

Sportsfield (TYO: 7080)

2Q results for FY12/2024 show an increase in revenues and a decrease in profits. Expect a turnaround in the second half of the year.

◇ 2Q FY12/2024 financial highlights

In the 2Q results (cumulative) for FY12/2024 announced by Sportsfield on 9 August 2024, net sales were 2.05 billion yen (+8% YoY), operating profit was 560 million yen (-9% YoY), ordinary profit was 560 million yen (-9% YoY), and net profit attributable to owner of the parent was 360 million yen (-10% YoY). In 2Q (Apr-Jun), sales were 950 million yen (-1% YoY), operating profit was 160 million yen (-46% YoY), and ordinary profit was 160 million yen (-47% YoY), struggling to advance vis-a-vis 1Q.

Firstly, to summarise the positive factors, the company's total sales for the first half of the year and its main businesses - New Graduate Events, New Graduate Placement Support and Graduate Placement Support - all reached record highs, and although ordinary profit fell, the ordinary profit margin on sales was 27.6%, which is in the mid-20% range, which is the company's target level. Profits, on the other hand, unfortunately declined. This was due, firstly, to sluggish sales growth in the New Graduate Placement Support business (due to slow growth in the number of unique student introductions for the mainstay Sponavi and a YoY decline in its closing ratio; although this has been supported to a certain extent by Spochalle). The second factor was increased personnel costs due to new graduate and mid-career hires and increased performance-linked bonuses. Staff augmentation and appropriate remuneration payments are essential for continued internal growth. The key question is sales; we expect sales in New Graduate Placement Support business to pick up firmly. It should be noted that sales in the New Graduate Events and Graduate Placement Support businesses are in line with expectations, which is a reassuring sign.

◇ Full-year company forecasts

The company's forecasts for FY2024 remain unchanged from those at the beginning of the year. The company forecasts sales of 3.74 billion (+9% YoY), operating profit of 0.90 billion yen (+3% YoY), ordinary profit of 0.90 billion yen (+3% YoY) and net profit attributable to owner of the parent of 0.58 billion yen (-3% YoY).

Looking at the progress ratio of H1 results to full-year results and forecasts, 54.8% of sales estimate (55.3% in the previous year; similarly below), 63.0% of operating profit target (72.3%) and 62.9% of ordinary profit estimate (72.3%), so a turnaround of profits is critical.

◇ Decision on share buyback

The company decided on 20 August to buy back its shares. The maximum number of shares to be repurchased is 185,000 (2.5% of outstanding shares), the total amount to be repurchased is up to 100 million yen, the repurchase period is from 21 August 2024 to 31 October 2024, and the shares will be purchased on the market.

◇ Share price trends and future points of interest

The share price has been in a box range of approximately 600-900 yen since 2023, but the company's share price temporarily fell to 575 yen as the overall stock market plunged on 2 and 5 August. Although the stock market has since rebounded, the company's share price hit a yearly low of 571 yen on 15 August in response to the latest results. Although the share price has recently recovered to the high 600 yen range, partly due to the above-mentioned share buyback announcement, it has not kept pace with the stock market's recovery as a whole.

The first point to watch going forward is the certainty of the forecasts for the current year. In the 3Q, sales of the New Graduate Placement Support business for new graduates are usually the key, and in the 4Q, sales of the New Graduate Events business are the key, so the key point is whether these businesses will grow as expected. For the latter, orders for New Graduate Events in March 2026, which are performing well, will provide a tailwind. Labour productivity and overall cost control will be one of the key points to watch.

Second, KPIs build up towards FY12/2025. According to the financial results, the cumulative number of students registered on Sponavi and others for students graduating in March 2026 and the cumulative number of students registered on Sponchalle have exceeded the progress during FY3/2025. The number of registrations for Sponavi Career and Spochare job changes is also steady, and we expect further upside in these.

Finally, the forthcoming new medium-term management plan. The period of the current medium-term management plan ends with the current financial year, and we look forward to the contents of the new medium-term management plan, which is expected to be disclosed when the 4Q results are announced. The contents of the measures to expand business, increase market capitalisation and improve share liquidity, which are necessary to aim for the prime market, will be a focus of attention.

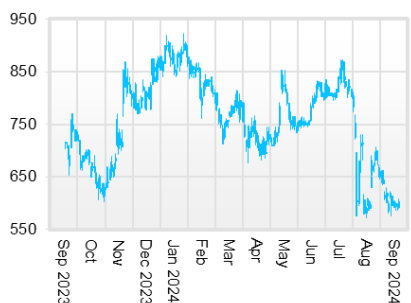
2Q results update

Service

As of 20 September, 2024

Share price (9/19)	603 Yen
52weeks high/low	¥571/923
Avg Vol (3 month)	55 thou shrs
Market Cap	¥4.4 bn
Enterprise Value	¥2.7 bn
PER (24/12 CE)	7.5 X
PBR (23/12 act)	2.7 X
Dividend Yield (24/12 CE)	2.6 %
ROE (23/12 act)	56.1 %
Operating margin (23/12)	25.4 %
Beta (5Y Monthly)	1.3
Shares Outstanding	7.37 mn shrs
Listed market	TSE Growth section

Share price



%	1M%	3M%	12M%
Share price	-0.17	-24.53	-15.66
Japan TSE TOPIX	-2.30	-3.64	7.76

Points of interest

First, if the progress ratio against the full-year plan, which is slightly behind the previous year, will improve.

Secondly, progress on KPIs that will determine next year's performance. In addition to the solid orders for New Graduate Events, the cumulative number of students registered on Sponavi, etc., for March 2026 graduates, the cumulative number of students registered Spochalle, and the number of students registered on Sponavi Career and Spochalle Jobchange are also important.

