

en-japan inc.



## 3rd Quarter FY March 2017 Earnings Announcement [Japan GAAP] (Consolidated)

February 9, 2017

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
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Scheduled Date for Submission of Quarterly Report	February 10, 2017	Telephone	+81-3-3342-4506
Scheduled Date to Begin Dividend Payments	–		
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes		
Quarterly Earnings Briefing	No		

(Figures rounded down to nearest million yen)

### 1. FY Ending March 2017 Cumulative Third Quarter Operating Results (From April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results (cumulative) (percentages indicate percent change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 3/17 3rd Qtr	22,663	21.2	5,380	32.0	5,446	29.6	3,665	39.5
FYE 3/16 3rd Qtr	18,693	33.7	4,076	59.8	4,201	47.8	2,627	53.3

(Note) Comprehensive income FYE 3/17 3rd Qtr 3,018 million yen (19.7%) FYE 3/16 3rd Qtr 2,521 million yen (35.5%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/17 3rd Qtr	80.57	80.37
FYE 3/16 3rd Qtr	58.01	57.94

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Therefore, EPS and fully diluted EPS are calculated on the assumption that the previously mentioned stock split was executed at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/17 3rd Qtr	29,587	22,796	76.7
FYE 3/16	28,558	21,112	73.4

(Reference) Core capital FYE 3/17 3rd Qtr 22,692 million yen FYE 3/16 20,955 million yen

### 2. Dividends

	Dividends per Share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
FYE 3/16	–	0.00	–	34.50	34.50
FYE 3/17	–	0.00	–		
FYE 3/17 (projected)				23.30	23.30

(Note) Revisions to the Company's latest dividend forecast: None

Effective April 1, 2016, the Company executed a 2-for-1 split of its common share.

### 3. FY Ending March 2017 Projected Consolidated Operating Results (April 1, 2016 - March 31, 2017)

(Percentages indicate percentage change from prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		EPS
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	31,110	19.0	6,800	32.9	6,500	28.8	4,400	59.6	96.70

(Note) Revisions to the Company's latest operating results projections: None

#### \* Notes

- (1) Changes in major subsidiaries during the cumulative quarter under review (Change in specific subsidiaries that will accompany a change in scope of consolidation) No  
 Newly included None (Name of company) –  
 Exclusion None (Name of company) –
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements No
- (3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction
  - a. Changes in accounting policy accompanying amendment of accounting principles: Yes
  - b. Changes in accounting policy other than "a." No
  - c. Changes in accounting estimates: No
  - d. Restatement due to correction: No

(Note) For details, refer to "2. Summary Information (Notes) (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction" on pages 3 of the Attachments

#### (4) Number of shares issued (common share)

- a. Number of shares issued at the end of the period (including treasury shares)  
 FYE 3/17 3rd Qtr 49,716,000 shares FYE 3/16 49,716,000 shares
- b. Number of shares of treasury shares at the end of the period  
 FYE 3/17 3rd Qtr 4,215,672 shares FYE 3/16 4,215,640 shares
- c. Average number of shares issued during the period (Quarter Year-to-Date)  
 FYE 3/17 3rd Qtr 45,500,328 shares FYE 3/16 3rd Qtr 45,282,300 shares

(Note) Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Numbers of shares are calculated on the assumption that the previously mentioned stock split was executed at the beginning of the previous fiscal year.

#### \* Notice regarding quarterly review procedures

- This quarterly earnings announcement is not within the scope of the quarterly review procedure under the Financial Instruments and Exchange Act. As of the time of disclosure of this quarterly earnings announcement, the quarterly review over the quarterly financial statements has not yet been completed.

#### \* Explanation regarding appropriate use of operating results projections, other special notes

(Notes concerning forward-looking statements)

- Forward-looking statements including projected operating results contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee achievements by the Company. Actual results may differ significantly from such projections due to various factors. For assumptions used when preparing projected operating results and reminders when using projected operating results, please refer to "1. Qualitative Information of Consolidated Performance during the Quarter under Review (3) Explanation of Future Projections such as Projections of Consolidated Operating Results" on page 3 of the Attachments.

