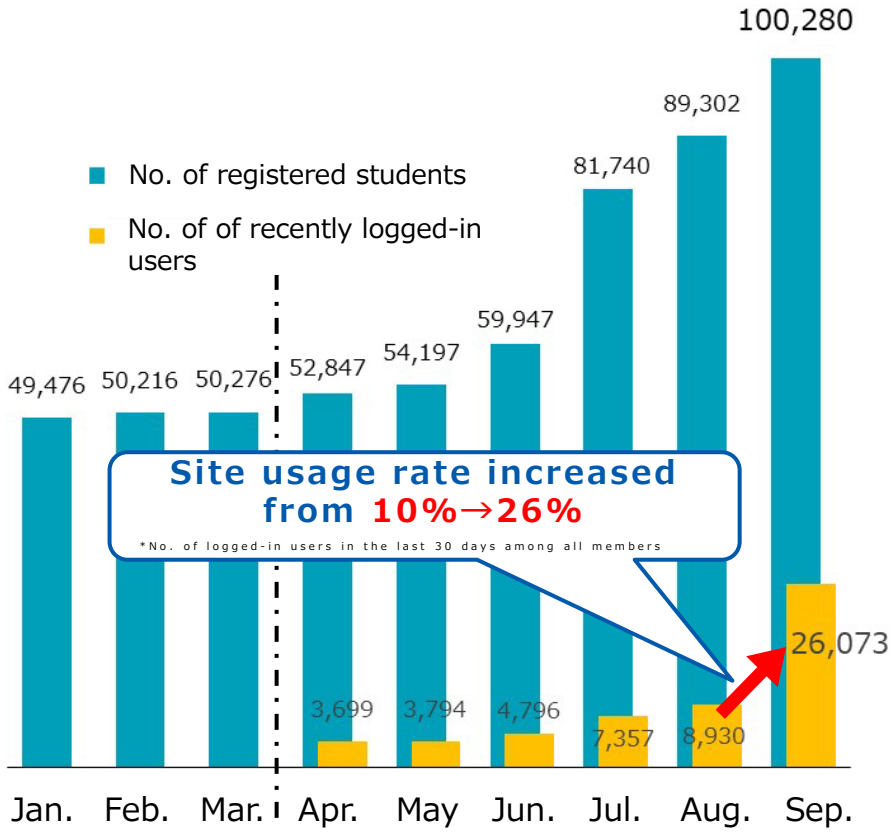
(5) Cognavi India - Number of Contracted Universities / registered students

Student/job management database used by universities has been introduced at 26 universities. Going forward, the company will focus on 1,200 universities and aim to expand.
Number of registered members of the job-hunting support tool for students has exceeded 100,000 students.

Number of universities



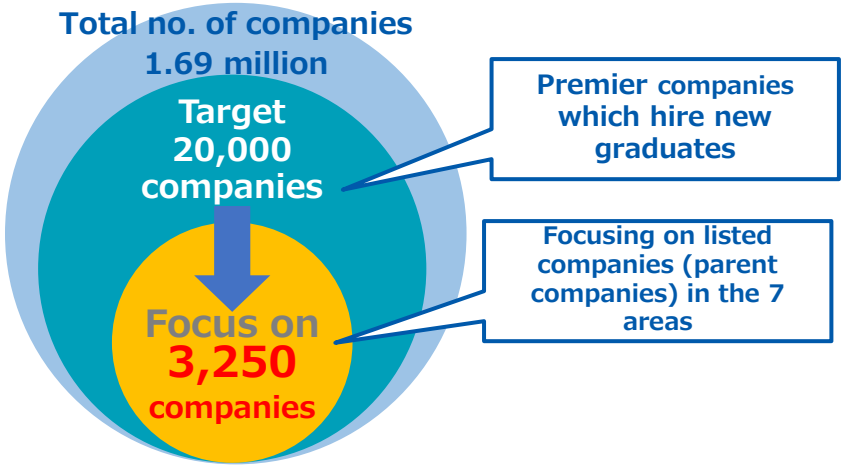
Number of registered students

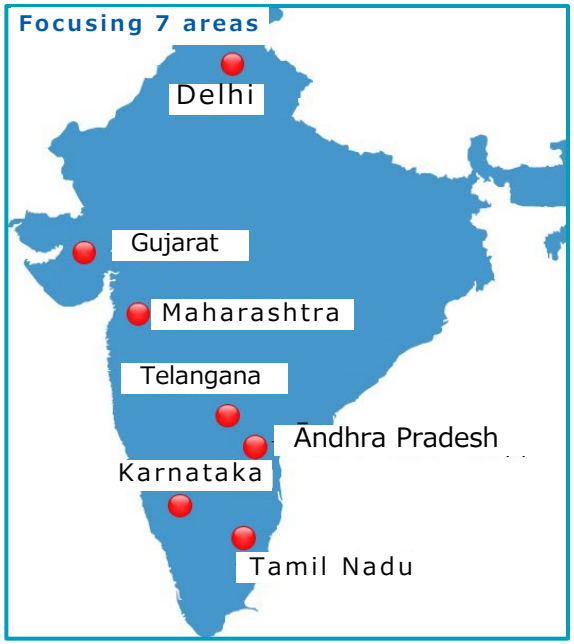


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(5) Cognavi India - Number of companies posting jobs / contracted

