en-japan inc.
Fiscal Year Ended March 31, 2020, Earnings Announcement
[under Japanese GAAP] (Consolidated)

May 13, 2020

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
Contact (Title) Executive Officer and Administration Division Director (Name) Tomoki Tamai Telephone +81-3-3342-4506
Regular General Shareholders' Meeting June 24, 2020
Scheduled date to begin dividend payments June 25, 2020
Scheduled date for submission of Securities Report June 25, 2020
Preparation of Summary Supplementary Explanatory Materials Yes
Earnings Briefing Yes (for analysts and institutional investors)

(Figures rounded down to nearest million yen)

1. FYE 03/2020 Consolidated Earnings (From April 1, 2019 to March 31, 2020)

(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 03/2020	56,848	16.7	11,005	-5.6	11,057	-6.6	7,125	-12.5
FYE 03/2019	48,733	19.7	11,661	21.1	11,834	21.6	8,144	27.9

(Note) Comprehensive income FYE03/2020: 7,038 million yen (-15.0 %) FYE03/2019: 8,284 million yen (32.4 %)

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Assets	Operating Income to Sales
	Yen	Yen	%	%	%
FYE 03/2020	156.23	155.77	19.6	21.7	19.4
FYE 03/2019	178.97	178.46	25.8	26.2	23.9

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2020	51,896	38,648	72.8	834.74
FYE 03/2019	49,852	35,466	69.8	762.51

(Reference) Equity FYE 03/2020 37,783 million yen FYE 03/2019 34,774 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 03/2020	8,044	-4,127	-5,036	28,766
FYE 03/2019	10,680	-4,556	-2,237	29,942

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//2019	–	0.00	–	62.80	62.80	3,014	35.1	9.0
FYE 03/2020	–	0.00	–	74.80	74.80	3,565	47.9	9.4
FYE 03/2021 (projected)	–	–	–	–	–		–	

(Notes) Although the Company sets in its Articles of Incorporation the dividend reference date as the balance sheet date, it has not determined the dividend forecast as of the reference date at this moment.

3. FY Ending March 2021 Projected Consolidated Operating Results (From April 1, 2020 to March 31, 2021)

(Percentage indicates the percentage changes from the same quarter 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
1st Qtr	10,000	-27.3	115	-96.0	142	-95.1	3	-99.8	0.07

(Note) The Company acknowledges that it is extremely difficult to precisely understand the impacts of COVID-19 on its businesses and operating results and incorporate them into the operating results projections of the fiscal year ending March 31, 2021. As such, the Company instead provides projections of operating results for the first quarter of the fiscal year ending March 31, 2021 as earnings estimates for a reasonably computable period, based on the assumptions currently available.
Please refer to “(4) Business Outlook” in “1. Overview of Operating Results” on page 9 for details.

*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 03/2020 49,716,000 shares FYE 03/2019 49,716,000 shares

b. Number of shares of treasury share at fiscal year-end
FYE 03/2020 4,451,919 shares FYE 03/2019 4,110,384 shares

c. Average number of shares issued during the period
FYE 03/2020 45,610,589 shares FYE 03/2019 45,506,446 shares

(Reference) Summary of Non-Consolidated Operating Results

1. FYE 03/2020 Non-Consolidated Earnings (From April 1, 2019 to March 31, 2020)

(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 03/2020	37,852	3.6	9,716	-4.6	9,748	-7.8	6,503	-12.6
FYE 03/2019	36,519	16.2	10,187	12.8	10,576	17.8	7,442	18.7

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 03/2020	142.59	142.16
FYE 03/2019	163.55	163.08

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FYE 03/2020	47,625	38,051	79.6	837.25
FYE 03/2019	45,986	35,373	76.6	772.63

(Reference) Equity FYE 03/2020 37,897 million yen FYE 03/2019 35,236 million yen

[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 “(4) Business Outlook” in “1. Overview of Operating Results” on page 9 of the Attachments for the conditions used as assumptions and matters to note when using the projected operating results.

Attachments Table of Contents

1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

1) Operating Results for the Fiscal Year ended March 31, 2020

Net sales in the fiscal year ended March 31, 2020 increased to ¥56,848 million (up 16.7% year on year), primarily driven by the contribution of the newly consolidated overseas subsidiaries as well as the increase in job advertisement websites and job placement service in Japan. Total costs increased to ¥45,843 million (up 23.7% year on year) due to rising expenditures of the newly consolidated overseas subsidiaries, personnel expenses associated with the staff increase aiming for medium- to long-term business growth, and aggressive spending on promoting the HR-Tech service.