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## 1. Qualitative Information of Consolidated Performance during the Quarter under Review

### (1) Explanation of Operating Results

During the first nine months of the fiscal year ending March 31, 2017, there were concerns about the outlook of the Japanese economy due to uncertainties over the political and economic conditions in overseas. However, the business environment of the human resources market was favorable, as growth continued against the backdrop of a structural shortage of human resources primarily in domestic-demand-driven companies, and the job-to-application ratio marked 1.43 times in December 2016.

Under these circumstances, the Company continued to focus on increasing the quality of services on its recruitment websites while working actively to strengthen and enhance the efficiency of sales activities.

In our job placement business, we continued to reinforce measures aimed at improving productivity. At en world Japan K.K., efforts were made to strengthen the structure to facilitate further growth.

Meanwhile, our overseas subsidiaries took initiatives to enhance their earnings platforms for the future, including expanding existing services and strengthening services for Japanese companies which is a new field to open up.

As a result, the Company recorded net sales of ¥22,663 million (up 21.2% on a year-on-year basis), operating income of ¥5,380 million (up 32.0% year on year), ordinary income of ¥5,446 million (up 29.6% year on year) and profit attributable to owners of parent of ¥3,665 million (up 39.5% year on year) for the cumulative third quarter of the fiscal year ending March 31, 2017.

Operating results by segment are as follows (net sales include internal sales).

#### [1] Hiring Business

The Hiring Business comprises management of job advertisement website, provision of job placement services, and operations at overseas subsidiaries, among others.

(Job advertisement website)

Sales of “en TENSHOKU”, the Company’s core service site, increased as favorable effects of advertisement listings continued mainly as a result of an increase in the number of user members thanks to the efforts made to increase the convenience of service sites and active promotional activities. We also worked to capture long-term orders. Consequently, net sales increased year on year after marking another record high in the number of advertisement listings following the previous quarter.

Other recruitment sites also recorded higher net sales than a year earlier owing to expanded sales brought about by favorable effects of listings. This was supported, in particular, by enhanced convenience of “en HAKEN” and “en BAITO” sites that provide services for temporary staffing companies.

(Job placement service)

en-japan’s job placement service “en AGENTS” recorded higher net sales than in the same period of the previous fiscal year, due to an increase in the number of employment contracts concluded through “en AGENTS,” which was driven by continuing efforts to reinforce the system for training sales employees and consultants.

Since the Company’s subsidiary, en world Japan K.K., was in need of a stronger structure to aim for further growth going forward, efforts were made to reinforce the initiatives to reconstruct the organization and to make use of en-japan’s resources. As a result, net sales fell below the level of a year earlier although they progressed as expected against the plan.

(Overseas subsidiaries)

Overseas subsidiaries posted an increase in net sales year on year, with a contribution made by higher earnings recorded by a large subsidiary in Vietnam, even though the foreign exchange impact caused by the appreciation of the yen was a negative factor for net sales.

As a result of the above, net sales of this segment amounted to ¥21,940 million (up 21.5% year on year) and operating income was ¥5,423 million (up 30.2% year on year).

#### [2] Education/Evaluation Business

The Education/Evaluation Business comprises a flat-rate training service and provision of personnel-related system, among others.

(Flat-rate training service)

The Company focused on reinforcing collaboration with other business divisions and expanding sales of new services that combine

aptitude testing and training. As a result, net sales marked an increase year on year.

(Personnel-related system)

Cbase Corporation, a subsidiary of the Company, has transferred the recruitment management system business of to the Company from the current period. For this reason, net sales fell short of the level from a year earlier although the amount of net sales excluding the transfer factors exceeded those of the previous year.

As a result of the above, net sales of this segment amounted to ¥779 million (up 14.3% year on year). In terms of operating profit and loss, the Company posted an operating loss of ¥48 million (against an operating loss of ¥91 million in the same period of the previous fiscal year) due to upfront investment in the new business development, etc.

## (2) Explanation of Financial Position

### Analysis of Financial Position

Total assets at the end of the third quarter of the fiscal year ending in March 31, 2017 increased ¥1,028 million compared to the end of the previous fiscal year to ¥29,587 million.

