

**en-japan inc.**
**Fiscal Year Ended March 31, 2017, Earnings Announcement  
[under Japanese GAAP] (Consolidated)**

**May 11, 2017**

Company Name	en-japan inc.	Listing Exchanges	Tokyo Securities Exchange (Jasdaq Market)
Stock Code	4849	URL	<a href="http://corp.en-japan.com/">http://corp.en-japan.com/</a>
Representative (Title)	President	(Name)	Takatsugu Suzuki
Contact (Title)	Executive Officer and Administration Division Director	(Name)	Tomoki Tamai
Telephone			+81-3-3342-4506
Regular General Shareholders' Meeting		June 27, 2017	
Scheduled date to begin dividend payments		June 28, 2017	
Scheduled date for submission of Securities Report		June 28, 2017	
Preparation of Summary Supplementary Explanatory Materials		Yes	
Earnings Briefing		Yes (for institutional investors)	

(Figures rounded down to nearest million yen)

**1. FYE 03/2017 Consolidated Earnings (From April 1, 2016 to March 31, 2017)**
**(1) Consolidated Operating Results (Percentages indicate percent change from the prior fiscal year)**

	Net Sales		Operating Income		Ordinary Income		Profit Attributable To Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2017	31,719	21.4	6,856	34.0	6,848	35.7	4,005	45.3
FYE 03/2016	26,135	33.2	5,118	29.8	5,047	18.5	2,756	8.9

(Note) Comprehensive income FYE03/2017: 3,850 million yen (43.1 %) FYE03/2016: 2,690 million yen (-12.9 %)

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2017	88.03	87.79	18.0	22.3	21.6
FYE 03/2016	60.79	60.70	14.0	19.2	19.6

(Reference) Equity in earnings (loss) of affiliates FYE 03/2017 30 million yen FYE 03/2016 11 million yen

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

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2017	32,900	23,642	71.5	516.91
FYE 03/2016	28,558	21,112	73.4	460.56

(Reference) Equity FYE 03/2017 23,519 million yen FYE 03/2016 20,955 million yen

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

**(3) Consolidated Cash Flows**

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Million yen	Million yen	Million yen	Million yen
FYE 03/2017	7,597	-1,927	-1,387	20,228
FYE 03/2016	5,791	1,783	-812	15,953

## 2. Dividends

	Dividend per Share					Total Dividend Amount (Full year)	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year End	Full-Year Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 03/2016	—	0.00	—	34.50	34.50	826	28.4	4.0
FYE 03/2017	—	0.00	—	27.60	27.60	1,322	31.3	5.6
FYE 03/2018 (projected)	—	0.00	—	33.80	33.80		31.3	

(Notes) 1. EPS applied in the calculation of the dividend payout ratio is derived by dividing profit attributable to owners of parent by the number of shares excluding treasury shares. These treasury shares include shares for the board benefit system (J-ESOP). (FYE 03/2016: 1,199,500 shares; FYE 03/2017: 2,399,000 shares.) Since dividends are paid also for these shares, the dividend payout ratios in consideration of this factor are: 29.9% for FYE 03/2016, 33.0% for FYE 03/2017 and 33.0% for FYE 03/2018.

2. For the dividend of FYE 03/2017, refer to “1. Analysis of Business Performance and Financial Position (3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends” on page 7 of the Attachments.

3. Effective April 1, 2016, the Company executed a 2-for-1 split of its common share. Dividend for FYE 03/2016 reflects the amount prior to the aforesaid stock split while the figures for FYE 03/2017 and FYE 03/2018 (projected) reflect the amount of dividend per share after the stock split.

## 3. FY Ending March 2018 Projected Consolidated Operating Results (From April 1, 2017 to March 31, 2018)

(Percentage for the full year indicates the percentage change from the prior fiscal year and percentage for the half year indicates the percentage changes from the same period of the prior fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	17,145	15.4	3,050	-22.4	3,075	-20.4	1,978	-23.3	43.49
Full year	37,430	18.0	7,700	12.3	7,600	11.0	4,900	22.3	107.69

### \*Notes

(1) Change in major subsidiaries during the fiscal year under review (Change in specific subsidiaries that will accompany a change in scope of consolidation): No

Addition (Name): None Exclusion (Name) None

(2) 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 changes in accounting policy, refer to “5. Consolidated Financial Statements and Key Notes (5) Notes to the Consolidated Financial Statements (Change in Accounting Policy)” on page 23 of the Attachments.

(3) Number of shares issued (common share)

a. Number of shares issued at fiscal year-end (including treasury shares)

FYE 03/2017 49,716,000 shares FYE 03/2016 49,716,000 shares

b. Number of shares of treasury share at fiscal year-end

FYE 03/2017 4,215,672 shares FYE 03/2016 4,215,640 shares

c. Average number of shares issued during the period

FYE 03/2017 45,500,328 shares FYE 03/2016 45,336,516 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 aforesaid stock split was executed at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2017 Non-Consolidated Earnings (From April 1, 2016 to March 31, 2017)

(1) Non-Consolidated Operating Results (Percentages indicate percent change from the prior fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 03/2017	23,520	31.6	6,559	45.4	6,443	43.3	3,807	44.9
FYE 03/2016	17,869	40.4	4,512	35.9	4,496	20.5	2,627	8.0

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2017	83.69	83.46
FYE 03/2016	57.95	57.86

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

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2017	32,627	24,790	75.7	542.97
FYE 03/2016	27,656	21,761	78.6	477.47

(Reference) Equity FYE 03/2017 24,705 million yen FYE 03/2016 21,724 million yen

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

2. FY Ending March 2018 Projected Non-Consolidated Operating Results (From April 1, 2017 to March 31, 2018)

(Percentage for the full year indicates the percentage change from the prior fiscal year and percentage for the half year indicates the percentage changes from the same period of the prior fiscal year.)

	Net Sales		Ordinary Income		Profit		EPS
	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	12,949	21.2	3,119	-13.2	2,133	-14.6	46.89
Full year	28,246	20.1	7,337	13.9	4,829	26.8	106.15

[This earnings announcement is excluded from audit procedures.]

[Explanation regarding appropriate use of operating results projections and other special notes]

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. Please refer to “(1) Analysis of Business Performance (Outlook for the Next Fiscal Year)” in “1. Analysis of Business Performance and Financial Position” on page 6 of the Attachments for the conditions used as assumptions and matters to note when using the projected operating results.

(Change in unit of presentation of monetary amounts)

The Company conventionally presented monetary amounts of items in its consolidated financial statements and other matters in unit of thousands of yen, but changed the unit of presentation to millions of yen effective the fiscal year under review.

For ease of comparison, results for the previous fiscal year have also been presented in the unit of millions of yen.

