en-japan inc.
Fiscal Year Ended March 31, 2018, Earnings Announcement
[under Japanese GAAP] (Consolidated)

May 10, 2018

Company Name	en-japan inc.	Listing Exchanges	Tokyo Securities Exchange (Jasdaq Market)
Stock Code	4849	URL	http://corp.en-japan.com/

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 26, 2018
Scheduled date to begin dividend payments June 27, 2018
Scheduled date for submission of Securities Report June 27, 2018
Preparation of Summary Supplementary Explanatory Materials Yes
Earnings Briefing Yes (for analysts and institutional investors)

(Figures rounded down to nearest million yen)

1. FYE 03/2018 Consolidated Earnings (From April 1, 2017 to March 31, 2018)

(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 03/2018	40,710	28.3	9,631	40.5	9,736	42.2	6,368	59.0
FYE 03/2017	31,719	21.4	6,856	34.0	6,848	35.7	4,005	45.3

(Note) Comprehensive income FYE03/2018: 6,259 million yen (62.6 %) FYE03/2017: 3,850 million yen (43.1 %)

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2018	139.96	139.51	24.5	26.5	23.7
FYE 03/2017	88.03	87.79	18.0	22.3	21.6

(Reference) Equity in earnings (loss) of affiliates FYE 03/2018 92 million yen FYE 03/2017 30 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2018	40,492	28,628	70.3	625.55
FYE 03/2017	32,900	23,642	71.5	516.91

(Reference) Equity FYE 03/2018 28,462 million yen FYE 03/2017 23,519 million yen

(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 03/2018	9,458	-2,724	-1,339	25,505
FYE 03/2017	7,597	-1,927	-1,387	20,228

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 03/2017	–	0.00	–	27.60	27.60	1,322	31.3	5.6
FYE 03/2018	–	0.00	–	46.50	46.50	2,227	33.2	8.1
FYE 03/2019 (projected)	–	0.00	–	56.60	56.60		35.1	

(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). Since dividends are paid also for these shares, the dividend payout ratios in consideration of this factor are 33.0% for FYE 03/2017, 35.0% for FYE 03/2018 and 37.0% for FYE 03/2019.

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. FY Ending March 2019 Projected Consolidated Operating Results (From April 1, 2018 to March 31, 2019)
(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	22,550	19.3	5,400	12.2	5,443	11.4	3,823	12.6	84.02
Full year	48,550	19.3	10,700	11.1	10,720	10.1	7,330	15.1	161.09

*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: No
b. Changes in accounting policy other than "a.": No
c. Changes in accounting estimates: No
d. Restatement due to correction: No

(3) Number of shares issued (common share)

a. Number of shares issued at fiscal year-end (including treasury shares)
FYE 03/2018 49,716,000 shares　FYE 03/2017 49,716,000 shares

b. Number of shares of treasury share at fiscal year-end
FYE 03/2018 4,215,803 shares　FYE 03/2017 4,215,672 shares

c. Average number of shares issued during the period
FYE 03/2018 45,500,218 shares　FYE 03/2017 45,500,328 shares

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2018 Non-Consolidated Earnings (From April 1, 2017 to March 31, 2018)

(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 03/2018	31,437	33.7	9,029	37.7	8,978	39.3	6,268	64.6
FYE 03/2017	23,520	31.6	6,559	45.4	6,443	43.3	3,807	44.9

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2018	137.77	137.33
FYE 03/2017	83.69	83.46

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2018	39,568	29,727	74.8	650.65
FYE 03/2017	32,627	24,790	75.7	542.97

(Reference) Equity FYE 03/2018 29,604 million yen FYE 03/2017 24,705 million yen

2. FY Ending March 2019 Projected Non-Consolidated Operating Results (From April 1, 2018 to March 31, 2019)
(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	17,300	19.5	5,037	11.2	3,557	10.0	78.18
Full year	37,100	18.0	9,592	6.8	6,579	5.0	144.60

[This Earnings Announcement [under Japanese GAAP] is outside the scope of audits by certified public accountants or an audit corporation.]

[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.

Attachments Table of Contents

1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

During the fiscal year under review, with favorable progress in the performance of both our major job advertisement websites and job placement service in Japan, net sales increased 28.3% year on year to ¥40,710 million. In terms of expenses, although expenses for attracting members linked with a rise in net sales and personnel expenses associated with the expansion of business activities, and outsourcing expenses in connection with the enhancement of operating efficiency among others increased, total expenses remained at an expected level.