Current assets increased ¥1,270 million to ¥21,150 million. This was mainly due to an increase in cash and deposits of ¥1,160 million, etc. Non-current assets decreased ¥241 million to ¥8,436 million. This was primarily attributable to a decrease in goodwill of ¥577 million, due to changes in accounting policy associated with amendments to accounting standards, etc.

Total liabilities at the end of the third quarter of the fiscal year ending March 31, 2017 were ¥6,790 million, a decrease of ¥655 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥687 million to ¥6,086 million. This mainly stemmed from a decrease in income taxes payable of ¥450 million. Non-current liabilities increased ¥32 million to ¥704 million. This was primarily due to an increase in provision for share benefits of ¥31 million.

Total net assets were ¥22,796 million, up ¥1,684 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of ¥2,839 million due to the posting of profit attributable to owners of parent and to a decrease in capital surplus of ¥449 million caused by changes in accounting policy associated with amendments to accounting standards.

## (3) Explanation of Future Projections such as Projections of Consolidated Operating Results

Concerning consolidated operating results projections for the fiscal year ending March 31, 2017, there is no change from the projections announced on November 10, 2016.

## 2. Summary Information (Notes)

### (1) Changes in Status of Material Subsidiaries during the Cumulative Quarter under Review

The Company had no material items to report.

### (2) Adoption of Special Accounting Treatment used in Preparation of the Quarterly Consolidated Financial Statements

The Company had no material items to report.

### (3) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement due to Correction

#### (Changes in Accounting Policy)

In conjunction with a revision to the corporate tax law, the Company has adopted the “Practical Solution on Accounting for Changes in Depreciation Method Related to the 2016 Tax Law Changes” (Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter, and changed the method for depreciating facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining balance method to the straight-line method.

This change had only minor impacts on operating income, ordinary income, and profit before income taxes on a consolidated basis for the third quarter of the fiscal year ending March 31, 2017.

### (4) Additional Information

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan Guidance No. 26, March 28, 2016) from the first quarter of the fiscal year ending March 31, 2017.

3. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Unit: Thousand yen)

	Previous Fiscal Year (As of March 31, 2016)	Third Quarter of Current Fiscal Year (As of December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	13,953,273	15,114,030
Notes and accounts receivable - trade	3,069,625	3,057,073
Securities	2,000,000	2,000,000
Other	891,526	1,013,664
Allowance for doubtful accounts	-34,204	-34,329
Total current assets	19,880,220	21,150,439
Non-current assets		
Property, plant and equipment	699,356	589,833
Intangible assets		
Goodwill	3,671,565	3,093,719
Other	2,365,687	2,609,995
Total intangible assets	6,037,252	5,703,715
Investments and other assets		
Investment securities	362,893	379,849
Shares of subsidiaries and associates	253,590	247,158
Other	1,473,449	1,664,958
Allowance for doubtful accounts	-148,112	-148,727
Total investments and other assets	1,941,820	2,143,238
Total non-current assets	8,678,430	8,436,786
Total assets	28,558,651	29,587,226
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	58,656	55,865
Income taxes payable	1,290,402	839,593
Provision for bonuses	1,024,767	593,233
Other provision	10,000	14,432
Advances received	1,207,035	1,570,400
Other	3,182,872	3,012,699
Total current liabilities	6,773,735	6,086,224
Non-current liabilities		
Provision for share benefits	188,009	219,810
Asset retirement obligations	230,628	236,940
Other	253,334	247,255
Total non-current liabilities	671,971	704,006
Total liabilities	7,445,706	6,790,231
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,194,993	1,194,993
Capital surplus	673,767	224,429
Retained earnings	21,359,666	24,199,379
Treasury shares	-2,880,410	-2,880,465
Total shareholders' equity	20,348,017	22,738,336
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,369	-11,650
Foreign currency translation adjustment	609,129	-34,273
Total accumulated other comprehensive income	607,759	-45,923
Subscription rights to shares	36,361	71,099
Non-controlling interests	120,806	33,483
Total net assets	21,112,944	22,796,995
Total liabilities and net assets	28,558,651	29,587,226