## Attachments Table of Contents

1.	Analysis of Business Performance and Financial Position .....	5
	(1) Analysis of Business Performance .....	6
	(2) Analysis of Financial Position .....	7
	(3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends.....	7
	(4) Business Risks.....	8
2.	Current Conditions of the Corporate Group .....	11
3.	Management Policies .....	12
	(1) Target Management Indices .....	12
	(2) Mid- and Long-Term Company Management Strategies and Issues to be Addressed.....	12
4.	Basic Approach to the Selection of Accounting Standards .....	12
5.	Consolidated Financial Statements and Key Notes .....	13
	(1) Consolidated Balance Sheets.....	13
	(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	15
	(3) Consolidated Statements of Changes in Net Assets.....	17
	(4) Consolidated Statements of Cash Flows.....	19
	(5) Notes to the Consolidated Financial Statements.....	21
	(Notes Relating to the Going Concern Assumption) .....	21
	(Basis of Preparing the Consolidated Financial Statements) .....	21
	(Change in Accounting Policy) .....	23
	(Change in Method of Presentation).....	23
	(Additional Information) .....	23
	(Consolidated Balance Sheets) .....	24
	(Consolidated Statements of Income).....	24
	(Consolidated Statements of Comprehensive Income) .....	24
	(Consolidated Statements of Cash Flows) .....	25
	(Segment Information, etc.).....	26
	(Per-Share Information).....	30
	(Material Subsequent Event) .....	31

## 1. Analysis of Business Performance and Financial Position

### (1) Analysis of Business Performance

The human resources market in the fiscal year ended March 31, 2017 continued to grow as the structural shortage of workers due to an aging population combined with a decreasing birthrate and the move towards a service-oriented industrial structure led to a rise in the jobs-to-applicants ratio and a decline in the unemployment rate.

Under such circumstances, the Company worked to further strengthen services with distinguished features in its job information sites while making efforts to expand sales to clients and improve operating efficiency.

In the job placement services, the Company reinforced measures aimed at increasing productivity while en world Japan K.K. worked to build a structure to facilitate further growth.

Overseas subsidiaries took initiatives to expand their earnings platforms for the future primarily by increasing services for Japanese firms, which are a new field to open up, and reinforcing resources to countries that are expected to show high growth going forward.

As a result, the Company recorded net sales of ¥31,719 million (up 21.4% year on year), operating income of ¥6,856 million (up 34.0% year on year), ordinary income of ¥6,848 million (35.7% year on year), and profit attributable to owners of parent of ¥4,005 million (up 45.3% year on year).

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

#### 1) Hiring Business

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

##### (Job advertisement websites)

In the Company's core service site, en TENSHOKU, applicants to job listings on the site remained favorable thanks to a growing number of user members brought about by the Company's efforts to increase the convenience of the site along with active promotional activities. Consequently, there was a rise in the number of quarterly advertisement listings and net sales increased significantly year on year.

Other job advertisement websites also recorded higher net sales compared to the previous fiscal year due to expanded sales against the backdrop of favorable applicants to listings thanks to increased convenience, efficient promotional activities and other efforts. This was evident particularly in the en HAKEN and en BAITO sites that provide services for temporary staffing companies.

##### (Job placement service)

Net sales of en-japan's job placement service, en AGENTS, increased year on year, due to an increase in the number of employment contracts concluded through en AGENTS, which was driven mainly by the reinforcement of the system for training sales personnel and consultants and active efforts made to increase the volume of orders received and the number of interviews.

Since the Company's subsidiary, en world Japan K.K., was in need of a stronger structure to aim for further growth going forward, steps were taken to reconstruct the organization and strengthen education for consultants. As a result, net sales fell below the level of a year earlier.

##### (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 ¥30,702 million (up 21.6% year on year) and operating income was ¥7,052 million (up 35.1% year on year).

## 2) Education/Evaluation Business

The Education/Evaluation Business comprises provision of various services that help workers in companies to demonstrate their strengths and personnel-related systems, among others.

(Services to help workers demonstrate strengths)

The Company focused mainly on reinforcing collaboration with other business divisions and expanding sales of new services that combine aptitude testing and training. As a result, net sales increased year on year.

(Personnel-related system)

Cbase Corporation, a subsidiary of the Company, has transferred the recruitment management system business to en-japan from the fiscal year under review. 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 net sales of the previous year.

As a result of the above, net sales in this segment totaled ¥1,099 million (up 14.0% year on year). In terms of operating profit and loss, the Company posted an operating loss of ¥176 million (against an operating loss of ¥101 million in the previous fiscal year) due to the posting of development costs for new businesses other than the hiring business in this segment.

(Outlook for the Next Fiscal Year)

We project that the operating environment of the human resources business market to which the en-japan Group belongs will continue to see strong hiring demand by corporations due to a decrease in the working population, changes in industrial structures and other factors. Under such circumstances, the Group will remain committed to taking initiatives to increase competitiveness through providing high-quality services that offer distinguished elements. We will also continue to strengthen advertising and promotional activities in an effort to increase the recognition level of our services while strengthening our workforce and enhancing operating efficiency to reinforce our sales and marketing strengths.

Consequently, the Group projects consolidated net sales of ¥37,430 million, operating income of ¥7,700 million, ordinary income of ¥7,600 million, and profit attributable to owners of parent of ¥4,900 million for the fiscal year ending March 31, 2018.

## (2) Analysis of Financial Position

### 1) Assets, Liabilities and Net Assets

Total assets in the fiscal year ended March 31, 2017 increased by ¥4,342 million compared with the end of the previous fiscal year to ¥32,900 million.

Current assets increased ¥4,946 million from a year earlier to ¥24,826 million. This was mainly due to an increase in cash and deposits of ¥4,275 million and an increase in notes and accounts receivable-trade of ¥498 million. Non-current assets decreased ¥603 million to ¥8,074 million. This was primarily attributable to a decline in goodwill of ¥1,040 million and increases in investment securities of ¥145 million and long-term loans receivable of ¥230 million..

Total liabilities were ¥9,258 million, an increase of ¥1,813 million from the end of the previous fiscal year. Current liabilities increased ¥1,760 million to ¥8,533 million. This mainly stemmed from increases in accounts payable-other of ¥607 million, income taxes payable of ¥260 million, provision for bonuses of ¥86 million, and advances received of ¥611 million. Non-current liabilities rose ¥52 million to ¥724 million. This was mainly due to increases in provision for share benefits of ¥37 million and long-term accounts payable-other of ¥38 million and a decrease in deferred tax liabilities of ¥15 million.

Total net assets were ¥23,642 million, up ¥2,529 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings of ¥3,178 million and to decreases in capital surplus of ¥449 million and a foreign currency translation adjustment of ¥164 million.

### 2) Cash Flow

Cash and cash equivalents in the fiscal year ended March 31, 2017 increased ¥4,275 million from the previous fiscal year to ¥20,228 million.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities in the fiscal year ended March 31, 2017 was ¥7,597 million compared to the previous fiscal year of ¥5,791 million. This was due to the posting of income before income taxes of ¥6,225 million and income taxes paid of ¥2,065 million.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities during the fiscal year ended March 31, 2017 was ¥1,927 million compared to net cash provided by investing activities of ¥1,783 million in the previous fiscal year. Major components were purchase of investment securities of ¥180 million, purchase of intangible assets of ¥1,147 million, and payments of loan receivable of ¥356 million.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities during the fiscal year ended March 31, 2017 amounted to ¥1,387 million compared to ¥812 million used in the previous fiscal year. This was primarily due to cash dividends paid of ¥826 million and purchase of shares of subsidiaries of ¥543 million.

(Reference) Cash Flow Indicators

	FYE 03/13	FYE 03/14	FYE 03/15	FYE03/16	FYE03/17
Equity ratio (%)	82.6	74.8	77.9	73.4	71.5
Equity ratio based on market capitalization (%)	150.1	180.9	147.2	302.9	343.0
Cash flows/Interest-bearing debt ratio (%)	—	—	—	—	—
Interest coverage ratio (times)	—	—	—	—	—

(Notes)

Each indicator is calculated based on the following criteria.