Finally, the timing and content of the disclosure of the new medium-term management plan which will begin in FY12/2025.

This report (financial update) has been prepared at the request of Sportsfield. For details, please refer to the Disclaimer on the last page.

Company profile

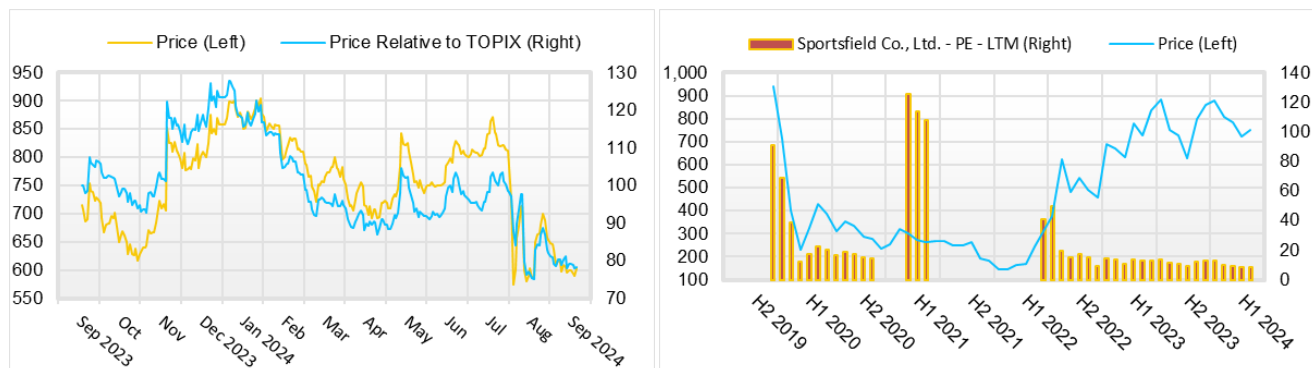
Sportsfield Co., Ltd. operates placement services for student-athletic teams and students with sports experience and placement services for these sports human capital graduates. The company's main businesses are New Graduate Events, New Graduate Placement Support and Graduate Placement Support. The new graduate business is characterised by the detailed support provided by the company's employees to registered students. Financially, the company has achieved growth while maintaining a high operating margin and return on equity.

Key financial data

Unit: million yen	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12 CE
Sales	1,918	1,883	2,130	2,866	3,418	3,749
EBIT (Operating Income)	194	16	-32	637	870	903
Pretax Income	192	32	-81	634	869	902
Net Profit Attributable to Owner of Parent	133	17	-79	412	608	586
Cash & Short-Term Investments	696	972	976	1,458	1,467	
Total assets	1,114	1,501	1,551	2,136	2,323	
Total Debt	259	259	259	259	259	
Net Debt	-1,208	-1,208	-1,208	-1,208	-1,208	
Total liabilities	684	1,054	1,183	1,356	934	
Total Shareholders' Equity	1,389	1,389	1,389	1,389	1,389	
Net Operating Cash Flow	198	-89	54	610	449	
Capital Expenditure	53	53	53	53	53	
Net Investing Cash Flow	-25	-32	-68	-7	-68	
Net Financing Cash Flow	150	396	18	-120	-371	
Free Cash Flow	396	396	396	396	396	
ROA (%)	14.34	1.30	-5.19	22.36	27.27	
ROE (%)	47.31	3.89	-19.42	71.80	56.05	
EPS (Yen)	18.9	2.4	-11.1	57.2	83.7	80.0
BPS (Yen)	61.0	63.3	51.3	107.9	188.7	
Dividend per Share (Yen)	0.00	0.00	0.00	0.00	16.50	16.00
Shares Outstanding (Million shrs)	7.05	7.06	7.17	7.23	7.27	

Source: Omega Investment from company data, rounded to the nearest whole number.

Share price





Quarterly topics

Performance trends

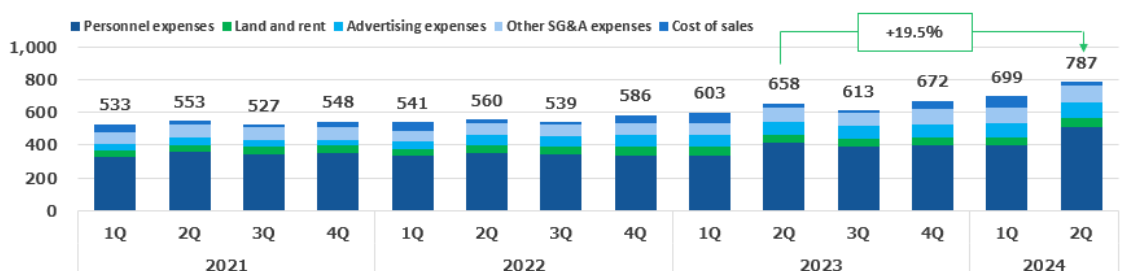
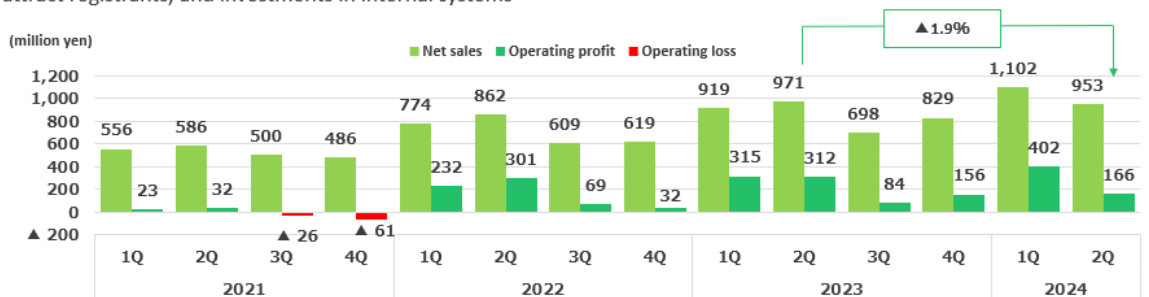
(Reference) Consolidated statement of income by quarter

