



en-japan inc.

1st Quarter FY March 2018 Earnings Announcement [Japan GAAP] (Consolidated)

August 9, 2017

Company Name	en-japan inc.	Listing Exchanges	Tokyo Stock Exchange (Jasdaq Market)	
Stock Code	4849	URL	http://corp.en-japan.com/	
Representative (Title)	President	(Name)	Takatsugu Suzuki	
	Executive Officer and			
Contact (Title)	Administration Division	(Name)	Tomoki Tamai	Telephone +81-3-3342-4506
	Director			
Scheduled Date for Submission of Quarterly Report	August 9, 2017			
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 2018 Cumulative First Quarter Operating Results (From April 1, 2017 to June 30, 2017)

(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 3/18 1st Qtrr	9,126	26.2	2,731	51.6	2,753	58.4	1,907	61.8
FYE 3/17 1st Qtrr	7,228	24.9	1,801	46.4	1,738	35.0	1,178	49.0

(Note) Comprehensive income FYE 3/18 1st Qtrr 1,816 million yen (87.0%) FYE 3/17 1st Qtrr 971 million yen (24.1%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/18 1st Qtrr	41.93	41.81
FYE 3/17 1st Qtrr	25.91	25.85

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/18 1st Qtrr	32,165	24,148	74.7
FYE 3/17	32,900	23,642	71.5

(Reference) Core capital FYE 3/18 1st Qtrr 24,012 million yen FYE 3/17 23,519 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 3/17	-	0.00	-	27.60	27.60
FYE 3/18	-				
FYE 3/18 (projected)		0.00	-	33.80	33.80

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

3. FY Ending March 2018 Projected Consolidated Operating Results (April 1, 2017 - 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	18,112	21.9	4,050	3.1	4,110	6.4	2,780	7.8	61.10
Full year	38,400	21.1	8,300	21.0	8,200	19.7	5,350	33.6	117.58

(Note) Revisions to the Company's latest operating results projections: Yes

* Notes

- (1) Changes in material 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 Yes
- (3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction
 a. Changes in accounting policy accompanying amendment of accounting principles: No
 b. Changes in accounting policy other than "a." Yes
 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 4 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 3/18 1st Qtr 49,716,000 shares FYE 3/17 49,716,000 shares
 b. Number of shares of treasury shares at the end of the period
 FYE 3/18 1st Qtr 4,215,755 shares FYE 3/17 4,215,672 shares
 c. Average number of shares issued during the period (Quarter Year-to-Date)
 FYE 3/18 1st Qtr 45,500,272 shares FYE 3/17 1st Qtr 45,500,329 shares

(Note) The increase in the number of treasury shares at the end of the period is as a result of purchasing shares less than one unit.

* The quarterly earnings announcement is not within the scope of the quarterly review procedure.

* Explanation regarding appropriate use of operating results projections, 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. 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 three months of the fiscal year ending March 31, 2018, the human resources market continued to expand as the continued aging of the population combined with a declining birth rate and the move towards a service-oriented industrial structure led to a rise in the jobs-to-applicants ratio.

Under these circumstances, the Company continued to maintain favorable listing effects on its recruitment websites and to actively conduct sales & marketing activities while working to enhance efficiency.

In our job placement business, we reinforced various measures aimed at improving the productivity of sales representatives and consultants. At en world Japan, progress was made after the structural reconstruction implemented in the previous period.

Meanwhile, in the segment of overseas subsidiaries, we have identified the countries to place priority on effective this fiscal year under review and are concentrating resources in these countries. From the perspective of anticipating growth on a medium- to long-term basis, efforts were made to strengthen performance particularly in Vietnam and India.

As a result, the Company recorded net sales of ¥9,126 million (up 26.2% on a year-on-year basis) for the cumulative first quarter of the fiscal year ending March 31, 2018. Expenses, primarily selling, general and administrative expenses, were within the planned level while net sales increased as previously mentioned and contributed to performance. As a result, the Company recorded operating income of ¥2,731 million (up 51.6% year on year), ordinary income of ¥2,753 million (up 58.4% year on year), and profit attributable to owners of the parent of ¥1,907 million (up 61.8% 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 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, continued to be driven upward by the favorable effects of advertisement listings mainly as a result of an increase in the number of user members. This was thanks to the efforts made to increase the convenience of the site and effective promotional activities. In addition, we worked to reinforce the structure for expanding sales while striving to increase efficiency of sales and marketing. Consequently, net sales were considerably above the level of a year earlier.