Equity Ratio: Equity/Total assets

Equity ratio based on market capitalization: Market capitalization/Total assets

Cash flows/Interest-bearing debt ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

\*Market capitalization is calculated as follows:

[Closing stock price at fiscal year-end] × [Number of shares issued at fiscal year-end (net of treasury shares)]

\*The Company started adopting the “Practical Solution on Transactions of Delivering Company’s Own Stock to Employees, etc., through Trusts” (PITF No. 30 issued by the Accounting Standards Board of Japan on March 26, 2015) from the fiscal year ended March 31, 2015. Following this change, financial data after the fiscal year ended March 31, 2012 represent figures after retroactive application of this accounting policy.

**(3) Basic Policy concerning Distribution of Earnings and Current and Future Period Dividends**

The Company revised its policy on shareholder returns under its new medium-term management plan which runs up to the fiscal year ending March 31, 2020. In order to enhance distribution of earnings to shareholders and further expand the shareholder population, the Company has revised its basic policy from the conventional approach of offering a dividend payout ratio of 30% to the approach of setting a dividend payout ratio of no less than 30%, which will be specifically determined by taking into account the operating performance, financial conditions, investment plan and other factors of each period. In the medium term, the Company will aim at achieving a dividend payout ratio of 40% in the fiscal year ending March 31, 2020, which is the final year of the medium-term management plan. With respect to the year-end dividend for the fiscal year under review, the Company plans on setting a dividend ratio of 33% and distributing ¥27.60 per share.

The projected dividend per share for the next fiscal period is ¥33.80 per share, reflecting a dividend payout ratio of 33%.

\* The dividend payout ratio is calculated based on consolidated profit attributable to owners of parent.

\* Net income per share used in the calculation of the dividend payout ratio is derived by dividing the profit attributable to owners of parent by the number of shares excluding treasury shares. These treasury shares include the portion of Japan Employee Stock Ownership Plans (J-ESOP). Since dividends are actually paid also with respect to the shares under J-ESOP, the above payout ratios take this factor into account.

#### (4) Business Risks

Details of the major risk factors recognized by the en-japan Group as part of its business are provided below. The Group believes in actively disclosing information to investors and shareholders that may not be considered business risks, but which the Group believes is important for making investing decisions or understanding the Group's business. Having identified the potential of these risks, the Group endeavors to either prevent their occurrence or respond in the event of occurrence; however, the Group believes that decisions related to management or future business operations should be made only after carefully considering the matters presented below. The matters presented below do not necessarily represent all of the risks related to investment in en-japan inc. stock.

##### 1) Changes in the business trend and employment situation

The en-japan Group's business is highly sensitive to changes in the economic environment such as business trends and labor market conditions. The Group expects that, even if the economic environment unexpectedly deteriorates, there will always be a certain level of demand for recruiting and job seeking services. However, should there be changes in the economic environment that go beyond those assumed by the en-japan Group, such changes may impact the Group's earnings.

##### 2) Business lines

The en-japan Group is currently promoting its business centering on areas where it can take advantage of the expertise and brand strength it has built up over years, as a company specialized in offering services that contribute to hiring personnel and helping those newly hired to succeed. However, the earnings of the Group might be adversely impacted by factors such as the curtailment and slowed growth of the relevant markets and by declines in competitiveness and/or prices of various services offered by the Group.

##### 3) New business

It is the Group's policy to explore new business for the purpose of expanding the size of its operation and diversifying its earnings base. In implementing this policy, the Group conducts the necessary information gathering and analysis to reduce risk. But there may be many uncertain factors, and in the event that the Group fails to develop new business as planned and additional costs relating to system investment, R&D, advertisement and personnel for the new business arise, they may have a negative effect on the Group's earnings.

##### 4) M&A

The en-japan Group pursues M&A activities and plans to continue taking this approach as necessary going forward, in an effort to promote business expansion. The Group plans to continue taking this approach as necessary going forward. In executing an M&A or such like, the Group conducts advance evaluations in detail of the financial conditions of the target company, contract terms and other factors in order to evade risks as much as possible. However, such transactions may have a negative effect on the Group's earnings if, after executing an M&A, the Company fails to develop its business according to the plan due to contingent liabilities or a change in the business environment, among other factors, forcing the Company to post impairment losses on goodwill and shares of affiliate companies.

##### 5) Overseas subsidiaries

The Group owns overseas subsidiaries, and management of these overseas subsidiaries carries specific operational risks such as the effects from changes in economic, political, legal, and tax-related matters in each of the relevant countries and regions, as well as the difference in business practices, on top of the foreign exchange fluctuation risk. If our overseas business expands in the future and the share of the overseas subsidiaries within the Group's sales and earnings increases, and changes in the economic conditions in relevant countries and regions occur, such changes may affect the Group's operating performance.

##### 6) Competitors

Numerous competitors exist in each of the business fields of the market in which the en-japan Group operates. If these competitors offer services comparable to those of the Group at lower prices or provide innovative services that attract individual job-seekers, such movements might cause the Group's market share to fall and adversely impact the Group's operating performance.

#### 7) Human capital

We believe that a strong sales structure and technological development are vital factors in building a solid corporate foundation for the Group to keep growing. Accordingly, the en-japan Group places high priority on the hiring and training of talented individuals. Group business activities and earnings may be negatively affected in the event that the Group cannot hire and train the necessary personnel required for expanding operations, or in the event that highly skilled and knowledgeable personnel leave the Group.

Even if the hiring and training of the necessary personnel proceed as planned, if there is an increase in the Group's fixed assets such as personnel costs or facility costs, above the level expected by the Group, this may adversely impact the operating performance of the Group.

#### 8) Advertising and promotion activities

Enhancing recognition of the en-japan Group brand in the market is vital to the growth of our business. The en-japan Group plans to actively engage in advertising and promotional activities, including the use of current media, to build our capacity to attract customers. However, it is impossible to accurately predict the effectiveness of these activities and expenses may increase significantly depending on the cost of advertising and promotions, which could have a negative effect on Group earnings.

#### 9) Transactions with customers in specific industries

The en-japan Group sells job placement advertisements across a broad range of industries and occupations. However, demand for employment advertisements is strongly linked to changes in the economic environment and may result in a concentration of sales to a specific industry. The Group plans to continue a policy of selling advertisements across a wide range of industries and occupations; however, the business environment in a specific industry may have a negative effect on Group earnings.

#### 10) Intellectual property infringement

The en-japan Group owns numerous intellectual property rights, including trademarks related to service names and copyrights related to content offered by the Group. The Group is engaged in the appropriate protection, maintenance and acquisition of intellectual property rights; however, disputes may occur with third parties related to such intellectual property, resulting in legal defense costs and other expenditures that may negatively affect our business and/or Group earnings.

Meanwhile, if a third party utilizes the same or similar name given to a service of the Group without permission, this might cause job-seekers to make a mistake or damage the reputation and credibility of the Group, consequently giving an adverse impact on the Group earnings.

#### 11) Compliance with laws and statutes

In recognition of the growing number of subsidiaries and affiliates in the Group both in Japan and overseas, we are creating a stronger internal management control structure. Nevertheless, in the event that the construction, operation or monitoring of the system concerning internal controls does not function sufficiently because of human factors or a rapid change in the business environment, the Group might be unable to appropriately manage the various business risks, and this might have a negative effect on the Group's earnings.