(million yen)	FY2021					FY2022					FY2023					FY2024	
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q
Net sales	556	586	500	486	2,130	774	862	609	619	2,866	919	971	698	829	3,418	1,102	953
YoY	-4.6%	27.4%	7.4%	30.3%	13.1%	39.1%	47.1%	21.8%	27.4%	34.5%	18.7%	12.7%	14.6%	33.8%	19.3%	19.9%	-1.9%
New Graduate Events	374	208	63	199	845	507	267	61	292	1,129	578	267	64	455	1,365	713	240
YoY	-7.3%	69.7%	-20.6%	36.8%	12.5%	35.7%	28.0%	-2.4%	46.4%	33.5%	14.0%	0.2%	4.6%	55.6%	21.0%	23.3%	-10.1%
New Graduate Placement Support	56	208	288	131	684	79	290	354	119	844	92	426	396	115	1,031	139	414
YoY	63.0%	28.6%	2.4%	19.9%	16.5%	41.5%	39.3%	22.9%	-9.0%	23.3%	16.6%	46.7%	12.0%	-3.1%	22.2%	50.5%	-2.7%
Graduate Placement Support	105	148	126	133	513	158	277	164	176	777	213	247	204	228	893	215	270
YoY	-21.2%	-9.8%	45.4%	34.6%	6.0%	50.1%	87.1%	30.0%	32.8%	51.3%	34.5%	-10.9%	24.8%	28.9%	15.0%	1.1%	9.4%
Other sales	20	20	22	22	86	28	26	29	31	115	34	30	32	30	126	32	27
YoY	82.7%	95.7%	23.6%	18.9%	46.1%	38.5%	30.1%	28.8%	38.9%	34.0%	19.9%	12.9%	9.3%	-2.5%	9.5%	-3.9%	-10.2%
Cost of sales	54	23	11	36	126	51	28	14	47	142	65	26	17	53	164	67	22
Gross profit	502	562	488	449	2,003	722	833	595	572	2,723	853	944	680	775	3,253	1,034	931
SG & A	478	530	515	511	2,035	490	531	525	539	2,086	538	631	595	618	2,384	631	764
SG&A to sales ratio	85.9%	90.5%	103.0%	105.2%	95.6%	63.3%	61.7%	86.2%	87.0%	72.8%	58.5%	65.0%	85.3%	74.6%	69.7%	57.3%	80.3%
Personnel expenses	329	360	345	350	1,385	332	352	344	340	1,369	340	416	389	399	1,545	399	512
Land and rent	41	41	45	46	175	46	46	46	48	188	48	48	49	51	197	52	52
Advertising expenses	36	47	44	35	164	45	64	67	75	252	75	81	79	76	313	86	95
Others	70	80	80	79	310	65	68	67	75	276	74	85	76	90	327	93	103
Operating profit	23	32	-26	-61	-32	232	301	69	32	637	315	312	84	156	869	402	166
Ordinary profit	22	32	-27	-62	-35	231	301	68	31	634	314	312	84	156	869	402	165

Source: Omega Investment from company materials

Quarterly performance and seasonal variations

- Both sales and operating profit were lower than in the same period of the previous year.
- Expenses increased due to investments for growth, such as strengthening personnel structure, advertising investments to attract registrants, and investments in internal systems