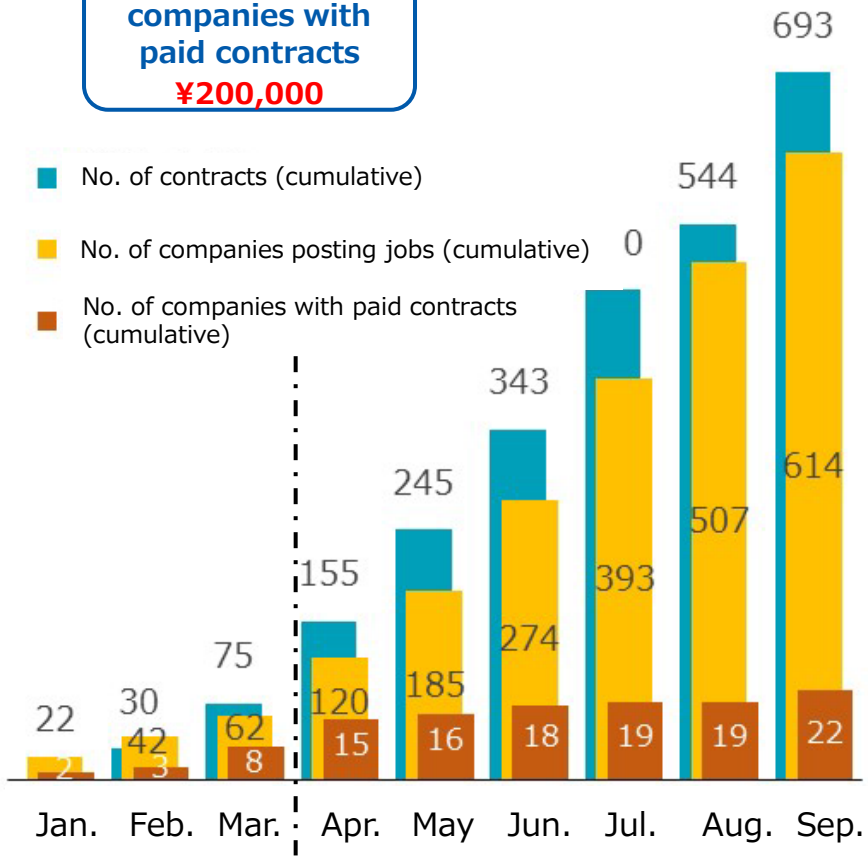
Number of successful deals has increased as recruitment information registered through contracted universities is also registered on Cognavi.
With the job-hunting season in India starting from January to March 2025, the Company aims to further increase the number of companies posting and accumulate the number of successful deals.





Number of companies posting/ contracted

Unit price per companies with paid contracts ¥200,000



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E

Make active use of renewable energy at head office.



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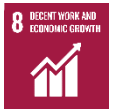
Continue to hold engineering job seminars for students in mechanical and electrical engineering.



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.