As a result, the Company recorded operating income of ¥9,631 million (up 40.5% year on year), ordinary income of ¥9,736 million (up 42.2% year on year), and profit attributable to owners of parent of ¥6,368 million (up 59.0% 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 service, and operations at overseas subsidiaries, among others.

(Job advertisement websites)

The Company's core service sites, "en TENSHOKU," "en HAKEN" and "en BAITO" that provide services for temporary staffing companies and "MIDDLE NO TENCHOKU" that provides services for job placement agencies, all performed favorably throughout the fiscal year.

Operating functions and sites with distinguished elements based on en-japan's philosophy of "Success After Joining" and positive promotional activities contributed to providing corporate customers that list advertisements with high listing effects. As a result, net sales of core job advertisement websites increased from the previous fiscal year.

(Job placement service)

en-japan's job placement service, "en AGENTS," was successful in increasing productivity as a consequence of reinforcing the education system for sales representatives and consultants and expanding the target segments using the Company's database of job seekers. As a result, net sales increased from a year earlier.

The Company's subsidiary, en world Japan K.K., posted higher net sales than the results of the previous fiscal year. This was mainly attributable to the reinforcement of organizational structure conducted in the previous fiscal year and the improvement of productivity of consultants earlier than initially expected.

(Overseas subsidiaries)

Operating results of overseas subsidiaries were steady. Net sales exceeded the results of the previous year, since the growth of our subsidiary in Vietnam, our priority country, particularly drove the performance of the overall segment.

As a result of the above, net sales of this segment amounted to ¥39,739 million (up 29.4% year on year) and operating income was ¥9,691 million (up 37.4% 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 and personnel-related system)

The Company worked to mainly reinforce collaboration with other business divisions and advance linkage between educational services and evaluation services. Consequently, net sales of services to help workers demonstrate their strengths increased year on year although net sales of the subsidiary providing personnel-related systems declined from a year earlier.

As a result of the above, net sales of this segment amounted to ¥1,083 million (down 1.4% year on year) and operating income improved to ¥30 million (operating loss of ¥176 million a year earlier) due mainly to the decrease in expenses related to new businesses incurred in the previous fiscal year.

(Outlook for the Next Fiscal Year)

We project that the operating environment of Japan’s human resources business market to which the en-japan Group belongs will continue to see strong hiring demand by corporations due to a significant impact of a shortage of workers caused by a decline 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, strengthen our workforce to reinforce our sales and marketing strengths, and enhance operating efficiency.

Consequently, the Group projects consolidated net sales of ¥48,550 million, operating income of ¥10,700 million, ordinary income of ¥10,720 million, and profit attributable to owners of parent of ¥7,330 million for the fiscal year ending March 31, 2019.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets in the fiscal year ended March 31, 2018 increased by ¥7,591 million compared with the end of the previous fiscal year to ¥40,492 million.

Current assets increased ¥6,579 million from a year earlier to ¥31,405 million. This was mainly due to an increase in cash and deposits of ¥5,277 million and an increase in notes and accounts receivable-trade of ¥1,094 million. Non-current assets increased ¥1,012 million to ¥9,087 million. This was primarily attributable to increases in goodwill of ¥148 million, investment securities of ¥259 million, and long-term loans receivable of ¥183 million.

Total liabilities were ¥11,864 million, an increase of ¥2,606 million from the end of the previous fiscal year. Current liabilities increased ¥2,448 million to ¥10,982 million. This mainly stemmed from increases in accounts payable-other of ¥991 million, income taxes payable of ¥506 million, provision for bonuses of ¥216 million, and advances received of ¥386 million. Non-current liabilities rose ¥157 million to ¥881 million. This was mainly due to increases in provision for share benefits of ¥48 million, long-term accounts payable-other of ¥70 million, and deferred tax liabilities of ¥41 million.

Total net assets were ¥28,628 million, up ¥4,985 million from the end of the previous fiscal year. This was mainly attributable to increases in retained earnings of ¥5,042 million and subscription rights to shares of ¥38 million.

2) Cash Flow

Cash and cash equivalents in the fiscal year ended March 31, 2018 increased ¥5,277 million from the previous fiscal year to ¥25,505 million.

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

Net cash provided by operating activities in the fiscal year ended March 31, 2018 was ¥9,458 million compared to the previous fiscal year of ¥7,597 million. This was due to the posting of income before income taxes of ¥9,342 million and income taxes paid of ¥2,645 million.