Source: Omega Investment from company materials

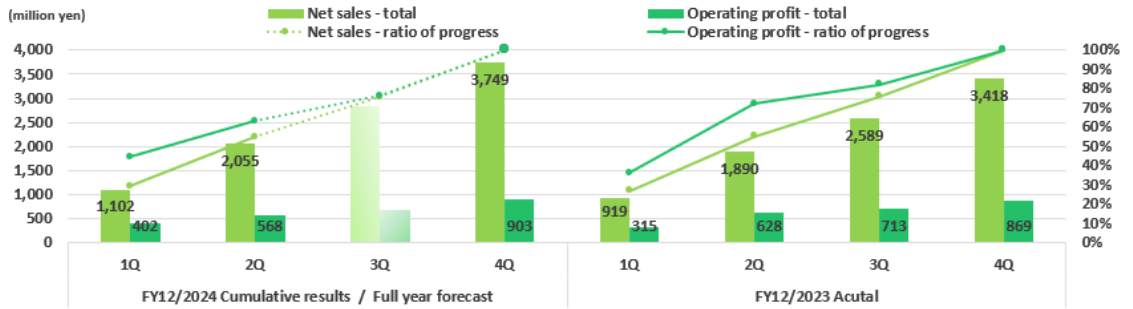


Quarterly topics

Performance trends

Ratio of progress toward full year forecast

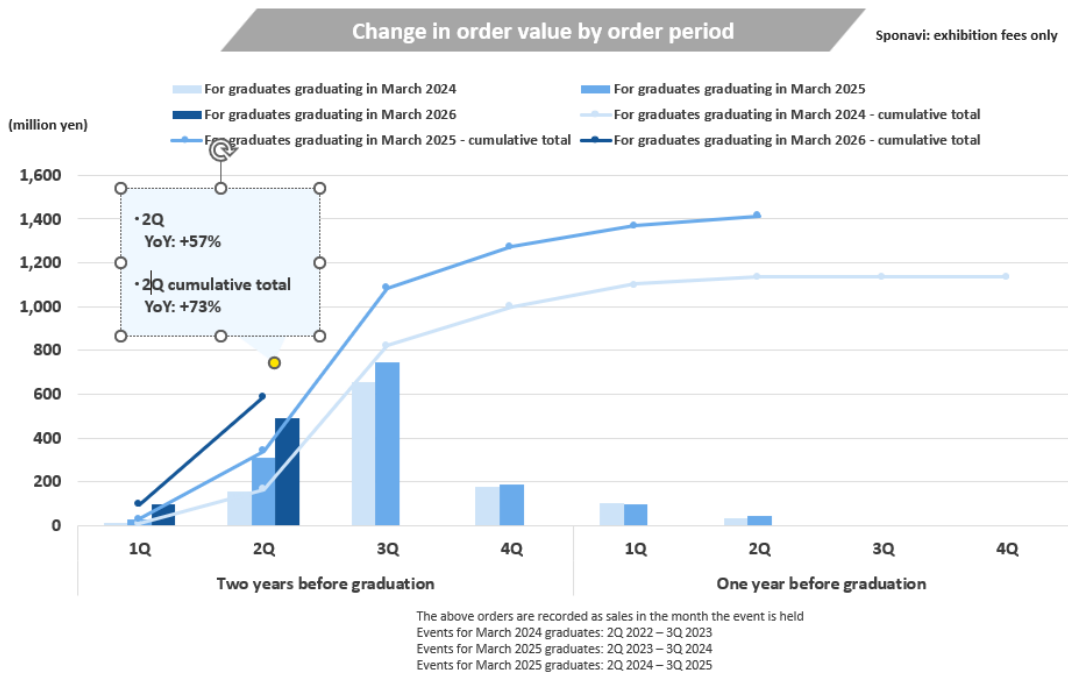
(million yen)	FY12/2024			FY12/2023		
	Full Year - forecast	First half	Ratio of progress	Full Year - actual	First half	Ratio of progress
Net sales	3,749	2,055	54.8%	3,418	1,890	55.3%
New Graduate Events	1,506	954	63.3%	1,365	846	62.0%
New Graduate Placement Support	1,128	554	49.2%	1,031	519	50.3%
Graduate Placement Support	967	486	50.3%	893	460	51.6%
Other	147	59	40.6%	126	64	50.7%
Operating profit	903	568	63.0%	869	628	72.3%
Operating margin	24.1%	27.7%	-	25.4%	33.2%	-
Ordinary profit	902	568	62.9%	869	627	72.3%
Ordinary margin	24.1%	27.6%	-	25.4%	33.2%	-



Source: Omega Investment from company materials

New Graduate Events Business Order trends

(Reference) New Graduate Events Business: order value by order period



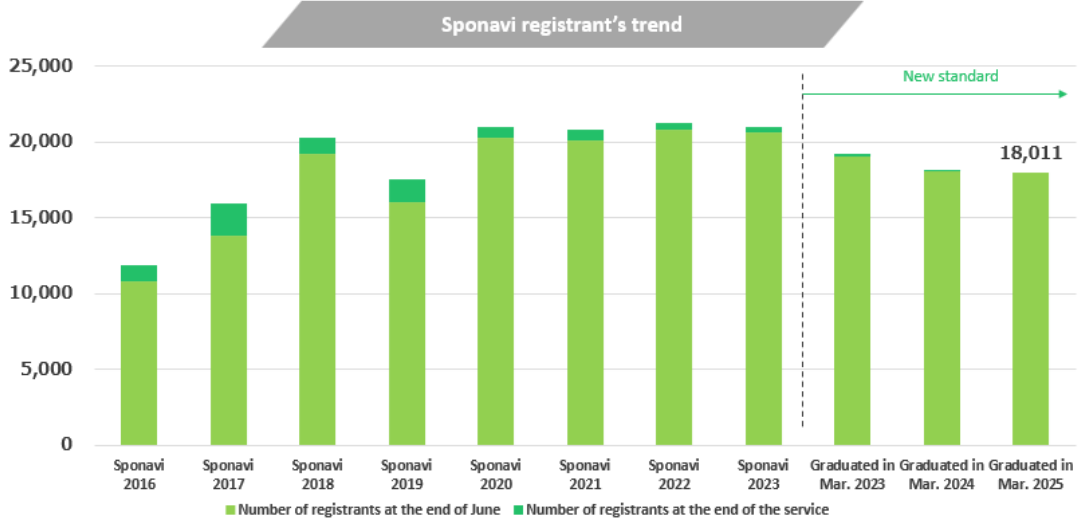
Source: Omega Investment from company materials

Quarterly topics

New Graduate Placement Support Business KPIs for the current year

Sponavi Number of registrants

- As of June 30, 2024, the number of registrants for March 2025 graduates remained unchanged from the number of registrants for March 2024 graduates in the same period of the previous year.
- Regarding March 2026 graduates, we are reinforcing our personnel structure in order to expand the number of registrants again. At present, the number of registrants for March 2025 graduates has exceeded in the same period of the previous year.