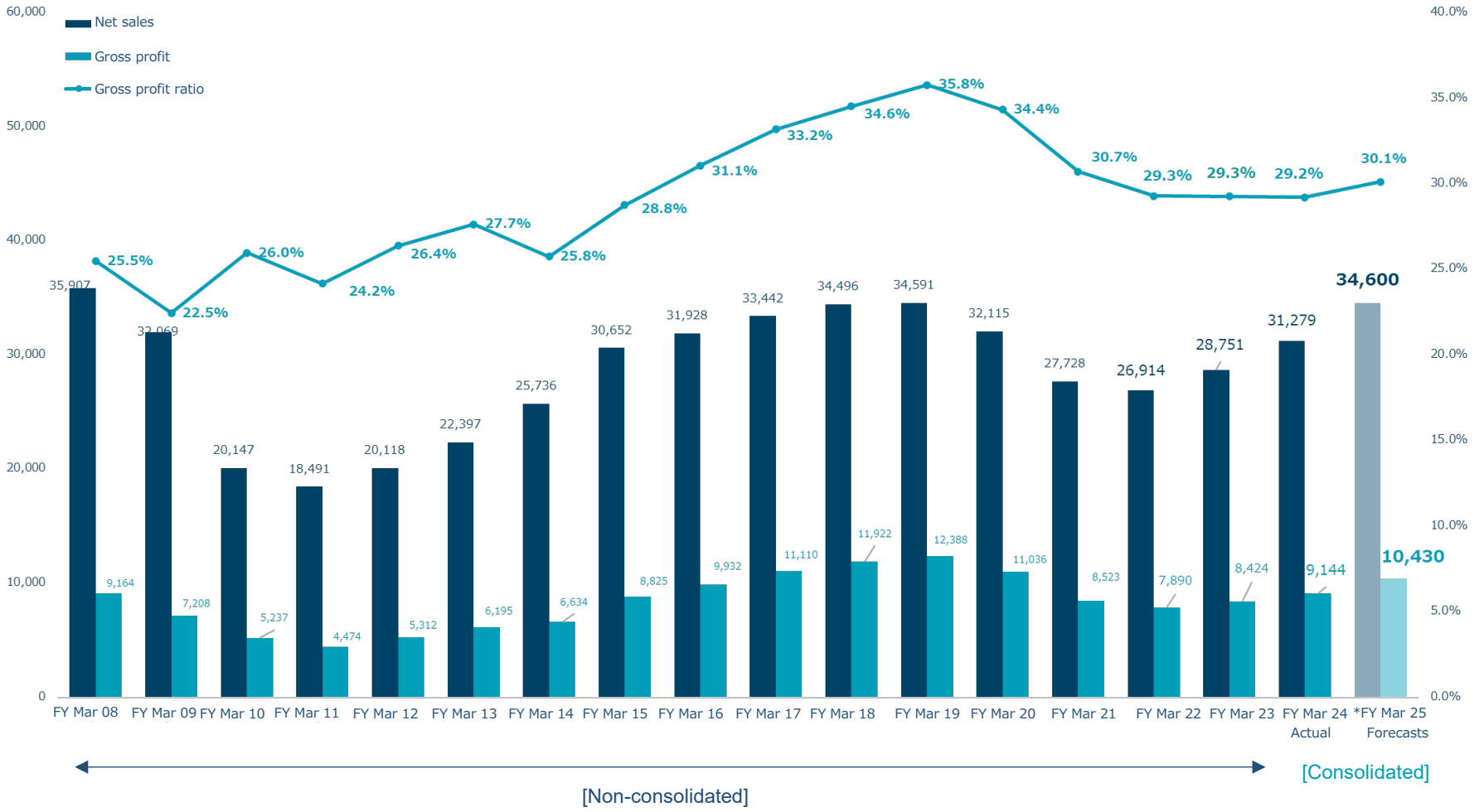
* Latest facilities of SRM University AP

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Changes in Net Sales, Gross Profit and Gross Profit Ratio

Changes in net sales, gross profit and gross profit ratio

(millions of yen)