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

Net cash used in investing activities during the fiscal year ended March 31, 2018 was ¥2,724 million compared to net cash used in investing activities of ¥1,927 million in the previous fiscal year. Major components were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥950 million, purchase of intangible assets of ¥975 million, and purchase of investment securities of ¥504 million.

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

Net cash used in financing activities during the fiscal year ended March 31, 2018 amounted to ¥1,339 million compared to ¥1,387 million used in the previous fiscal year. This was primarily due to cash dividends paid of ¥1,322 million and repayments of lease obligations of ¥17 million.

(Reference) Cash Flow Indicators

	FYE 03/14	FYE 03/15	FYE03/16	FYE03/17	FYE03/18
Equity ratio (%)	74.8	77.9	73.4	71.5	70.3%
Equity ratio based on market capitalization (%)	180.9	147.2	302.9	343.0	693.3%
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, 2014 represent figures after retroactive application of this accounting policy.

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

The en-japan Group revised its policy on shareholder returns under its Medium-term Management Plan released on May 11, 2017 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. With this basic policy in place, 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.

According to the above basic policy, the Company will increase the dividend payout ratio to 35% from 33% and distribute ¥46.50 per share as the dividend for the fiscal year ended March 31, 2018.
With respect to the dividend for the fiscal year ending March 31, 2019, the Company plans on increasing the dividend payout ratio to 37% and distributing ¥56.60 per share.

* The dividend payout ratio is calculated based on 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 Company sets payout ratios by taking 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 affect 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 Success After Joining.". 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 affect 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

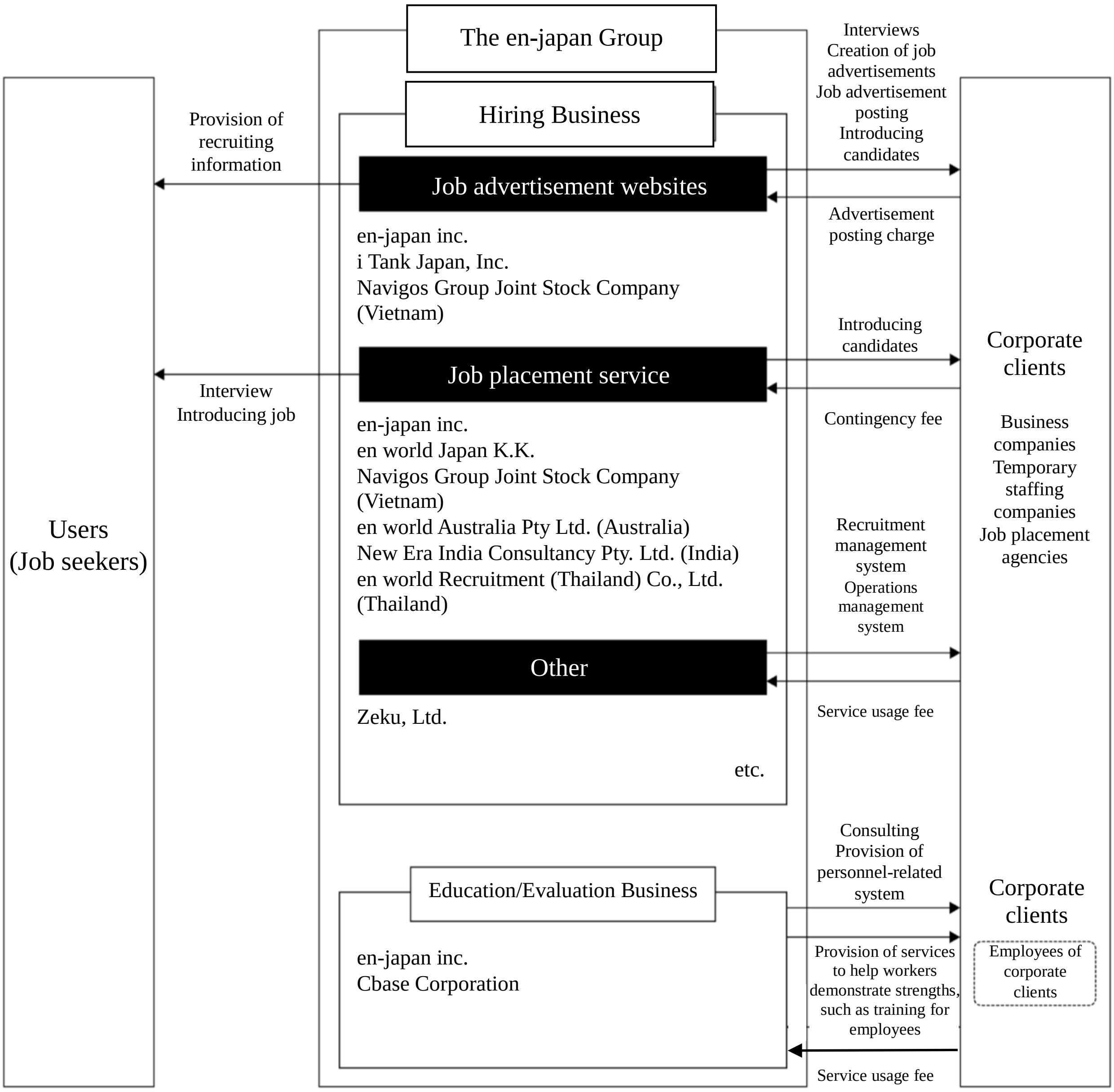
The en-japan Group has adopted a stock-based compensation system. Future exercises of stock options may dilute share prices.