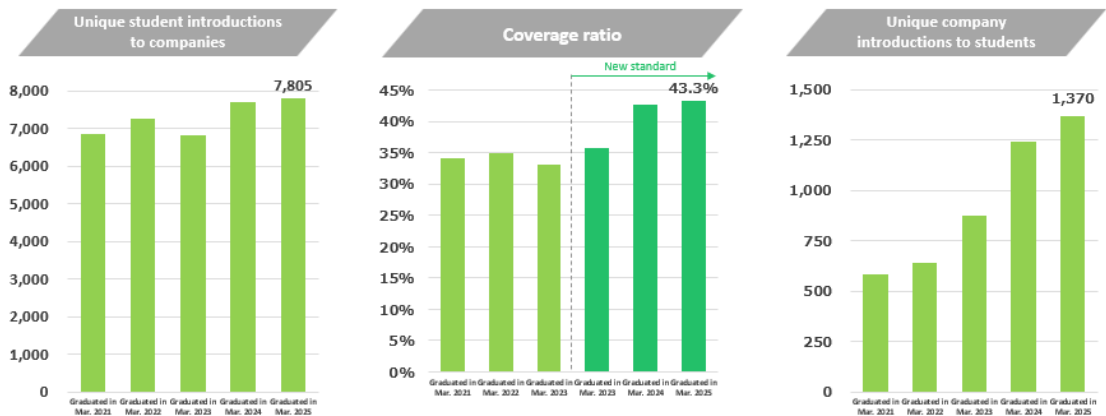


*The disclosed number of students registered on Sponavi 2024 has been changed from the total number of students registered, including students graduating in 2025 or later, to the number of students registered only as students graduating in FY12/2023, who will be eligible for introduction to companies in March 2024.

Source: Omega Investment from company materials

FY12/2024 2Q Financial Results: New Graduate Placement Support Business

- **Net sales 554 million yen, up 6.8% yoy (including 125 million yen in sales from Spochalle)**
- Number of unique students introduced to March 2025 graduates and coverage ratio slightly increased YoY
- The number of unique companies increased year-on-year due to strong corporate demand for new graduate recruitment
- Growth of Spochalle contributed to the increase in sales (+37% YoY)



*KPI as of the second quarter (end of June of the year before graduation) includes only Sponavi (excluding Spochalle)

*Unique student introductions: The number of non-duplicated students introduced to companies | Unique company introductions: The number of non-duplicated companies.

*Coverage ratio: The ratio of registrants who have built an analog relationship through interviews (calculation: unique student introductions/Sponavi registrants)

*The disclosed number of students registered on Sponavi 2024 has been changed from the total number of students registered, including students graduating in 2025 or later, to the number of students registered only as students graduating in FY12/2023, who will be eligible for introduction to companies in March 2024.

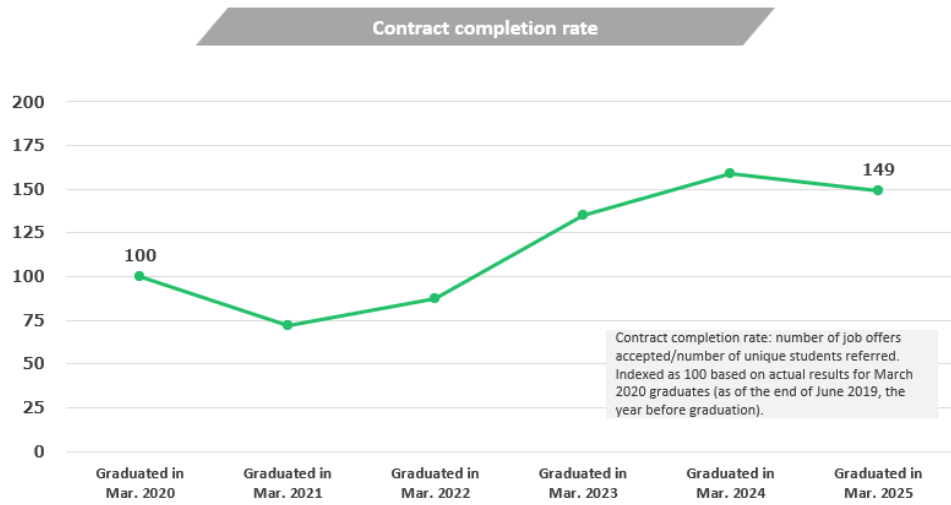
Source: Omega Investment from company materials



Quarterly topics

New Graduate Placement Support Business KPIs for the current year

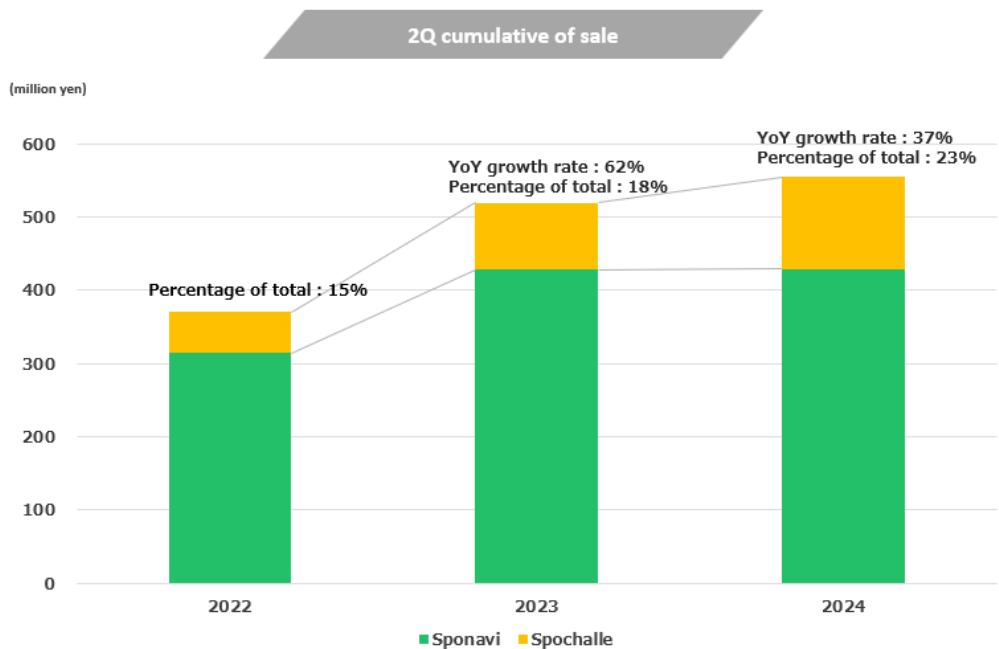
(Reference) New Graduate Placement Support Business: Contract completion rate