Moreover, even if systems concerning internal controls fulfill their functions completely, such structures do not guarantee the elimination of all illegal activities. In the event a Group employee is responsible for serious negligence, fraud or another illegal act, the Group's earnings may be adversely impacted by subsequent lawsuits and/or compensation for damages.

#### 12) Protection of personal information

The en-japan Group recognizes the extreme importance of managing personal information appropriately during the course of its business activities to ensure the prevention of leaks and misuse or alteration of information. Therefore, we have implemented proactive measures to create a management system to protect personal information. However, in the event of a serious problem such as a leak of personal information, there is a risk that legal responsibility could be imposed on the Group regardless of its contractual obligations. Even if the Group is not charged with legal responsibility, issues connected with personal data management could potentially damage the Group's brand image and have a negative impact on the Group's business and/or earnings.

### 13) Special statutory regulations

The en-japan Group needs to comply with laws and regulations of the countries and regions where it operates. The Group also needs to acquire permission and authorization for certain types of business.

In the event that the Group violates such laws and regulations or loses permission and authorization, the Group may no longer operate its business. Furthermore, in the event that new laws and regulations applicable to the Group's business are established or that a revision or change in judiciary or administrative interpretation of such laws and regulations occurs, the Group will be compelled to restructure its system to respond to such change, and as a result, the Group's earnings could be negatively affected.

### 14) Response to search engine

Internet users commonly obtain the necessary information through a search site, and our Group's website services also collect customers through a search site. If in the future, search results are not displayed in favor of the en-japan Group due to such reasons as changes in a search engine operator's high-order display policy or system trouble, the Group's customer collection effect will be reduced, and this may have a negative impact on the operating performance of the Group.

### 15) Dependence on Representative Directors

Michikatsu Ochi, Chairman and Representative Director, and Takatsugu Suzuki, President and Representative Director, are responsible for the formulation of overall management policies and business strategies of the Group, playing a major role in multiple areas. While the Group is working to establish a management structure that does not depend excessively on Representative Directors, should an unforeseen incident occur with respect to them, this may affect the Group's operating performance.

### 16) New technologies

Technological innovation proceeds at a dramatic pace in the Internet business segment; new technologies and services are introduced continuously. Our business is deeply intertwined with the Internet, and in order to continue offering competitive services we must be able to provide the latest technologies and services to our clients and users in a timely manner. To offer high-quality services, the Group has put into place a system for each planning division to take the lead in working with related departments to develop new products and services. This enables the en-japan Group to receive feedback from users and clients and reflect this information in our system.

Although we continue to expand the Group's personnel structure, if we delay the introduction of new technologies and/or services because an excessive amount of time is required to develop systems that are effective in enhancing our services, we may lose our competitive advantage within the industry, which may have an effect on the operating performance of the Group.

### 17) Litigation with a third party

The en-japan Group complies with laws and regulations in the countries and regions where it operates, but if a lawsuit which is important to our business is filed and an unfavorable judgment relating to our Group is made, the Group's earnings may be negatively affected.

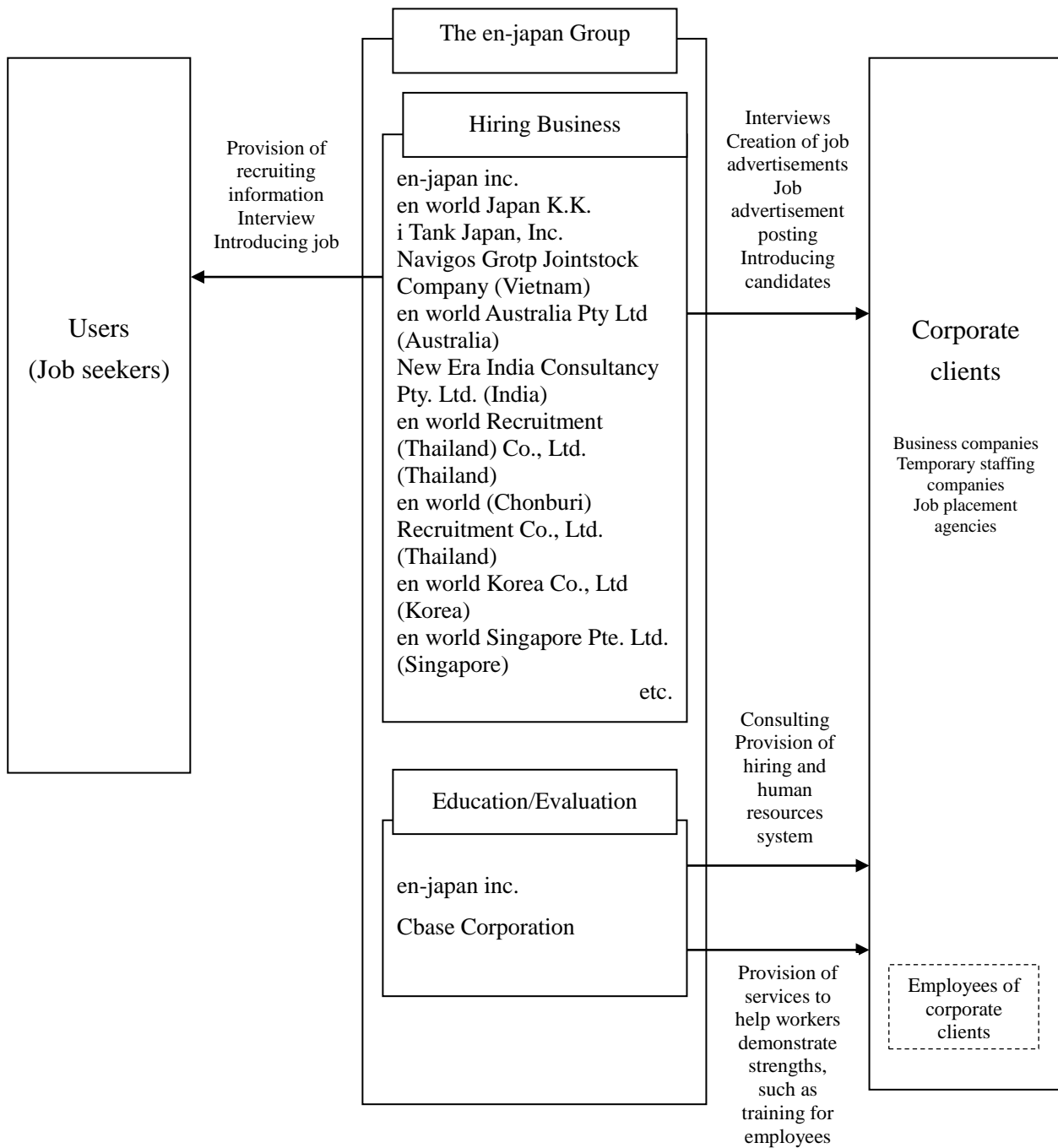
### 18) Share price dilution due to stock option grants

The en-japan Group has adopted a stock-based compensation system. Future exercises of stock options may dilute share prices.