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

The business flow diagram is shown below.



3. Management Policies

(1) Target Management Indices

In an aim to realize its philosophy of having workers take on active roles after entering firms, the en-japan Group provides high-quality, fully user-oriented services. In addition, it also makes efforts to create businesses that offer differentiating factors from competitors by providing corporate customers with consistent education and evaluation services on top of the hiring service. We believe the outcome of these efforts will translate into greater recognition of the Group among job seekers and corporate clients, promote the use of en-japan's services and lead to improvements in net sales and income

We updated the Medium-term Management Plan, which runs until the fiscal year ending March 31, 2020. Based on the revised Medium-term Management Plan, the Group will aim to achieve the targets of consolidated net sales of ¥55,270 million and consolidated operating income of ¥12,730 million 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 the medium-to-long term, it is possible that the business model we currently adopt may shrink and a new technology-based business might come to the forefront.

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 en-japan Group will pursue improvements to the quality of its conventional mainstay business of recruitment website and will further reinforce the uniqueness of its services with differentiating factors from competitors while making use of the member database of each recruitment site that covers a wide range of age groups and annual income segments to strengthen its job placement business.

[(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 service is anticipated to expand mainly in countries whose population is large and average working age is lower compared to other countries. Considering these factors, we will focus our resources in Vietnam and India where business is expected to expand in the medium-to-long term.

[(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 these circumstances into consideration, the en-japan Group will strengthen development of and investment in new businesses in the hiring area and its peripheral areas. The Group will also be striving to create new businesses in areas other than hiring, in order to stabilize its business portfolio.

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, 2017)	Current Fiscal Year (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	18,228	23,505
Notes and accounts receivable-trade	3,567	4,662
Securities	2,000	2,000
Supplies	17	10
Deferred tax assets	523	601
Other	545	707
Allowance for doubtful accounts	-56	-82
Total current assets	24,826	31,405
Non-current assets		
Property, plant and equipment		
Buildings	687	752
Accumulated depreciation	-351	-413
Buildings, net	335	339
Furniture and fixtures	666	696
Accumulated depreciation	-387	-479
Furniture and fixtures, net	278	216
Leased assets	56	56
Accumulated depreciation	-32	-48
Leased assets, net	24	8
Construction in progress	2	16
Total property, plant and equipment	640	580
Intangible assets		
Software	1,926	2,126
Goodwill	2,630	2,779
Other	688	771
Total intangible assets	5,246	5,677
Investments and other assets		
Investment securities	508	768
Long-term loans receivable	375	559
Deferred tax assets	221	265
Shares of subsidiaries and associates	269	336
Other	1,133	1,243
Allowance for doubtful accounts	-321	-342
Total investments and other assets	2,187	2,830
Total non-current assets	8,074	9,087
Total assets	32,900	40,492

(Million yen)

	Prior Fiscal Year (As of March 31, 2017)	Current Fiscal Year (As of March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	72	111
Lease obligations	17	7
Accounts payable-other	2,919	3,910
Income taxes payable	1,551	2,057
Provision for bonuses	1,111	1,327
Provision for directors’ bonuses	6	20
Advances received	1,818	2,205
Other	1,036	1,341
Total current liabilities	8,533	10,982
Non-current liabilities		
Lease obligations	8	1
Deferred tax liabilities	85	126
Provision for share benefits	225	274
Asset retirement obligations	247	253
Long-term accounts payable-other	148	218
Other	8	6
Total non-current liabilities	724	881
Total liabilities	9,258	11,864
Net assets		
Shareholders’ equity		
Capital stock	1,194	1,194
Capital surplus	224	224
Retained earnings	24,538	29,580
Treasury shares	-2,880	-2,880
Total shareholders’ equity	23,077	28,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale	-2	-49
Foreign currency translation adjustment	444	392
Total accumulated other comprehensive income	442	343
Subscription rights to shares	85	123
Non-controlling interests	37	42
Total net assets	23,642	28,628
Total liabilities and net assets	32,900	40,492