Other recruitment sites also recorded higher net sales than those in the same period of the previous fiscal year. This was attributable to the expanded sales to large-lot customers against the backdrop of favorable effects of listings thanks primarily to increased convenience particularly of “en HAKEN” and “en BAITO” that provide services for temporary staffing companies and efficient promotional activities.

(Job placement service)

Net sales of en-japan’s job placement service, “en AGENTS,” increased year on year. This was a result of steps taken to reinforce the education system for sales representatives and consultants and efforts made to actively draw orders and increase the number of interviews as well as initiatives implemented to expand the target segments using the Company’s database of job seekers.

The Company’s subsidiary, en world Japan K.K., began seeing positive effects of the structural reconstruction implemented in the previous period and posted net sales above plan although the level was comparable to that of a year earlier.

(Overseas subsidiaries)

Overseas subsidiaries generally performed favorably in all countries. The growth of Vietnam, a country which we are particularly focusing on from this fiscal year, drove the overall performance of overseas subsidiaries upward. Consequently, net sales increased year on year.

As a result of the above, net sales of this segment amounted to ¥8,865 million (up 27.1% year on year) and operating income was ¥2,734 million (up 53.4% 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 worked to mainly reinforce collaboration with other business divisions and group subsidiaries and improve the training service function while focusing on expanding sales of services. As a result, net sales increased year on year.

As a result of the above, net sales of this segment amounted to ¥280 million (up 2.6% year on year). In terms of operating profit and loss, expenses increased due mainly to the reinforcement of manpower. Consequently, the segment posted an operating loss of ¥4 million (operating income of ¥17 million a year earlier) although the result was above plan.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year ending in March 31, 2018 decreased ¥735 million compared to the end of the previous fiscal year to ¥32,165 million.

Current assets decreased ¥997 million to ¥23,828 million. This was mainly due to a decrease in cash and deposits of ¥1,176 million as a result of payment of income taxes payable and other factors. And Non-current assets increased ¥262 million to ¥8,336 million.

Total liabilities at the end of the first quarter of the fiscal year ending March 31, 2018 were ¥8,016 million, a decrease of ¥1,241 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥1,302 million to ¥7,231 million. This mainly stemmed from decreases in income taxes payable of ¥594 million and provision of bonuses of ¥520 million. And Non-current liabilities increased ¥61 million to ¥785 million.

Total net assets were ¥24,148 million, up ¥505 million from the end of the previous fiscal year.

This was mainly attributable to an increase in retained earnings of ¥585 million.

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

In light of the recent operating results, the Company has revised its consolidated and non-consolidated operating results projections for the first six months and the full year of the fiscal year ending March 31, 2018 announced on May 11, 2017.

For details, please refer to the “Notice Concerning Revision of Operating Results Projections (Consolidated and Non-Consolidated) for the First Six Months and the Full Year of the Fiscal Year Ending March 31, 2018” released today.

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

(Calculation of tax expenses)

The Company calculates tax expenses by rationally estimating the effective tax rate after applying tax effect accounting on profit before income taxes on a consolidated basis for the fiscal year including the first three months of the period. It then multiplies the estimated effective tax rate by profit before income taxes for the quarter.

Note, however, that if calculating tax expenses using the estimated effective tax rate produces a result which significantly lacks reasonableness, the Company adopts the statutory tax rate.

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

(Change in the method of calculation of tax expenses)

The Company conventionally calculated tax expenses of the Company and its consolidated subsidiaries based on a generally accepted method. However, the Company aims to further enhance the efficiency of quarterly financial closing operations of the Company and its consolidated subsidiaries. Therefore, effective the first quarter of the fiscal year under review, the Company changed the method of calculation to rationally estimate the effective tax rate after applying tax effect accounting on profit before income taxes of the fiscal year on a consolidated basis. It then multiplies the estimated effective tax rate by profit before income taxes for the quarter.

Since the impact of this change is minimal, no retrospective application has been made.