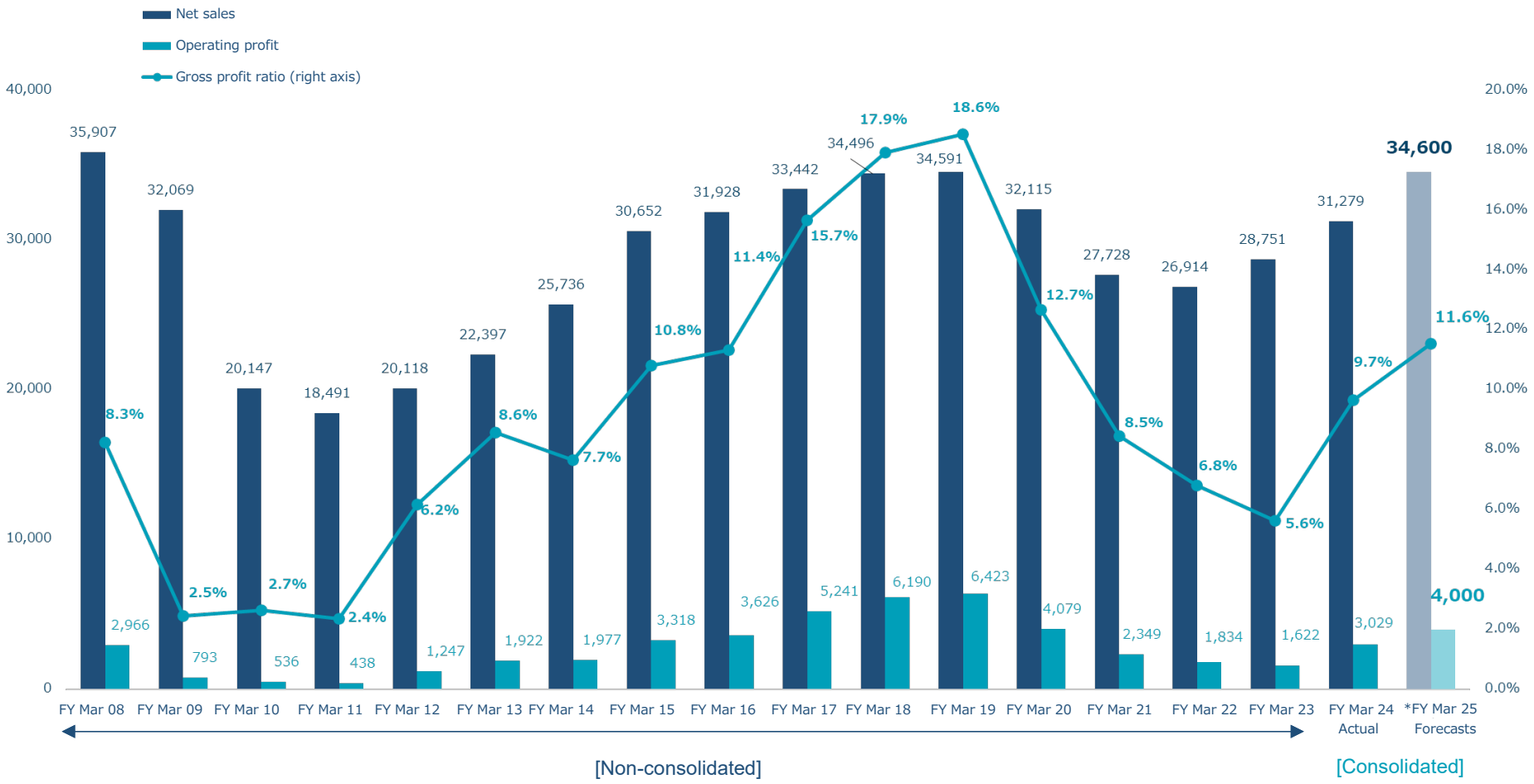


©2024 Forum Engineering Inc. Note: Net sales and gross profit for FY March 2017 and before are not audited.

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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Transition to consolidated accounting from FY March 2024

Statement of income (million yen)

	Actual results		
	FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	2Q/FY Mar 2023 [Consolidated]
Net sales	**28,751**	**31,279**	**16,955**
Gross profit	**8,424**	**9,144**	**5,164**
	29.3%	29.2%	30.5%
Selling, general and administrative expenses	**6,802**	**6,115**	**3,135**
	23.7%	19.5%	18.5%
Operating profit	**1,622**	**3,029**	**2,028**
	5.6%	9.7%	12.0%
Profit attributable to owners of parent	**1,163**	**2,039**	**1,378**
	4.0%	6.5%	8.1%

Balance sheet (million yen)

			FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	2Q/FY Mar 2025 [Consolidated]
Assets	Current assets	Cash and deposits	10,395	11,006	10,488
		Total current assets	**14,492**	**15,117**	**14,767**
	Non-current assets	Property, plant and equipment	435	417	474
		Intangible assets	1,391	1,157	1,100
		Investments and other assets	1,380	1,225	1,218
		Total non-current assets	**3,207**	**2,800**	**2,793**
	Total assets		**17,700**	**17,918**	**17,560**

		FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	2Q/FY Mar 2025 [Consolidated]
Liabilities	Total current liabilities	**5,728**	**4,618**	**4,807**
	Total non-current liabilities	**-**	**9**	**75**
	Total liabilities	**5,728**	**4,628**	**4,882**
Net assets	Total shareholders' equity	**11,972**	**12,921**	**12,444**
	Total net assets	**11,972**	**13,289**	**12,678**
Total liabilities and net assets		**17,700**	**17,918**	**17,560**

Statement of cash flows (million yen)

	FY Mar 2023 [Non-consolidated]	FY Mar 2024 [Consolidated]	2Q/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			
	Mid-career hires	107	150	187	184	628	222	240	209	189	860	231	265			
	New graduate hires	119	—	—	—	—	107	—	—	—	—	59	—	—	—	—
	Resignations	96	183	130	138	547	112	165	164	167	608	130	202			
	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			
	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			
	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			
	Working hours	157.7	154.3	160.6	156.7	—	157.6	153.1	163.6	153.7	—	157.9	154.5			
	Staffing rates (yen)	3,807	3,806	3,802	3,826	—	3,872	3,879	3,886	3,931	—	4,016	4,041			

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		
		Registered members	–	–	–	–	4,973	6,296	10,587	11,154	11,265	11,303		
		Successful contracts	–	–	–	–	–	–	–	18	220	287		
	Grad. in 2026	Number of companies posting job offers	–	–	–	–	–	–	–	–	77	250		
		Registered members	–	–	–	–	–	–	–	–	6,041	7,253		
		Successful contracts	–	–	–	–	–	–	–	–	–	–		

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

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