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

Consolidated Statements of Income

(Million yen)

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Net sales	31,719	40,710
Cost of sales	3,185	3,835
Gross profit	28,533	36,875
Selling, general and administrative expenses		
Advertising expenses	5,841	8,637
Salaries and allowances	5,629	6,330
Bonuses	1,548	1,554
Other	8,658	10,721
Total selling, general and administrative expenses	21,677	27,243
Operating income	6,856	9,631
Non-operating income		
Interest income	19	45
Dividends income	0	1
Gain on investments in partnership	13	55
Share of profit of entities accounted for using equity method	30	92
Miscellaneous income	45	25
Total non-operating income	108	219
Non-operating expenses		
Foreign exchange losses	14	42
Provision of allowance for doubtful accounts	98	65
Miscellaneous loss	4	6
Total non-operating expenses	116	114
Ordinary income	6,848	9,736
Extraordinary income		
Gain on sales of non-current assets	29	0
Gain on sales of shares of subsidiaries and associates	–	9
Total extraordinary income	29	9
Extraordinary losses		
Loss on retirement of non-current assets	*1 0	*1 –
Loss on valuation of shares of subsidiaries and associates	–	38
Loss on sales of shares of subsidiaries and associates	0	–
Loss on valuation of investment securities	20	23
Provision of allowance for doubtful accounts	59	–
Amortization of goodwill	*2 572	*2 340
Total extraordinary losses	653	403
Income before income taxes	6,225	9,342
Income taxes - current	2,219	3,063
Income taxes - deferred	-27	-89
Total income taxes	2,192	2,973
Profit	4,032	6,368
Profit attributable to non-controlling interests	27	0
Profit attributable to owners of parent	4,005	6,368

Consolidated Statements of Comprehensive Income

(Million yen)

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Profit	4,032	6,368
Other comprehensive income		
Valuation difference on available-for-sale securities	-1	-46
Foreign currency translation adjustment	-156	-81
Share of other comprehensive income of entities accounted for using equity method	-24	19
Total other comprehensive income	* -182	* -109
Comprehensive income	3,850	6,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,839	6,254
Comprehensive income attributable to non-controlling interests	10	4

(3) Consolidated Statements of Changes in Net Assets
Prior fiscal year (from April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	1,194	673	21,359	-2,880	20,348	-1	609	607	36	120	21,112
Changes of items during the period											
Dividends of surplus			-826		-826			–			-826
Profit attributable to owners of parent			4,005		4,005			–			4,005
Purchase of treasury shares				-0	-0			–			-0
Change of scope of consolidation					–			–			–
Changes in treasury shares of parent arising from transactions with non-controlling interests		-449			-449			–		-93	-543
Net changes of items other than shareholders' equity					–	-1	-164	-165	48	10	-106
Total changes of items during period	-	-449	3,178	-0	2,729	-1	-164	-165	48	-83	2,529
Balance at end of current period	1,194	224	24,538	-2,880	23,077	-2	444	442	85	37	23,642

Current fiscal year (from April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	1,194	224	24,538	-2,880	23,077	-2	444	442	85	37	23,642
Changes of items during the period											
Dividends of surplus			-1,322		-1,322			–			-1,322
Profit attributable to owners of parent			6,368		6,368			–			6,368
Purchase of treasury shares				-0	-0			–			-0
Change of scope of consolidation			-3		-3			–			-3
Changes in treasury shares of parent arising from transactions with non-controlling interests					–			–			–
Net changes of items other than shareholders' equity					–	-46	-52	-98	38	4	-56
Total changes of items during period	–	–	5,042	-0	5,041	-46	-52	-98	38	4	4,985
Balance at end of current period	1,194	224	29,580	-2,880	28,119	-49	392	343	123	42	28,628

(4) Consolidated Statements of Cash Flows

(Million yen)