*KPI Actual as of 2Q (end of June prior to graduation). Sponavi only (does not include Spochalle)
*Number of unique students referred: Number of unduplicated students referred to companies

Source: Omega Investment from company materials

(Reference) Spochalle: YoY growth rate

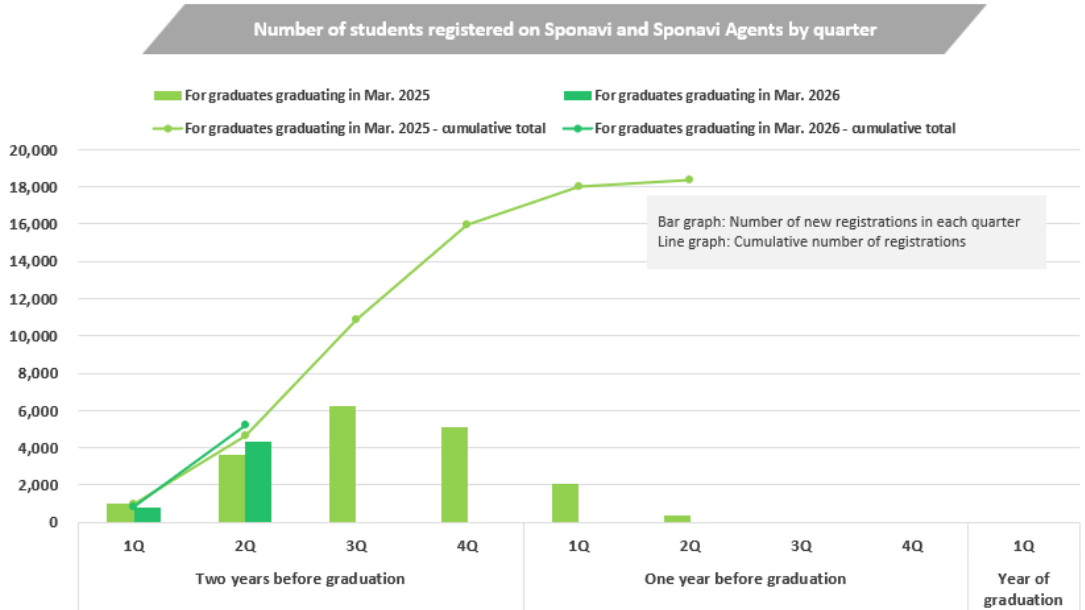


Source: Omega Investment from company materials

Quarterly topics

New Graduate Placement Support Business KPIs for the next fiscal year

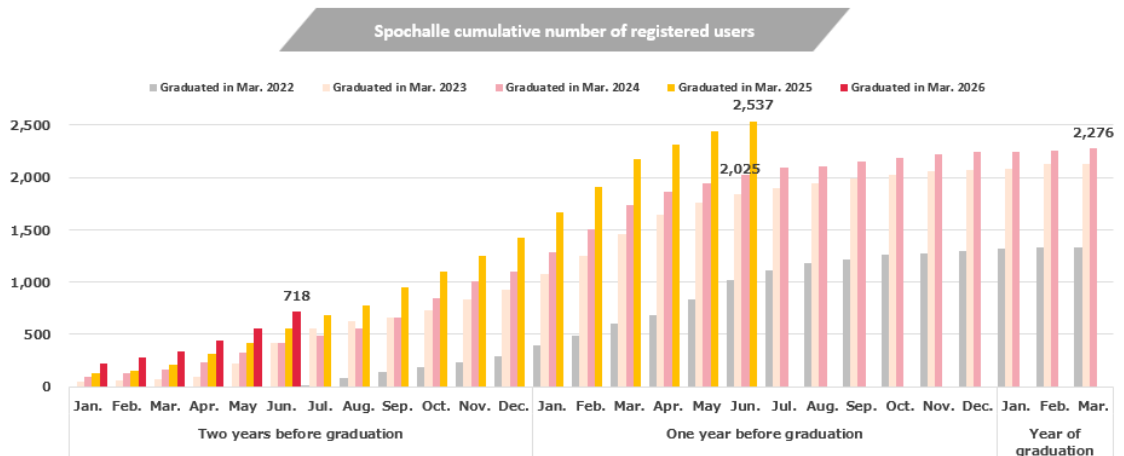
(Reference) Quarterly number of new registrations for graduates graduating in March 2026



Source: Omega Investment from company materials

Spochalle progress

- At the end of June 2024, the total number of registered Spochalle students who will graduate in March 2025 was 2,537, exceeding the number of students who graduated in March 2024 (+25% YoY).
- At the end of June 2024, the total number of registered Spochalle students who will graduate in March 2026 was 718, exceeding the number of students who will graduate in March 2025 (+30% YoY).