### 19) Major natural disasters and accidents

The en-japan Group's business relies on communications networks that connect computer systems. The Group may be unable to operate normally in the event that a natural disaster, power failure or communications problem interferes with network communications. Servers at the Group or our Internet Service Provider may not operate properly due to temporary access overloads, and network problems may occur due to unauthorized access from outside the Group or employee error. Not only could such damages inflict direct harm on the Group, but a server inoperability or defect could also result in damage to the Group's reputation and suspension of business transactions, or in lawsuits and compensation for damages, potentially having a negative impact on the Group's business.

## 2. Current Conditions of the Corporate Group



### 3. Management Policies

#### (1) Target Management Indices

The en-japan Group believes that providing high-quality, fully user-oriented services will translate into greater recognition of the Group among job seekers and corporate clients, and creating differentiating factors from competitors will lead to improvements in net sales and income.

Revising the three-year Medium-term Management Plan launched in May 2015, the Group has established a new Medium-term Management Plan, which runs until the fiscal year ending March 31, 2020. The Group sets targets of posting consolidated net sales of ¥50 billion and consolidated operating income of ¥11 billion in the final fiscal year of the Plan.

#### (2) Mid- and Long-term Company Management Strategies and Issues to be Addressed

The Group foresees that over the long term, the Japanese economy may shrink in size due to weaker domestic consumption and reduced corporate production activities caused by the effects of a decrease in the population. In such a case, the human resources business market in Japan will be affected and may not grow.

In addition, since the human resources business is susceptible to fluctuations in economic trends, the Group recognizes that it is important to react appropriately to changes in the operating environment, especially when the economy is going through a downturn.

In light of such circumstances, the en-japan Group will be strengthening the operation of (1) its recruitment website, (2) its job placement service, (3) its international business and (4) new businesses in hiring business as well as in areas other than hiring business, to enhance its business portfolio.

##### [(1) Recruitment website and (2) job placement service]

The Group will work to further reinforce its conventional mainstay business of recruitment websites while strengthening job placement services by utilizing the member database of each recruitment site that covers a wide range of age groups and annual income segments.

##### [(3) International business]

The Asian region where the en-japan Group operates is expected to show a high economic growth rate compared to that of Japan. Demand for human resources services is anticipated to expand mainly in countries whose population is large and average working age is lower compared to other countries. Going forward, we will focus our resources on countries in the region that are more likely to demonstrate an improved performance.

##### [(4) New business]

While the human resources market going forward is expected to continue indicating growth centered on existing business models, new employment and career change support services may expand on a medium- and long-term basis. Taking such a possibility into consideration, the en-japan Group will pursue development and investment in new businesses within the human resources field. The Group will also be striving to create new businesses in areas other than hiring, in order to stabilize its business portfolio and minimize any negative impact on the Group's earnings if and when the economy is going through a downturn.

### 4. Basic Approach to the Selection of Accounting Standards

It is the en-japan Group's policy, in the foreseeable future, to continue preparing its consolidated financial statements based on the Japanese accounting standard to secure the comparability of financial data over different periods and among different companies.

Concerning the adoption of International Financial Reporting Standards (IFRS), the Group will be taking appropriate measures in consideration of the domestic and international situation.

## 5. Consolidated Financial Statements and Key Notes

### (1) Consolidated Balance Sheets

(Million yen)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	13,953	18,228
Notes and accounts receivable-trade	3,069	3,567
Securities	2,000	2,000
Supplies	13	17
Deferred tax assets	514	523
Other	363	545
Allowance for doubtful accounts	-34	-56
Total current assets	19,880	24,826
Non-current assets		
Property, plant and equipment		
Buildings	639	687
Accumulated depreciation	-293	-351
Buildings, net	345	335
Furniture and fixtures	585	666
Accumulated depreciation	-305	-387
Furniture and fixtures, net	279	278
Leased assets	56	56
Accumulated depreciation	-16	-32
Leased assets, net	40	24
Construction in progress	33	2
Total property, plant and equipment	699	640
Intangible assets		
Software	1,594	1,715
Goodwill	3,671	2,630
Other	771	899
Total intangible assets	6,037	5,246
Investments and other assets		
Investment securities	362	508
Long-term loans receivable	145	375
Deferred tax assets	219	221
Shares of subsidiaries and associates	253	269
Other	1,108	1,133
Allowance for doubtful accounts	-148	-321
Total investments and other assets	1,941	2,187
Total non-current assets	8,678	8,074
Total assets	28,558	32,900

(Million yen)

	Prior Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	58	72
Lease obligations	17	17
Accounts payable-other	2,311	2,919
Income taxes payable	1,290	1,551
Provision for bonuses	1,024	1,111
Provision for directors' bonuses	10	6
Advances received	1,207	1,818
Other	854	1,036
Total current liabilities	6,773	8,533
Non-current liabilities		
Lease obligations	26	8
Deferred tax liabilities	100	85
Provision for share benefits	188	225
Asset retirement obligations	230	247
Long-term accounts payable-other	110	148
Other	16	8
Total non-current liabilities	671	724
Total liabilities	7,445	9,258
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	673	224
Retained earnings	21,359	24,538
Treasury shares	-2,880	-2,880
Total shareholders' equity	20,348	23,077
Accumulated other comprehensive income		
Valuation difference on available-for-sale	-1	-2
Foreign currency translation adjustment	609	444
Total accumulated other comprehensive	607	442
Subscription rights to shares	36	85
Non-controlling interests	120	37
Total net assets	21,112	23,642
<b>Total liabilities and net assets</b>	<b>28,558</b>	<b>32,900</b>

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

(Million yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net sales	26,135	31,719
Cost of sales	2,396	3,185
Gross profit	23,738	28,533
Selling, general and administrative expenses		
Advertising expenses	4,683	5,841
Salaries and allowances	5,195	5,629
Bonuses	1,663	1,548
Other	7,077	8,658
Total selling, general and administrative expenses	18,620	21,677
Operating income	5,118	6,856
Non-operating income		
Interest income	43	19
Dividends income	13	0
Gain on investments in partnership	57	13
Share of profit of entities accounted for using equity method	11	30
Miscellaneous income	23	45
Total non-operating income	149	108
Non-operating expenses		
Foreign exchange losses	62	14
Provision of allowance for doubtful accounts	145	98
Miscellaneous loss	12	4
Total non-operating expenses	220	116
Ordinary income	5,047	6,848
Extraordinary income		
Gain on sales of non-current assets	—	29
Total extraordinary income	—	29
Extraordinary losses		
Loss on retirement of non-current assets	*1 12	*1 0
Loss on valuation of shares of subsidiaries and associates	24	—
Loss on sales of shares of subsidiaries and associates	—	0
Loss on sales of investment securities	37	—
Loss on valuation of investment securities	—	20
Provision of allowance for doubtful accounts	—	59
Amortization of goodwill	—	572
Loss on extinguishment of tie-in shares	*2 454	*2 —
Total extraordinary losses	530	653
Income before income taxes	4,517	6,225
Income taxes - current	1,934	2,219
Income taxes - deferred	-207	-27
Total income taxes	1,727	2,192
Profit	2,789	4,032
Profit attributable to non-controlling interests	33	27
Profit attributable to owners of parent	2,756	4,005

# Consolidated Statements of Comprehensive Income

(Million yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Profit	2,789	4,032
Other comprehensive income		
Valuation difference on available-for-sale securities	-27	-1
Foreign currency translation adjustment	-76	-156
Share of other comprehensive income of entities accounted for using equity method	4	-24
Total other comprehensive income	* -99	* -182
Comprehensive income	2,690	3,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,663	3,839
Comprehensive income attributable to non-controlling interests	26	10