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Income before income taxes	6,225	9,342
Depreciation	1,080	985
Amortization of goodwill	1,035	729
Increase (decrease) in allowance for doubtful accounts	196	107
Increase (decrease) in provision for bonuses	87	221
Increase (decrease) in provision for directors' bonuses	-3	12
Interest and dividend income	-19	-46
Foreign exchange losses (gains)	14	42
Share of (profit) loss of entities accounted for using equity method	-30	-92
Loss (gain) on investments in partnership	-13	-55
Loss (gain) on valuation of investment securities	20	-23
Loss (gain) on valuation of shares of subsidiaries and associates	–	38
Loss (gain) on sales of shares of subsidiaries and associates	0	-9
Loss (gain) on sales of non-current assets	-29	-0
Loss on retirement of non-current assets	0	–
Decrease (increase) in notes and accounts receivable-trade	-532	-1,042
Increase (decrease) in notes and accounts payable-trade	13	34
Increase (decrease) in accounts payable-other	682	897
Increase (decrease) in advances received	611	386
Other	246	529
Subtotal	9,586	12,058
Interest and dividend income received	19	46
Income taxes paid	-2,065	-2,645
Income taxes refund	56	0
Net cash provided by (used in) operating activities	7,597	9,458

(Million yen)

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	-219	-154
Purchase of intangible assets	-1,147	-975
Purchase of investment securities	-180	-504
Proceeds from sales and redemption of investment securities	26	149
Purchase of shares of subsidiaries and associates	-10	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 –	*2 -950
Payments for lease and guarantee deposits	-100	-51
Proceeds from collection of lease and guarantee deposits	11	2
Purchase of insurance funds	-17	-17
Payments of loans receivable	-356	-238
Other proceeds	64	17
Net cash provided by (used in) investing activities	-1,927	-2,724
Cash flows from financing activities		
Purchase of treasury shares	-0	-0
Cash dividends paid	-826	-1,322
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-543	–
Repayments of lease obligations	-17	-17
Net cash provided by (used in) financing activities	-1,387	-1,339
Effect of exchange rate change on cash and cash equivalents	-8	-39
Net increase (decrease) in cash and cash equivalents	4,275	5,355
Cash and cash equivalents at beginning of period	15,953	20,228
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	-78
Cash and cash equivalents at end of period	*1 20,228	*1 25,505

(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: 12

Name of company: en world Japan K.K.
en-Asia holdings Limited
en world Singapore Pte. Ltd.
Cbase Corporation
en world Australia Pty 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.
i Tank Japan, Inc.
Zeku, Ltd.

The Company acquired all shares of Zeku, Ltd. on October 30, 2017 and subsequently executed an incorporation-type company split on February 1, 2018. The newly established company under the same name, Zeku, Ltd., has been included in the scope of consolidation effective the fiscal year ended March 31, 2018.

Since the Company sold all shares of en world Korea Co., Ltd., which was conventionally its consolidated subsidiary, the firm has been excluded from the scope of consolidation effective the fiscal year ended March 31, 2018. Furthermore, en world Hong Kong Ltd. and en world (Chonburi) Recruitment Co., Ltd. have been excluded from the scope of consolidation effective the fiscal year ended March 31, 2018 from the perspective of their importance.

(2) Names of major unconsolidated subsidiaries:

Talent Alliance (Beijing) Technology Development Limited,
Zhiyuan Human Resource Management Service,
Insight Tech Ltd. and six 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

Zhiyuan Human Resource Management Service,
Insight Tech Ltd. and seven 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

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).

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

These lease assets are amortized by the straight-line method, assuming that the lease period is the useful life and there is 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 Method of Presentation)

(Consolidated Statements of Cash Flows)
Effective the fiscal year ended March 31, 2018, “Decrease (Increase) in other current assets,” “Increase (decrease) in other current liabilities,” “Decrease (increased) in other non-current assets” and “Increase (decrease) in other non-current liabilities,” which were separately presented under “Cash flows from operating activities” in the previous fiscal year, are included in “Other” since their monetary significance has decreased. 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 -¥82 million presented under “Cash flows from operating activities,” “Increase (decrease) in other current liabilities” of ¥162 million, “Decrease (increase) in other non-current assets” of ¥141 million, and “Increase (decrease) in other non-current liabilities” of ¥25 million in the Consolidated Statements of Cash Flows of the previous fiscal year has been reclassified as “Other” of ¥246 million.

(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, 2017)	Current fiscal year (As of March 31, 2018)
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, 2016 to March 31, 2017)	Current fiscal year (from April 1, 2017 to March 31, 2018)
Furniture and fixtures	0 million yen	– million yen

*2 The content of amortization of goodwill is as follows.
Prior fiscal year (from April 1, 2016 to March 31, 2017)
In connection with the posting of a loss on valuation of shares of subsidiaries and associates in the non-consolidated financial statements of a subsidiary in the fiscal year ended March 31, 2018, the Company executed a one-time amortization of goodwill associated with the consolidated subsidiary of ¥572 million yen. This was done in accordance with the provision of Item 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (Accounting Practice Committee Statement No. 7; latest revision on November 28, 2014 by The Japanese Institute of Certified Public Accountants).