Source: Omega Investment from company materials

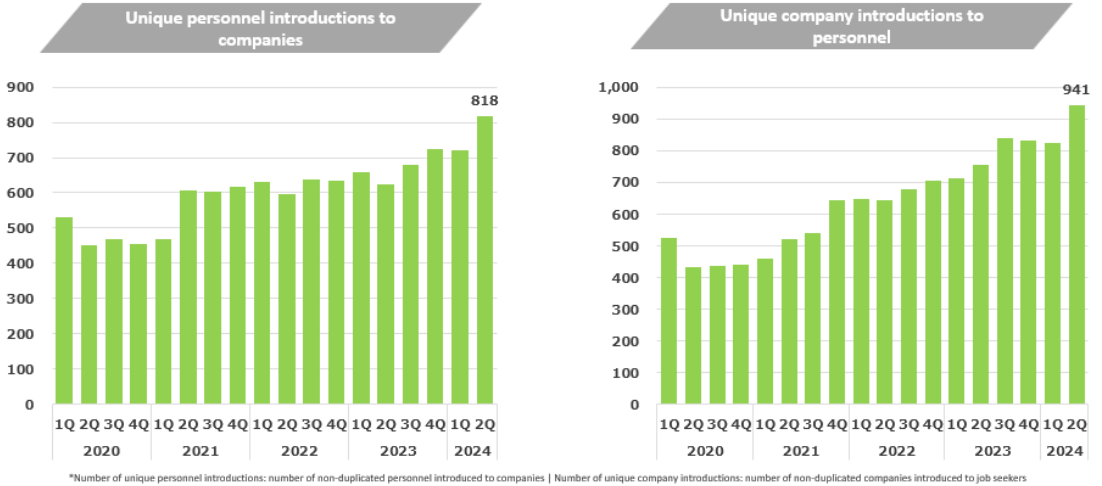


Quarterly topics

Graduate Placement Support Business KPIs

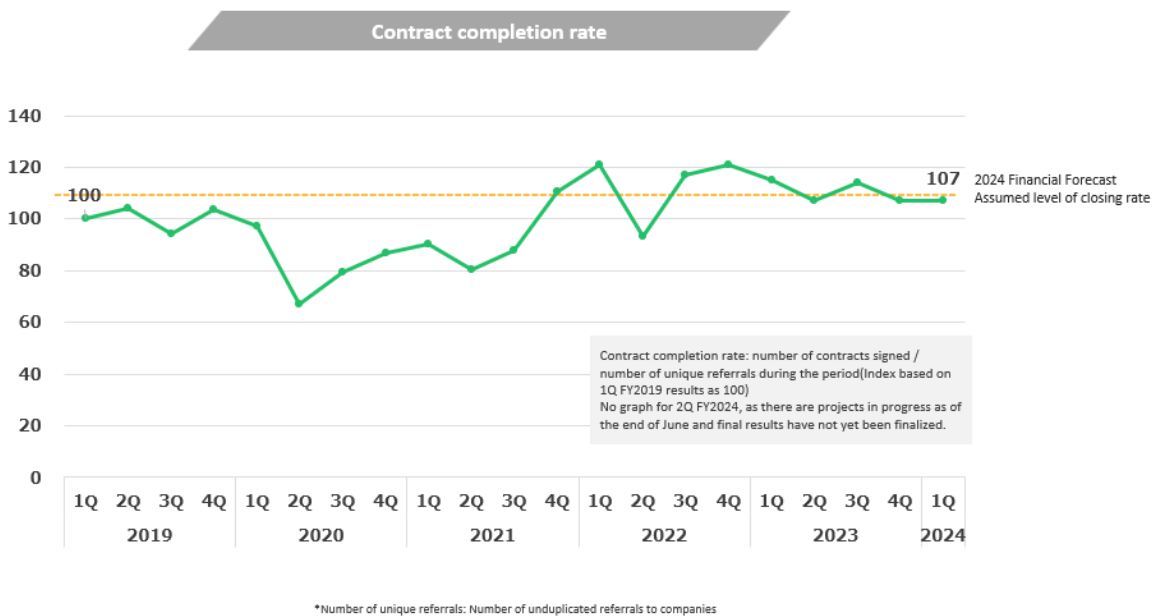
FY12/2024 2Q Financial Results: Graduate Placement Support Business

- Sales 486 million yen, up 5.6% yoy
- sales reached a record high in the first half of the year
- Both the number of unique human capital referrals and the number of unique companies referred increased year-on-year.
- Increase in the number of job referrals from “Spojoba,” a job hunting/career change information site specializing in sports-related companies, contributed to the increase in the number of unique job referrals.



Source: Omega Investment from company materials

(Reference) Graduate Placement Support Business: Contract completion rate



Source: Omega Investment from company materials

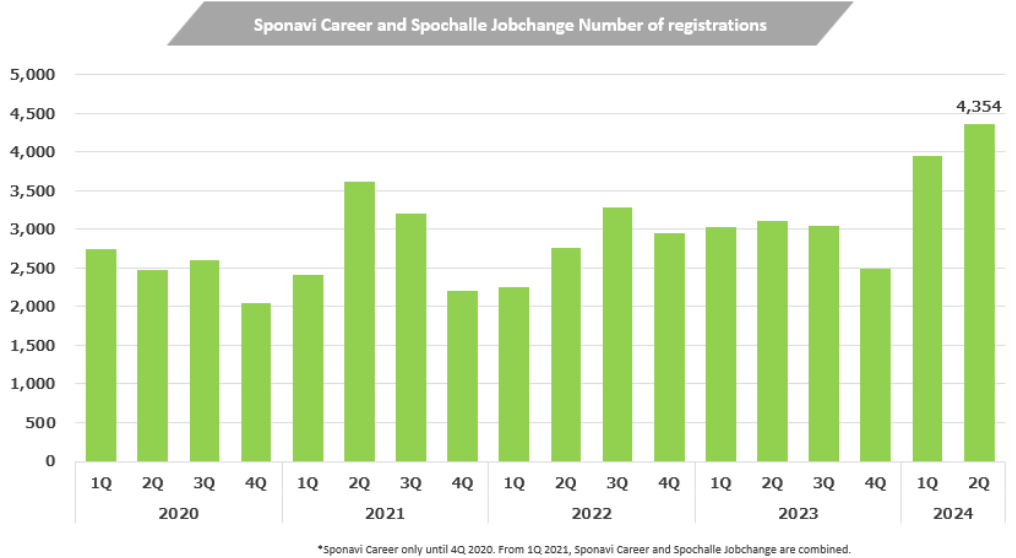


Quarterly topics

Graduate Placement Support Business KPIs

Sponavi Career and Sepochalle Jobchange Number of registrations

- New registrations in the second quarter of 2024 were significantly higher than in the same period of the previous year due to the strengthening of the marketing department's workforce and advertising expenditures.