(3) Consolidated Statements of Changes in Net Assets  
Prior fiscal year (from April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,194	1,718	19,344	-3,284	18,974
Cumulative effects of changes in accounting policies		-1,312	17		-1,295
Restated balance	1,194	406	19,361	-3,284	17,678
Changes of items during the period					
Dividends of surplus			-758		-758
Profit attributable to owners of parent			2,756		2,756
Purchase of treasury shares				-0	-0
Increase by share exchanges		289		404	694
Changes in treasury shares of parent arising from transactions with non-controlling interests		-22			-22
Net changes of items other than shareholders' equity					-
Total changes of items during period	—	267	1,997	404	2,669
Balance at end of current period	1,194	673	21,359	-2,880	20,348

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	26	674	700	—	101	19,775
Cumulative effects of changes in accounting policies		-20	-20			-1,315
Restated balance	26	653	680	—	101	18,460
Changes of items during the period						
Dividends of surplus			—			-758
Profit attributable to owners of parent			—			2,756
Purchase of treasury shares			—			-0
Increase by share exchanges			—			694
Changes in treasury shares of parent arising from transactions with non-controlling interests			—			-22
Net changes of items other than shareholders' equity	-27	-44	-72	36	19	-16
Total changes of items during period	-27	-44	-72	36	19	2,652
Balance at end of current period	-1	609	607	36	120	21,112

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,194	673	21,359	-2,880	20,348
Changes of items during the period					
Dividends of surplus			-826		-826
Profit attributable to owners of parent			4,005		4,005
Purchase of treasury shares				-0	-0
Increase by share exchanges					-
Changes in treasury shares of parent arising from transactions with non-controlling interests		-449			-449
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-449	3,178	-0	2,729
Balance at end of current period	1,194	224	24,538	-2,880	23,077

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets Foreign currency translation adjustment
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	-1	609	607	36	120	21,112
Changes of items during the period						
Dividends of surplus			-			-826
Profit attributable to owners of parent			-			4,005
Purchase of treasury shares			-			-0
Increase by share exchanges			-			-
Changes in treasury shares of parent arising from transactions with non-controlling interests			-		-93	-543
Net changes of items other than shareholders' equity	-1	-164	-165	48	10	-106
Total changes of items during period	-1	-164	-165	48	-83	2,529
Balance at end of current period	-2	444	442	85	37	23,642

## (4) Consolidated Statements of Cash Flows

(Million yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes	4,517	6,225
Depreciation	861	1,080
Amortization of goodwill	405	1,035
Increase (decrease) in allowance for doubtful accounts	145	196
Increase (decrease) in provision for bonuses	332	87
Increase (decrease) in provision for directors' bonuses	-7	-3
Increase (decrease) in provision related to termination of	-6	-
Interest and dividend income	-56	-19
Foreign exchange losses (gains)	62	14
Share of (profit) loss of entities accounted for using equity	-11	-30
Loss (gain) on sales of investment securities	37	-
Loss (gain) on investments in partnership	-57	-13
Loss (gain) on valuation of investment securities	-7	20
Loss (gain) on valuation of shares of subsidiaries and associates	24	-
Loss (gain) on sales of shares of subsidiaries and associates	-	0
Loss (gain) on sales of non-current assets	-	-29
Loss on retirement of non-current assets	12	0
Loss (gain) on extinguishment of tie-in shares	454	-
Decrease (increase) in notes and accounts receivable-trade	-600	-532
Increase (decrease) in notes and accounts payable-trade	10	13
Increase (decrease) in accounts payable-other	795	682
Increase (decrease) in advances received	443	611
Decrease (increase) in other current assets	44	-82
Increase (decrease) in other current liabilities	-129	162
Decrease (increase) in other non-current assets	-1	141
Increase (decrease) in other non-current liabilities	42	25
Subtotal	7,312	9,586
Interest and dividend income received	166	19
Income taxes paid	-1,710	-2,065
Income taxes refund	23	56
Net cash provided by (used in) operating activities	5,791	7,597

(Million yen)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from investing activities		
Proceeds from sales of securities	2,000	—
Purchase of property, plant and equipment	-157	-219
Purchase of intangible assets	-889	-1,147
Purchase of investment securities	-73	-180
Proceeds from sales and redemption of investment securities	1,065	26
Purchase of shares of subsidiaries and associates	-45	-10
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 28	*2 —
Payments for lease and guarantee deposits	-45	-100
Proceeds from collection of lease and guarantee deposits	0	11
Purchase of insurance funds	-17	-17
Payments of loans receivable	-81	-356
Collection of loans receivable	1	—
Other proceeds	-4	64
Net cash provided by (used in) investing activities	1,783	-1,927
Cash flows from financing activities		
Repayments of long-term loans payable	-4	—
Purchase of treasury shares	-0	-0
Cash dividends paid	-758	-826
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-23	-543
Repayments of lease obligations	-25	-17
Net cash provided by (used in) financing activities	-812	-1,387
Effect of exchange rate change on cash and cash equivalents	-24	-8
Net increase (decrease) in cash and cash equivalents	6,737	4,275
Cash and cash equivalents at beginning of period	9,137	15,953
Increase in cash and cash equivalents resulting from merger	77	—
Cash and cash equivalents at end of period	*1 15,953	*1 20,228

## (5) Notes to the Consolidated Financial Statements

### (Notes Relating to the Going Concern Assumption)

The Company had no material items to report.

### (Basis of Preparing the Consolidated Financial Statements)

#### 1. Scope of Consolidation

##### (1) Number of consolidated subsidiaries: 14

Name of company: en world Japan K.K.  
en-Asia holdings Limited  
en world Singapore Pte. Ltd.  
en world Hong Kong Limited.  
Cbase Corporation  
en world Australia Pty Ltd  
en world Korea Co., Ltd  
Navigos Group, Ltd.  
Navigos Group Vietnam Joint Stock Company  
en world Recruitment (Thailand) Co., Ltd.  
en Holdings (Thailand) Ltd.  
New Era India Consultancy Pvt. Ltd.  
en world (Chonburi) Recruitment Co., Ltd.  
i Tank Japan, Inc.

##### (2) Names of major unconsolidated subsidiaries:

Talent Alliance (Beijing) Technology Development Limited,  
Zhiyuan Human Resource Management Service,  
Fuman Kaitori Center Inc. and three other companies  
(Reason for exclusion from consolidation).

Unconsolidated subsidiaries are excluded from the scope of consolidation since their total assets, net sales, profit (amount proportional to the equity share), retained earnings (amount proportional to the equity share), etc. have no material impact on the consolidated financial statements.

#### 2. Application of the Equity Method

##### (1) Number of unconsolidated subsidiaries accounted for by the equity method: 1

Name of company: Talent Alliance (Beijing) Technology Development Limited

The closing date of the affiliate accounted for by the equity method differs from the consolidated closing date, but the Company used the financial statements created on the said affiliate's closing date.

##### (2) Names of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

Unconsolidated subsidiaries:  
Zhiyuan Human Resource Management Service,  
Fuman Kaitori Center Inc. and three other companies  
(Reason for not applying the equity method)

Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are excluded from the scope of application of the equity method since their profit (amount proportional to the equity share), retained earnings (amount proportional to the equity share), etc. have no material impact on the consolidated financial statements, and they are immaterial also on the whole.