Current fiscal year (from April 1, 2017 to March 31, 2018)
In connection with the posting of a loss on valuation of shares of subsidiaries and associates in the non-consolidated financial statements of a subsidiary in the fiscal year ended March 31, 2018, the Company executed a one-time amortization of goodwill associated with the consolidated subsidiary of ¥340 million yen. This was done in accordance with the provision of Item 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (Accounting Practice Committee Statement No. 7; latest revision on November 28, 2014 by The Japanese Institute of Certified Public Accountants).

(Consolidated Statements of Comprehensive Income)

* Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from April 1, 2016 to March 31, 2017)	Current fiscal year (from April 1, 2017 to March 31, 2018)
Valuation difference on available-for-sale securities		
Amount incurred during the term	-1 million yen	-65 million yen
Recycling amount	0 million yen	-1 million yen
Amount before tax adjustment	-1 million yen	-67 million yen
Taxes	0 million yen	20 million yen
Valuation difference on available-for-sale securities	-1 million yen	-46 million yen
Foreign currency translation adjustment		
Amount incurred during the term	-156 million yen	-81 million yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during the term	-24 million yen	19 million yen
Other comprehensive income	-182 million yen	-109 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, 2016 to March 31, 2017)	Current fiscal year (from April 1, 2017 to March 31, 2018)
Cash and deposits	18,228 million yen	23,505 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	20,228 million yen	25,505 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, 2017 to March 31, 2018)

The Company had no material matters to report.

Current fiscal year (from April 1, 2017 to March 31, 2018)

Details of assets and liabilities of Zeku, Ltd., a newly consolidated subsidiary following an acquisition of shares, as of the starting date of consolidation and the relationship between the share acquisition cost and the (net) payment for the acquisition of Zeku, Ltd. are as follows.

Current assets	175 million yen
Non-current assets	6 million yen
Current liabilities	-20 million yen
Goodwill	914 million yen
Share acquisition cost	1,076 million yen
Cash and cash equivalents	-125 million yen
Difference: payment for the share acquisition	950 million yen

(Business combination)

Business combination by acquisition

The Company resolved at its meeting of the Board of Directors on August 21, 2017 to acquire all shares of Zeku, Ltd. (hereinafter "Zeku") and make the company into a fully-owned subsidiary and concluded a share transfer agreement with Zeku on the same date. The Company acquired all shares of Zeku effective October 30, 2017.

(1) Overview of the business combination

1) Name and business of the acquired company
   Company name: Zeku, Ltd.
   Business activities: Recruitment-related systems solution business, Web-based recruiting business, etc.
2) Primary reason for the business combination
   Zeku provides management systems, etc. for increasing the efficiency of hiring activities of companies. Its products are used by a wide range of customers including large firms and small-to-medium-size firms in diverse industries and they contribute to increasing the productivity of the hiring operations of firms.
   Meanwhile, the Company engages in the business of helping firms with "Hiring Personnel and Success After Joining." We provide a number of firms with services relating to hiring, education and evaluation of human resources.
   By making Zeku a fully-owned subsidiary, en-japan aims to achieve synergistic effects between the services of Zeku and those of en-japan and utilize those effects to increase the corporate value of the entire en-japan Group.
3) Date of the business combination: October 30, 2017
4) Legal form on the date of the business combination: Acquisition of shares
5) Name following the business combination: No change
6) Ratio of voting rights acquired: 100%
7) Primary basis for determining the acquired company: en-japan acquired shares of the company in exchange for cash

(2) Period of operating results of the acquired company included in the consolidated financial statements of the previous fiscal year for the cumulative quarter of the fiscal year

From January 1, 2018 to March 31, 2018

(3) Breakdown of cost for the acquisition of the acquired company and type of consideration

Consideration for the acquisition:	¥1,076 million in cash
Acquisition cost:	¥1,076 million

(4) Major acquisition-related expenses and amount

Advisory fees, etc. ¥5 million

(5) Amount of goodwill generated, reason for generation, method and period of amortization

1) Amount of goodwill generated
   ¥914 million
   Since the allocation of acquisition cost is not completed as of the end of the third quarter of the fiscal year under review, the amount of goodwill is calculated on a tentative basis.
2) Reason for generation
   Since the acquisition cost exceeds the net amount of assets acquired and liabilities assumed, the excess amount is recorded as goodwill.
3) Method and period of amortization
   Amortized over a period of 10 years using the straight-line method.