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

Cumulative Third Quarter

		(Unit: Thousand yen)	
		Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2015 to December 31, 2015)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2016 to December 31, 2016)
Net sales		18,693,054	22,663,644
Cost of sales		1,698,356	2,191,690
Gross profit		16,994,697	20,471,953
Selling, general and administrative expenses		12,918,156	15,091,847
Operating income		4,076,541	5,380,106
Non-operating income			
Interest income		36,173	9,242
Dividend income		6,382	195
Share of profit of entities accounted for using equity method		16,550	27,312
Other		72,846	37,061
Total non-operating income		131,953	73,812
Non-operating expenses			
Interest expenses		810	1,242
Loss on investments in partnership		—	4,250
Miscellaneous loss		1,509	1,861
Other		4,793	—
Total non-operating expenses		7,113	7,354
Ordinary income		4,201,382	5,446,564
Extraordinary income			
Gain on sales of non-current assets		—	30,393
Total extraordinary income		—	30,393
Extraordinary losses			
Loss on retirement of non-current assets		623	—
Loss on sales of shares of subsidiaries and associates		—	988
Total extraordinary losses		623	988
Profit before income taxes		4,200,758	5,475,969
Income taxes-current		1,568,179	1,533,928
Income taxes-deferred		-25,405	249,155
Total income taxes		1,542,774	1,783,083
Profit		2,657,984	3,692,885
Profit attributable to non-controlling interests		30,982	26,908
Profit attributable to owners of parent		2,627,001	3,665,976



Quarterly Consolidated Statements of Comprehensive Income

Cumulative Third Quarter

(Unit: Thousand yen)

	Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2015 to December 31, 2015)	Cumulative Third Quarter of the Current Fiscal Year (From April 1, 2016 to December 31, 2016)
Profit	2,657,984	3,692,885
Other comprehensive income		
Valuation difference on available-for-sale securities	-18,936	-10,280
Foreign currency translation adjustment	-129,046	-619,388
Share of other comprehensive income of entities accounted for using equity method	11,203	-44,433
Total other comprehensive income	-136,780	-674,103
Comprehensive income	2,521,204	3,018,782
(Break down)		
Comprehensive income attributable to owners of parent	2,497,333	3,012,292
Comprehensive income attributable to non-controlling interests	23,870	6,489

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Notes on Significant Changes to Shareholders' Equity)

The Company acquired additional shares of New Era India Consultancy Pvt. Ltd., a consolidated subsidiary, as of September 21, 2016. As a result, capital surplus decreased by ¥449,337,000 in the cumulative third quarter of the fiscal year ending March 31, 2017, making the balance of capital surplus stand at ¥224,429,000 as of the end of the third quarter under review.

(Segment Information)

[Segment Information]

I Cumulative third quarter of the previous fiscal year (April 1, 2015 to December 31, 2015)

1. Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	18,046,967	646,086	18,693,054	—	18,693,054
Internal sales among segments, transfers	18,236	36,076	54,312	-54,312	—
Total	18,065,204	682,162	18,747,367	-54,312	18,693,054
Segment profit (loss)	4,167,381	-91,290	4,076,091	450	4,076,541

(Notes) 1. Adjustments to segment profit (loss) are eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted from the operating income booked in the consolidated financial statements.

II Cumulative third quarter of the fiscal year under review (from April 1, 2016 to December 31, 2016)

1. Information on sales and profit/loss by reporting segment

(Unit: Thousand yen)

	Reportable segments			Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	21,935,151	728,493	22,663,644	—	22,663,644
Internal sales among segments, transfers	5,358	50,959	56,317	-56,317	—
Total	21,940,509	779,452	22,719,961	-56,317	22,663,644
Segment profit (loss)	5,423,889	-48,905	5,374,984	5,122	5,380,106

(Notes) 1. Adjustments to segment profit (loss) are eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted from the operating income booked in the consolidated financial statements.

2. Information concerning impairment loss or goodwill on non-current assets by segment

There are no pertinent items.

3. Matters related to changes in the reporting segment

As stated in “Changes in Accounting Policy,” in conjunction with a revision to the corporate tax law, the Company changed the method for depreciating facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining balance method to the straight-line method. The same depreciation method is applied in business segment reporting.

This change had only a minor impact on segment profits on a consolidated basis for the third quarter of the fiscal year under review.