3. Quarterly Consolidated Financial Statements and Key Notes
(1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

	Previous Fiscal Year (As of March 31, 2017)	First Quarter of Current Fiscal Year (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	18,228	17,051
Notes and accounts receivable - trade	3,567	3,590
Securities	2,000	2,000
Other	1,090	1,232
Allowance for doubtful accounts	-56	-46
Total current assets	24,826	23,828
Non-current assets		
Property, plant and equipment	640	626
Intangible assets		
Goodwill	2,630	2,487
Other	2,615	2,675
Total intangible assets	5,246	5,163
Investments and other assets		
Investment securities	508	802
Shares of subsidiaries and associates	269	269
Other	1,730	1,811
Allowance for doubtful accounts	-321	-337
Total investments and other assets	2,187	2,546
Total non-current assets	8,074	8,336
Total assets	32,900	32,165
Liabilities		
Current liabilities		
Accounts payable - trade	72	79
Income taxes payable	1,551	956
Provision for bonuses	1,111	590
Other provision	6	7
Advances received	1,818	2,258
Other	3,973	3,338
Total current liabilities	8,533	7,231
Non-current liabilities		
Provision for share benefits	225	236
Asset retirement obligations	247	247
Other	251	301
Total non-current liabilities	724	785
Total liabilities	9,258	8,016
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	224	224
Retained earnings	24,538	25,123
Treasury shares	-2,880	-2,880
Total shareholders' equity	23,077	23,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-2	-2
Foreign currency translation adjustment	444	352
Total accumulated other comprehensive income	442	350
Subscription rights to shares	85	97
Non-controlling interests	37	38
Total net assets	23,642	24,148
Total liabilities and net assets	32,900	32,165

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

Quarterly Consolidated Statements of Income

Cumulative First Quarter

(Unit: Million yen)

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2016 to June 30, 2016)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2017 to June 30, 2017)
Net sales	7,228	9,126
Cost of sales	676	826
Gross profit	6,551	8,299
Selling, general and administrative expenses	4,750	5,568
Operating income	1,801	2,731
Non-operating income		
Interest income	2	8
Dividend income	0	0
Share of profit of entities accounted for using equity method	11	30
Other	8	9
Total non-operating income	23	48
Non-operating expenses		
Interest expenses	0	0
Loss on investments in partnership	5	12
Foreign exchange losses	79	13
Other	0	0
Total non-operating expenses	86	27
Ordinary income	1,738	2,753
Extraordinary income		
Gain on sales of non-current assets	31	–
Gain on sales of shares of subsidiaries and associates	–	9
Total extraordinary income	31	9
Extraordinary losses		
Profit before income taxes	1,770	2,762
Income taxes-current	379	854
Income taxes-deferred	199	–
Total income taxes	579	854
Profit	1,190	1,907
Profit attributable to non-controlling interests	11	0
Profit attributable to owners of parent	1,178	1,907

Quarterly Consolidated Statements of Comprehensive Income

Cumulative First Quarter

(Unit: Million yen)

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2016 to June 30, 2016)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2017 to June 30, 2017)
Profit	1,190	1,907
Other comprehensive income		
Valuation difference on available-for-sale securities	-7	-0
Foreign currency translation adjustment	-231	-95
Share of other comprehensive income of entities accounted for using equity method	19	3
Total other comprehensive income	-219	-91
Comprehensive income	971	1,816
(Break down)		
Comprehensive income attributable to owners of parent	967	1,815
Comprehensive income attributable to non-controlling interests	4	0

(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)

There are no pertinent items.

(Segment Information)

[Segment Information]

I Cumulative first quarter of the previous fiscal year (April 1, 2016 to June 30, 2016)

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

(Unit: Million 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	6,974	253	7,228	-	7,228
Internal sales among segments, transfers	2	19	22	-22	-
Total	6,977	273	7,251	-22	7,228
Segment profit (loss)	1,781	17	1,799	2	1,801

(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

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 first quarter of the fiscal year under review.

II Cumulative first quarter of the fiscal year under review (from April 1, 2017 to June 30, 2017)

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

(Unit: Million 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	8,865	261	9,126	-	9,126
Internal sales among segments, transfers	-	19	19	-19	-
Total	8,865	280	9,145	-19	9,126
Segment profit	2,734	-4	2,729	1	2,731

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

2. Segment profit 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.