(6) Assets received and liabilities undertaken on the date of the business combination, their amounts and major breakdown items

Current assets	175	million yen
Non-current assets	6	million yen
Total assets	181	million yen
Current liabilities	20	million yen
Total liabilities	20	million yen

(7) Estimated amount of impact on the consolidated financial statements of the fiscal year ended March 31, 2018 and the calculation method thereof assuming that the business combination was completed on the first day of the fiscal year

Presentation is omitted since the significance of the estimated amount of impact is immaterial.

(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 Success After Joining," the en-japan Group is engaged mainly in managing job advertising websites, job placement service, 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 websites (main websites are en TENSHOKU, en HAKEN, MIDDLE NO TENSHOKU and Vietnam Works), job placement service (main brands are en world and en AGENTS), personnel dispatching services, and provision of recruitment-related systems and operations management system
(2) Education/Evaluation Business –	Provision of implementation of fixed-fee training (en COLLEGE) and hiring/ personnel-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, 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 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.
4 The amount of amortization of goodwill includes “Amortization of goodwill” under extraordinary losses.

Current fiscal year (from April 1, 2017 to March 31, 2018)

(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	39,735	975	40,710	–	40,710
Internal sales among segments, transfers	3	108	111	-111	–
Total	39,739	1,083	40,822	-111	40,710
Segment profit/(loss)	9,691	30	9,721	-90	9,631
Other Items					
Depreciation	950	34	985	–	985
Amortization of goodwill	713	15	729	–	729

(Notes)

1. Adjustments to segment profit are eliminations of intersegment transactions and company-wide expenses that are not allocated to each reporting segment.
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.

(Related Information)

Prior 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 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, 2017 to March 31, 2018)

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
37,427	3,283	40,710

(2) Property, plant and equipment

(Million yen)

Japan	Asia/Oceania	Total
469	110	580

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, 2016 to March 31, 2017)

The Company had no material matters to report.

Current fiscal year (from April 1, 2017 to March 31, 2018)

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, 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.

Current fiscal year (from April 1, 2017 to March 31, 2018)

(Million yen)

	Reportable segments			Adjustments	Total
	Hiring Business	Education/ Evaluation Business	Total		
Depreciation amount in the period	713	15	729	–	729
Balance at the end of the period	2,716	63	2,779	–	2,779

(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, 2016 to March 31, 2017)

The Company had no material matters to report.

Current fiscal year (from April 1, 2017 to March 31, 2018)

The Company had no material matters to report.

(Per-Share Information)

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current fiscal year (from April 1, 2017 to March 31, 2018)
Net Assets per Share	516.91 yen	625. 55 yen
EPS	88.03 yen	139. 96 yen
Fully Diluted EPS	87.79 yen	139. 51 yen

(Notes)

1. Shares of the Company remaining in trust that are posted as treasury shares under shareholders' equity are included in the number of treasury shares deducted from calculating the average number of shares during the period for the sake of calculating EPS. They are included in the number of treasury shares deducted from the total number of shares issued as of the end of the period for the sake of calculating net assets per share.
   In calculating EPS, the average number during the period of the treasury shares deducted was 2,399,000 in the fiscal year ended March 31, 2017 and 2,399,000 for the fiscal year ended March 31, 2018. Also, in calculating net assets per share, the number at the end of the period of the treasury shares deducted was 2,399,000 in the fiscal year ended March 31, 2017 and 2,399,000 in the fiscal year ended March 31, 2018.
2. The basis for calculating EPS and fully diluted EPS is shown below.

	Prior Fiscal Year (From April 1, 2016 to March 31, 2017)	Current fiscal year (from April 1, 2017 to March 31, 2018)
EPS		
Profit Attributable to Owners of Parent (million yen)	4,005	6,368
Amount not attributable to Common Shareholders (million yen)	–	–
Profit Attributable to Owners of Parent concerning Common Share (million yen)	4,005	6,368
Average Number of Shares of Common Share Outstanding during the Period (shares)	45,500,328	45,500,218
Fully Diluted EPS		
Profit Attributable to Owners of Parent – Deferred (million yen)	–	–
Increase in the Number of Shares of Common Share (shares)	120,572	146,071
(of which subscription rights to shares [shares])	(120,572)	(146,071)
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	–	–

(Material Subsequent Event)

The Company had no material matters to report.