#### 3. Fiscal Year, etc., of Consolidated Subsidiaries

Consolidated subsidiaries whose term end differs from the consolidated term end are as follows:

Consolidated subsidiaries	Closing date	
Navigos Group, Ltd.	December 31	Note 1
Navigos Group Vietnam Joint Stock Company	December 31	Note 1
en world Recruitment (Thailand) Co Ltd.	December 31	Note 1
en world (Chonburi) Recruitment Co Ltd.	December 31	Note 1

Note 1 The Group adopts provisional financial statements for the term end of consolidated subsidiaries, provided, however, those necessary adjustments on consolidation are made to reflect material transactions conducted between this date and the consolidated term end.

#### 4. Summary of Significant Accounting Policies

##### (1) Valuation basis and method for important assets

###### 1) Securities

###### a. Held-to-maturity securities

Carried at amortized cost (straight-line method)

###### b. Available-for-sale securities

Available-for-sale securities for which the fair market values are readily determinable:

Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in net assets.

The cost of securities sold is determined by the moving-average method.

Compound instruments whose embedded derivatives cannot be estimated individually are valued at market as a whole, and unrealized gains or losses are included in the Statements of Income.

Available-for-sale securities for which the fair market values are not readily determinable:

Valued at cost determined by the moving-average method

The Company accounts for investments in investment limited partnerships and similar associations (investments deemed to be negotiable securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) by booking a net amount equivalent to the equity method value, based on the most recent closing statement that can be obtained in accordance with the account reporting date provided for in the partnership agreement.

###### 2) Inventories

###### Supplies

Most recent purchase cost method (amount reported on the balance sheet is stated by writing down based on decrease in profitability)

##### (2) Depreciation method for major depreciable assets

###### 1) Property, plant and equipment (excluding lease assets)

The depreciation of property, plant and equipment at the Company and its consolidated subsidiary is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets.

However, the straight-line method is used to depreciate buildings (excluding accompanying facilities), and buildings and accompanying facilities and structures acquired on and after April 1, 2016.

The range of useful lives is as follows:

Buildings: 8–25 years

Furniture and fixtures: 2–20 years

For assets acquired on or before March 31, 2007, the remaining book values are equally depreciated on a straight-line basis over five years, starting from the year following the year during which depreciation to the residual values was completed up to the maximum depreciable amounts.

###### 2) Intangible assets (excluding lease assets)

The amortization of intangible assets at the Company and its consolidated subsidiary is computed by the straight-line method.

Computer software for internal use is amortized over the estimated useful life (2–5 years) depending on the nature of the respective software products.

###### 3) Lease assets

Lease assets related to the finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

##### (3) Accounting for important reserves

###### 1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided for possible bad debt of claims at an amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability for specific doubtful receivables.

2) Provision for bonuses:

The provision for bonuses is provided for possible payment of bonuses to employees at an amount based on the amount estimated to be paid at the end of the fiscal year under review.

3) Provision for directors' bonuses:

Provision for directors' bonuses at subsidiaries is provided for in estimated amounts, which the subsidiaries will pay based on the service provided during the current consolidated accounting period.

4) Provision for share benefits

A provision for share benefits is provided for possible delivery of stock to employees in accordance with the stock delivery regulation at an amount based on the estimated amount of stock benefits obligation at the end of the fiscal year under review.

(4) Method and period of amortization of goodwill

The amount of goodwill and negative goodwill is equally amortized over the estimated years during which the effects are estimated to emerge.

(5) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits and short-term investments due within three months from the date of acquisition, which are easily convertible into cash with little or no risk from fluctuation in value.

(6) Other important matters of presenting the consolidated financial statements

Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

(Change in Accounting Policy)

In conjunction with the revision to the Corporation Tax Act, the Company began adopting the "Practical Solution on Accounting for Changes in Depreciation Method Related to the 2016 Tax Law Changes" (PITF No. 32; June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method for buildings and accompanying facilities and structures acquired on and after April 1, 2016 from the declining balance method to the straight-line method.

This change has only minor impacts on operating income, ordinary income and profit before income taxes for the fiscal year under review.

(Change in Method of Presentation)

(Consolidated Statements of Cash Flows)

Effective the fiscal year ended March 31, 2017, "Increase (decrease) in advances received" which was included in "Increase (decrease) in other current liabilities" under "Cash flows from operating activities" in the previous fiscal year is separately presented since its monetary significance has increased. In order to reflect this change in the method of presentation, account items in the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, "Increase (decrease) in other current liabilities" of ¥443 million presented under "Cash flows from operating activities" in the Consolidated Statements of Cash Flows of the previous fiscal year has been reclassified as "Increase (decrease) in advances received" of ¥443 million.

(Additional Information)

The Company began adopting the "Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26; March 28, 2016) from the fiscal year under review.

(Consolidated Balance Sheets)

Overdraft Facility Agreement

To procure working capital efficiently, the Company has concluded an overdraft facility agreement with one of its primary financing banks. The unused balance at the end of fiscal years based on this agreement was as follows.

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Maximum overdraft amount	1,000 million yen	1,000 million yen
Outstanding borrowings	– million yen	– million yen
Balance	1,000 million yen	1,000 million yen

(Consolidated Statements of Income)

\*1 Loss on Retirement of Non-current Assets was as follows.

	Prior fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Furniture and fixtures	– million yen	0 million yen
Software	12 million yen	– million yen

\*2 The content of loss on extinguishment of tie-in shares is as follows.

Prior fiscal year (from April 1, 2015 to March 31, 2016)

The loss on extinguishment of tie-in shares was due to mergers through absorption with unconsolidated subsidiaries, INNOBASE CO. LTD. and en executive search inc. on March 31, 2016.

Current fiscal year (from April 1, 2016 to March 31, 2017)

The Company had no material matters to report.

(Consolidated Statements of Comprehensive Income)

\* Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Valuation difference on available-for-sale securities		
Amount incurred during the term	-55 million yen	-1 million yen
Recycling amount	37 million yen	0 million yen
Amount before tax adjustment	-17 million yen	-1 million yen
Taxes	-10 million yen	0 million yen
Valuation difference on available-for-sale securities	-27 million yen	-1 million yen
Foreign currency translation adjustment		
Amount incurred during the term	-76 million yen	-156 million yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during the term	4 million yen	-24 million yen
Other comprehensive income	-99 million yen	-182 million yen

(Consolidated Statements of Cash Flows)

\*1.Relationship between Cash and Cash Equivalents at End of Period and the Line Item Amounts Stated on the Consolidated Balance Sheets

	Prior fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Cash and deposits	13,953 million yen	18,228 million yen
Balance of items corresponding to cash equivalents in the securities account	2,000 million yen	2,000 million yen
Cash and cash equivalents	15,953 million yen	20,228 million yen

\*2.Details of Assets and Liabilities of Newly Consolidated Subsidiaries Resulting from the Company's Share Acquisition

Prior fiscal year (from April 1, 2016 to March 31, 2017)

Details of assets and liabilities of i Tank Japan, Inc., a newly consolidated subsidiary following a share exchange, as of the starting date of consolidation and the relationship between the share acquisition cost and the (net) revenue from the share acquisition are as follows:

Current assets	62 million yen
Non-current assets	18 million yen
Current liabilities	-60 million yen
Goodwill	673 million yen
Share acquisition cost	694 million yen
Cash and cash equivalents	-28 million yen
Stock issuance cost relating to share exchange	-694 million yen
Difference: payment for the share acquisition	28 million yen

Current fiscal year (from April 1, 2016 to March 31, 2017)

The Company had no material matters to report.

