

en-japan inc.



1st Quarter FY March 2019 Earnings Announcement [Japan GAAP] (Consolidated)

August 9, 2018

Company Name	en-japan inc.	Listing Exchanges	First Section of the Tokyo Stock Exchange
Stock Code	4849	URL	https://corp.en-japan.com/
Representative (Title)	President	(Name)	Takatsugu Suzuki
	Executive Officer and		
Contact (Title)	Administration Division	(Name)	Tomoki Tamai
	Director		Telephone +81-3-3342-4506
Scheduled Date for Submission of Quarterly Report	August 9, 2018		
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 2019 Cumulative First Quarter Operating Results (From April 1, 2018 to June 30, 2018)

(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 3/19 1st Qtrr	11,213	22.9	3,464	26.8	3,551	29.0	2,464	29.2
FYE 3/18 1st Qtrr	9,126	26.2	2,731	51.6	2,753	58.4	1,907	61.8

(Note) Comprehensive income FYE 3/19 1st Qtrr 2,338 million yen (28.8%) FYE 3/18 1st Qtrr 1,816 million yen (87.0%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/19 1st Qtrr	54.17	53.99
FYE 3/18 1st Qtrr	41.93	41.81

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/19 1st Qtrr	38,681	28,845	73.9
FYE 3/18	40,492	28,628	70.3

(Reference) Core capital FYE 3/19 1st Qtrr 28,570 million yen FYE 3/18 28,462 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 3/18	-	0.00	-	46.50	46.50
FYE 3/19	-				
FYE 3/19 (projected)		0.00	-	56.60	56.60

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

3. FY Ending March 2019 Projected Consolidated Operating Results (April 1, 2018 - 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	84.02
Full year	48,550	19.3	10,700	11.1	10,720	10.1	7,330	161.09

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

* 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." No
 c. Changes in accounting estimates: No
 d. Restatement due to correction: No
- (4) Number of shares issued (common share)
 a. Number of shares issued at the end of the period (including treasury shares)
 FYE 3/19 1st Qtr 49,716,000 shares FYE 3/18 49,716,000 shares
 b. Number of shares of treasury shares at the end of the period
 FYE 3/19 1st Qtr 4,215,803 shares FYE 3/18 4,215,803 shares
 c. Average number of shares issued during the period (Quarter Year-to-Date)
 FYE 3/19 1st Qtr 45,500,197 shares FYE 3/18 1st Qtr 45,500,272 shares

* The quarterly earnings announcement is not within the scope of the quarterly review procedure by a certified public accountant or an audit corporation.

* 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.

(Change in Presentation of Date)

The Company has changed its presentation method of date from a Japanese calendar-based presentation to a Gregorian calendar-based presentation from the "1st Quarter FY March 2019 Earnings Announcement."

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

(1) Explanation of Operating Results

The Company recorded net sales of ¥11,213 million (up 22.9% year on year) for the cumulative first quarter of the fiscal year ending March 31, 2019 backed by favorable progress in major job advertisement websites and job placement services in Japan. In terms of expenses, although there was an increase in those which include promotional expenses to acquire members and personnel expenses rising from a staff increase in regard to the enhancement of marketing and services, total expenses remained at an expected level.

As a result, the Company recorded operating income of ¥3,464 million (up 26.8% year on year), ordinary income of ¥3,551 million (up 29.0% year on year), and profit attributable to owners of the parent of ¥2,464 million (up 29.2% year on year).

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

The Company has partially changed its allocation method of segmentation from the first quarter of the fiscal year ending in March 31, 2019. The following comparison made with the same quarter of the previous fiscal year is conducted by using figures of such period reclassified according to the segmentation after change.