Source: Omega Investment from company materials

Financial data (quarterly basis)

Unit: million yen	2022/12			2023/12				2024/12	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	862	610	620	919	971	698	829	1,102	953
Year-on-year	47.1%	21.8%	27.4%	18.7%	12.7%	14.6%	33.8%	19.9%	-1.9%
Cost of Goods Sold (COGS)	33	19	52	70	32	23	60	74	28
Gross Income	830	591	568	850	940	675	769	1,029	925
Gross Income Margin	96.2%	96.9%	91.6%	92.4%	96.7%	96.7%	92.8%	93.3%	97.1%
SG&A Expense	528	521	535	534	627	590	613	626	759
EBIT (Operating Income)	302	70	33	316	313	85	156	403	166
Year-on-year	826.5%	-361.0%	-152.9%	35.5%	3.7%	22.0%	377.3%	27.7%	-46.9%
Operating Income Margin	35.0%	11.4%	5.3%	34.3%	32.2%	12.2%	18.9%	36.5%	17.4%
EBITDA	306	74	37	320	318	90	162	409	172
Pretax Income	302	69	32	315	313	85	157	402	166
Consolidated Net Income	196	45	23	206	202	53	147	258	105
Minority Interest	0	0	0	0	0	0	0	0	0
Net Income ATOP	196	45	23	206	202	53	147	258	105
Year-on-year	823.6%	-161.4%	-155.1%	38.3%	3.4%	17.7%	544.6%	25.7%	-47.9%
Net Income Margin	22.7%	7.4%	3.7%	22.4%	20.8%	7.6%	17.8%	23.4%	11.1%
(Balance Sheet)									
Cash & Short-Term Investments	1,304	1,509	1,458	1,146	1,462	1,519	1,467	1,600	1,807
Total assets	1,986	2,146	2,136	1,919	2,214	2,257	2,323	2,464	2,598
Total Debt	644	669	630	373	329	284	259	234	209
Net Debt	-660	-840	-828	-773	-1,133	-1,235	-1,208	-1,365	-1,598
Total liabilities	1,273	1,388	1,356	932	1,025	1,015	934	938	966
Total Shareholders' Equity	712	758	781	986	1,189	1,242	1,389	1,527	1,632
(Profitability %)									
ROA	13.26	18.36	22.36	25.84	22.66	21.98	27.27	30.16	23.45
ROE	38.41	59.64	71.80	62.45	50.06	48.40	56.05	52.61	40.00
(Per-share) Unit: JPY									
EPS	27.2	6.2	3.2	28.4	27.9	7.3	20.2	35.1	14.3
BPS	98.9	104.8	107.9	135.9	163.8	170.8	188.7	207.4	221.2
Dividend per Share	0.00	0.00	0.00	0.00	0.00	0.00	16.50	16.50	16.50
Shares Outstanding (million shrs)	7.19	7.23	7.23	7.24	7.26	7.27	7.27	7.36	7.38

Source: Omega Investment from company materials

Financial data (full-year basis)

Unit: million yen	2019/12	2020/12	2021/12	2022/12	2023/12
(Income Statement)					
Sales	1,918	1,883	2,130	2,866	3,418
Year-on-year	26.5%	-1.8%	13.1%	34.5%	19.3%
Cost of Goods Sold	111	130	151	159	184
Gross Income	1,807	1,754	1,979	2,707	3,234
Gross Income Margin	94.2%	93.1%	92.9%	94.4%	94.6%
SG&A Expense	1,613	1,737	2,011	2,070	2,364
EBIT (Operating Income)	194	16	-32	637	870
Year-on-year	52.4%	-91.7%	-300.2%	-2061.9%	36.5%
Operating Income Margin	10.1%	0.9%	-1.5%	22.2%	25.4%
EBITDA	212	36	-6	654	890
Pretax Income	192	32	-81	634	869
Consolidated Net Income	133	17	-79	412	608
Minority Interest	0	0	0	0	0
Net Income ATOP	133	17	-79	412	608
Year-on-year	82.6%	-87.2%	-564.0%	-621.0%	47.5%
Net Income Margin	6.9%	0.9%	-3.7%	14.4%	17.8%
(Balance Sheet)					
Cash & Short-Term Investments	696	972	976	1,458	1,467
Total assets	1,114	1,501	1,551	2,136	2,323
Total Debt	334	731	749	630	259
Net Debt	-362	-241	-226	-828	-1,208
Total liabilities	684	1,054	1,183	1,356	934
Total Shareholders' Equity	430	447	368	781	1,389
(Cash Flow)					
Net Operating Cash Flow	198	-89	54	610	449
Capital Expenditure	5	12	51	3	53
Net Investing Cash Flow	-25	-32	-68	-7	-68
Net Financing Cash Flow	150	396	18	-120	-371
Free Cash Flow	194	-100	3	606	396
(Profitability %)					
ROA	14.34	1.30	-5.19	22.36	27.27
ROE	47.31	3.89	-19.42	71.80	56.05
(Per-share) Unit: JPY					
EPS	18.9	2.4	-11.1	57.2	83.7
BPS	61.0	63.3	51.3	107.9	188.7
Dividend per Share	0.00	0.00	0.00	0.00	16.50
Shares Outstanding (million shrs)	7.05	7.06	7.17	7.23	7.27

Source: Omega Investment from company materials



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