(Segment Information, etc.)

(Segment Information)

## 1. Outline of Reporting Segments

The en-japan Group's reporting segments are business units for which separate financial information can be obtained and periodically reviewed by the Company's decision making bodies such as the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

As a company specializing in offering services that contribute to hiring personnel and helping those newly hired to succeed, the en-japan Group is engaged mainly in managing job advertising websites, job placement services, and education/evaluation of human resources.

Therefore, the Company classifies its business into the two segments of the Hiring Business and Education/Evaluation Business, in accordance with their respective management organization and characteristics of services.

The main services provided at each segment are as follows.

- |                                     |  |
|-------------------------------------|--|
| (1) Hiring Business –               | Management of job advertising website (main websites are en TENSHOKU, en HAKEN, MIDDLE NO TENSHOKU and Vietnam Works), job placement services (main brands are en world and en AGENTS), and personnel dispatching services |
| (2) Education/Evaluation Business – | Provision of services to help workers demonstrate strengths (en COLLEGE, etc.) and hiring/ human resources-related systems.  |

## 2. Measurement of Sales, Income (loss), Assets, Liabilities and Other Material Items of Reportable Segments

The accounting policies for the reportable segments are the same as those described in “Basis of Preparing the Consolidated Financial Statements.”

Intersegment sales are based on the transaction price among third parties and figures of segment profit (loss) are based on operating income.

Note that the assets are not allocated by business segment, but depreciation expenses on assets are allocated to each of the business segments in accordance with rational criteria set based on their status of use and such like.

3. Information on Sales, Income (loss), Assets, Liabilities and Other Material Items by Reportable Segment  
Prior fiscal year (from April 1, 2015 to March 31, 2016)

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	25,221	913	26,135	–	26,135
Internal sales among segments, transfers	28	50	78	-78	–
Total	25,249	964	26,213	-78	26,135
Segment profit/(loss)	5,220	-101	5,118	-0	5,118
Other Items					
Depreciation	832	28	861	–	861
Amortization of goodwill	389	15	405	–	405

(Notes)

1. Adjustments to segment profit represent elimination of intersegment transactions.
2. Segment profit/loss has been adjusted based on the operating income in the consolidated financial statements.
3. Segment assets are not stated because assets are not allocated by reportable segment.

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount stated in Consolidated Financial Statements (Note 2)
	Hiring Business	Education/ Evaluation Business	Total		
Net sales					
Sales to outside customers	30,695	1,023	31,719	–	31,719
Internal sales among segments, transfers	6	75	81	-81	–
Total	30,702	1,099	31,801	-81	31,719
Segment profit/(loss)	7,052	-176	6,876	-19	6,856
Other Items					
Depreciation	1,039	40	1,080	–	1,080
Amortization of goodwill	1,020	15	1,035	–	1,035

(Notes)

1. Adjustments to segment profit represents eliminated intersegment transactions.
2. Segment profit/loss is adjusted from operating income booked in the consolidated financial statements.
3. Segment assets are not stated since the assets are not allocated by reportable segment.
4. The amount of amortization of goodwill includes “Amortization of goodwill” under extraordinary losses.
5. Matters related to changes in the reporting segment  
As stated in “Changes in Accounting Policy,” in conjunction with a revision to the Corporation Tax Act, the Company has changed the method of depreciating buildings and accompanying facilities 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 has minor impacts on segment profits on a consolidated basis for the fiscal year under review.

(Related Information)

Prior fiscal year (from April 1, 2015 to March 31, 2016)

1. Information by Product and Service

Presentation is omitted as similar information is provided in the segment information.

2. Information by Region

(1) Net sales

(Million yen)		
Japan	Asia/Oceania	Total
23,391	2,743	26,135

(2) Property, plant and equipment

(Million yen)		
Japan	Asia/Oceania	Total
525	173	699

3. Information by Major Clients

Presentation is omitted as there are no net sales for outside clients that exceed 10% of net sales recorded in the consolidated statements of income.

Current fiscal year (from April 1, 2016 to March 31, 2017)

1. Information by Product and Service

Presentation is omitted as similar information is provided in the segment information.

2. Information by Region

(1) Net sales

(Million yen)		
Japan	Asia/Oceania	Total
28,897	2,822	31,719

(2) Property, plant and equipment

(Million yen)		
Japan	Asia/Oceania	Total
508	132	640

3. Information by Major Customers

Presentation is omitted as there are no net sales for outside customers that exceed 10% of net sales recorded in the consolidated statements of income.

(Information on Impairment Losses of Property, Plant and Equipment by Reportable Segment)

Prior fiscal year (from April 1, 2015 to March 31, 2016)

The Company had no material matters to report.

Current fiscal year (from April 1, 2016 to March 31, 2017)

The Company had no material matters to report.

(Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment)

Prior fiscal year (from April 1, 2015 to March 31, 2016)

(Million yen)

	Reportable segments			Adjustments	Total
	Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	389	15	405	—	405
Balance at the end of the period	3,577	94	3,671	—	3,671

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable segments			Adjustments	Total
	Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	1,020	15	1,035	—	1,035
Balance at the end of the period	2,552	78	2,630	—	2,630

(Note) The amount of amortization of goodwill includes “Amortization of goodwill” under extraordinary losses.

(Information on Gain on Negative Goodwill by Reportable Segment)

Prior fiscal year (from April 1, 2015 to March 31, 2016)

The Company had no material matters to report.

Current fiscal year (from April 1, 2016 to March 31, 2017)

The Company had no material matters to report.

## (Per-Share Information)

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Net Assets per Share	460.56 yen	516.91 yen
EPS	60.79 yen	88.03 yen
Fully Diluted EPS	60.70 yen	87.79 yen

## (Notes)

1. The Company executed a 2-for-1 stock split of its common share effective April 1, 2016. Therefore, EPS, and fully diluted EPS have been calculated on the assumption that the stock split was executed at the beginning of the prior fiscal year.
2. With respect to the average number of shares of common share outstanding during the period, which is the basis of calculation of EPS, the calculation is performed by including the shares of the Company held by Trust & Custody Services Bank, Ltd. (Trust E account) as trust assets under the board benefit system (J-ESOP) in the treasury shares eligible for deduction. (Prior fiscal year: 2,399,000 shares; current fiscal year: 2,399,000 shares.)
3. The basis for calculating EPS and fully diluted EPS is shown below.

	Prior Fiscal Year (From April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
EPS		
Profit Attributable to Owners of Parent (million yen)	2,756	4,005
Amount not attributable to Common Shareholders (million yen)	—	—
Profit Attributable to Owners of Parent concerning Common Share (million yen)	2,756	4,005
Average Number of Shares of Common Share Outstanding during the Period (shares)	45,336,516	45,500,328
Fully Diluted EPS		
Profit Attributable to Owners of Parent – Deferred (million yen)	—	—
Increase in the Number of Shares of Common Share (shares)	67,896	120,572
(of which subscription rights to shares [shares])	(67,896)	(120,572)
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	One type of subscription rights to shares There is no outstanding balance as of the end of the current fiscal year due to the lapse of rights upon completion of the rights exercise period.	

## (Material Subsequent Event)

The Company had no material matters to report.