[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)

The performance of job advertising websites was favorable, with steady progress in “en TENSHOKU,” the Company’s core service site, and increasing website access by job placement agent customers, to “MIDDLE NO TENSHOKU,” a service provided for job placement agencies. Operating results of “AMBI,” a service provided for sophisticated people in their 20s and launched in April 2017, also started to contribute to performance. The Company also renewed the website of “en HAKEN” in May 2018, making efforts to further increase convenience.

Job advertising websites are individually capable of providing highly effective advertising listings to advertising corporate customers with the successful and active promotion and operation of functions and websites with differentiating factors, all based on the Company’s concept of “Success After Joining.”

As a result, major job advertising websites recorded higher net sales year on year.

(Job placement service)

En-japan’s job placement service, “en AGENTS,” has been making efforts including expanding target areas by utilizing the Company’s database of job seekers, and reinforcing staff.

The Company’s subsidiary, en world Japan K.K., showed favorable operating results for the first quarter of the fiscal year ending March 31, 2019 year on year since productivity greatly improved in the latter half of the previous fiscal year due to the enhancement of organizational structure.

As a result, the domestic job placement service recorded higher net sales year on year.

(Overseas subsidiaries)

While our subsidiary in Vietnam continued to grow, our subsidiary in India is undergoing structural reconstruction among others.

As a result, overseas subsidiaries recorded comparable net sales year on year.

As a result of the above, net sales of this segment amounted to ¥10,880 million (up 23.4% year on year) and operating income was ¥3,404 million (up 26.0% 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)

To further promote the Company’s concept of “Success After Joining,” sales of aptitude tests previously categorized under the Hiring Business segment are recorded under the Education and Evaluation Business segment from this fiscal year under review. In addition, initiatives which include strengthening the partnership with the Hiring Business Division and introducing and expanding “HR

OnBoard,” an employee retention tool, have been taken.

As a result of the above, net sales of this segment amounted to ¥359 million (up 8.6% year on year) and an operating income was ¥60 million (up 113.5% year on year).

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year ending in March 31, 2019 decreased ¥1,810 million compared to the end of the previous fiscal year to ¥38,681 million.

Current assets decreased ¥2,095 million to ¥28,708 million. This was mainly attributable to a decrease in cash and deposits of ¥1,610 million, and a decrease in notes and accounts receivable-trade of ¥385 million. And Non-current assets increased ¥284 million to ¥9,972 million. This was mainly attributable to an increase in investment securities of ¥170 million.

Total liabilities at the end of the first quarter of the fiscal year ending March 31, 2019 were ¥9,836 million, a decrease of ¥2,027 million compared to the end of the previous fiscal year.

Current liabilities decreased ¥2,035 million to ¥8,947 million. This mainly stemmed from decreases in income taxes payable of ¥881 million and provision of bonuses of ¥679 million. And Non-current liabilities increased ¥7 million to ¥888 million. This was mainly attributable to an increase in provision for share benefits of ¥18 million.

Total net assets were ¥28,845 million, up ¥216 million from the end of the previous fiscal year.

This was mainly attributable to increases in retained earnings of ¥237 million and non-controlling interests of ¥101 million.

Asset information for each segment is not made because en-Japan group will not use the information for allocation or evaluation.

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

There has been no change from the projections of consolidated operating results for the full fiscal year ending March 31, 2019 announced on May 10, 2018.

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

(Unit: Million yen)

	Previous Fiscal Year (As of March 31, 2018)	First Quarter of Current Fiscal Year (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	23,505	21,895
Notes and accounts receivable - trade	4,662	4,277
Securities	2,000	2,000
Other	718	628
Allowance for doubtful accounts	-82	-91
Total current assets	30,804	28,708
Non-current assets		
Property, plant and equipment	580	548
Intangible assets		
Goodwill	2,779	2,611
Other	2,897	2,909
Total intangible assets	5,677	5,521
Investments and other assets		
Investment securities	768	938
Shares of subsidiaries and associates	336	328
Other	2,669	2,954
Allowance for doubtful accounts	-342	-318
Total investments and other assets	3,431	3,903
Total non-current assets	9,688	9,972
Total assets	40,492	38,681
Liabilities		
Current liabilities		
Accounts payable - trade	111	112
Income taxes payable	2,057	1,176
Provision for bonuses	1,327	647
Provision for directors' bonuses	20	17
Advances received	2,205	2,743
Other	5,260	4,250
Total current liabilities	10,982	8,947
Non-current liabilities		
Provision for share benefits	274	293
Asset retirement obligations	253	254
Other	353	341
Total non-current liabilities	881	888
Total liabilities	11,864	9,836
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	224	224
Retained earnings	29,580	29,818
Treasury shares	-2,880	-2,880
Total shareholders' equity	28,119	28,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-49	-7
Foreign currency translation adjustment	392	221
Total accumulated other comprehensive income	343	214
Subscription rights to shares	123	130
Non-controlling interests	42	143
Total net assets	28,628	28,845
Total liabilities and net assets	40,492	38,681

(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, 2017 to June 30, 2017)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2018 to June 30, 2018)
Net sales	9,126	11,213
Cost of sales	826	1,143
Gross profit	8,299	10,070
Selling, general and administrative expenses	5,568	6,606
Operating income	2,731	3,464
Non-operating income		
Interest income	8	10
Dividend income	0	9
Share of profit of entities accounted for using equity method	30	44
Foreign exchange income	-	14
Other	9	12
Total non-operating income	48	91
Non-operating expenses		
Interest expenses	0	0
Loss on investments in partnership	12	2
Foreign exchange losses	13	-
Other	0	1
Total non-operating expenses	27	4
Ordinary income	2,753	3,551
Extraordinary income		
Gain on sales of non-current assets	-	1
Gain on sales of shares of subsidiaries and associates	9	-
Total extraordinary income	9	1
Extraordinary losses		
Profit before income taxes	2,762	3,552
Income taxes-current	854	1,087
Total income taxes	854	1,087
Profit	1,907	2,464
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,907	2,464

Quarterly Consolidated Statements of Comprehensive Income

Cumulative First Quarter

(Unit: Million yen)

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2017 to June 30, 2017)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2018 to June 30, 2018)
Profit	1,907	2,464
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	41
Foreign currency translation adjustment	-95	-190
Share of other comprehensive income of entities accounted for using equity method	3	23
Total other comprehensive income	-91	-126
Comprehensive income	1,816	2,338
(Break down)		
Comprehensive income attributable to owners of parent	1,815	2,335
Comprehensive income attributable to non-controlling interests	0	3

(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.

(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 quarter 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 statutory tax rate is adopted.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," and others.)

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and others from the beginning of the first quarter of the fiscal year ending in March 31, 2019. Accordingly, deferred tax assets are presented under the category of investment and other assets.

(Segment Information)

[Segment Information]

I Cumulative first quarter of the previous fiscal year (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	8,815	310	9,126	-	9,126
Internal sales among segments, transfers	-	19	19	-19	-
Total	8,815	330	9,145	-19	9,126
Segment profit	2,701	28	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.

II Cumulative first quarter of the fiscal year under review (from April 1, 2018 to June 30, 2018)

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	10,878	335	11,213	-	11,213
Internal sales among segments, transfers	2	23	26	-26	-
Total	10,880	359	11,240	-26	11,213
Segment profit	3,404	60	3,464	-0	3,464

(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. Matters related to changes and others in the reportable segments

To accurately grasp the actual conditions of operating results of each segment, en-japan group reviewed its management structure so that part of income and expenses originally included in the Hiring Business will be included in the Education and Evaluation Business, and changed the allocation method of segmentation from the first quarter of the fiscal year ending March 31, 2019.

Disclosed segment information of the first quarter of the fiscal year ended March 31, 2018 has been prepared based on the reportable segments used in the first quarter of the fiscal year ending March 31, 2019, and on the allocation method of income and expenses.