As a result, the Company recorded operating income of ¥11,005 million (down 5.6% year on year) and ordinary income of ¥11,057 million (down 6.6% year on year). Profit attributable to owners of parent was ¥7,125 million (down 12.5% year on year) due in part to an impairment loss on investment securities.

(Unit: Million yen)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)	Change	Percent change (%)
Net sales	48,733	56,848	+8,115	+16.7%
Operating income	11,661	11,005	-655	-5.6%
Ordinary income	11,834	11,057	-776	-6.6%
Profit attributable to owners of parent	8,144	7,125	-1,018	-12.5%

Reportable segments of en-japan group were classified under the Hiring Business and Education/Evaluation Business but have been changed to come under the single segment of the Human Resources Service Business from the fiscal year ended March 31, 2020. For this purpose, the following summary of major businesses uses the figures on a managerial accounting basis.

2) Summary of Major Businesses

(Unit: Million yen)

Net sales	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)	Change	Percent change (%)
Domestic Job Board	31,399	32,126	+737	+2.3%
Domestic Permanent Recruitment	11,152	11,878	+726	+6.5%
Overseas	4,635	10,745	+6,110	+131.8%
HR-Tech	–	475	+475	–
Other business/ Subsidiaries	2,021	2,113	+91	+4.5%

The difference between the combined net sales of each business and the consolidated net sales is attributable to the adjustment made among the businesses and consolidated adjustments.

(Domestic Job Board)

"[en]Career Change Info" followed the strategic policy for the period and steadily continued to increase its share of corporate customers with large hiring budgets by leveraging the advantage in terms of effectiveness for client companies, which led to an increase in the average unit price of postings. On the other hand, the number of postings from small-and-midsize corporate customers decreased as the posting period extension by competitors and intensified price discount of competitors affected us more than expected. In the fourth quarter, a combined deal with "engage" resulted in a rebound in the number of postings. Full-year net sales, however, were slightly lower than the previous fiscal year.

As to the job advertising websites for job placement agencies, "[en]Career Change Consultant" saw a slowdown in the number of successful job placements of client agencies amid concerns over eroding business sentiment in the second half, but achieved good sales growth for the full year with the change in billing system

and improvement in website utilization by client companies. “AMBI,” a site for young, high-profile positions, posted a significant increase in sales on the back of better brand awareness and steady growth in both the target members and corporate customers.
As for the job advertising websites for temporary staffing companies, “[en]Temporary Placement Info,” maintained a large share among the major temporary staffing companies, resulting in stable sales growth. “en BAITO” saw a robust increase in net sales as it expanded into the aged care business.
Although the business related to these job advertisement websites was affected by the nationwide COVID-19 spread in March, impacts on the operating performance were limited for the fiscal year ended March 31, 2020.
As a result, net sales of Domestic Job Board amounted to ¥32,126 million up 2.3% year on year.

(Domestic Permanent Recruitment)
The Company’s subsidiary en world Japan K.K. faced declining demand primarily from manufacturers due to concerns about slowing economic growth in the middle of the current fiscal year. Still, it moved back to positive sales growth in the fourth quarter thanks to the shift in its customer base to other industries.
The job placement service of en-japan, “en AGENTS,” also returned to positive sales growth in the fourth quarter as the new staff hired at the beginning of the fiscal year were increasingly contributing to the operating performance and the formation of the organization, and the operation structure advanced.
Although the business related to these job advertisement websites was affected by the nationwide COVID-19 spread in March, impacts on the operating performance were limited for the fiscal year ended March 31, 2020.
As a result, net sales of Domestic Permanent Recruitment amounted to ¥11,878 million up 6.5% year on year.

(Overseas)
In the overseas business, net sales remained favorable. They exceeded full-year expectations in the priority countries of Vietnam and India, although net sales declined in non-priority countries on a year-on-year basis. In India, the performance of FFI, an IT-related temporary staffing company, is reflected in the results from the first quarter of the fiscal year ended March 31, 2020.
COVID-19 did not affect the results of the overseas business during the fiscal year under review since the overseas subsidiaries report their financial results with a three-month lag relative to the parent.
As a result of the above, net sales of overseas business amounted to ¥10,745 million up 131.8% year on year.

(HR-Tech)
As for the personnel and recruitment support platform “engage,” thanks to active promotional activities, the number of user companies steadily increased up to 270,000 (as of March 2020). Furthermore, the number of companies using the fee-based service plan launched in April 2019 increased steadily, and measures to increase the number of applicants proved successful. Consequently, net sales shot up 116.4% from the previous quarter, leading to full-year net sales of ¥475 million.
Given that “engage” is a new service, it is difficult to conduct a comparative analysis of the COVID-19 influence on its performance. However, net sales are increasing steadily on a quarter to quarter basis as mentioned above, and thus, the Company sees no impact on the operating performance of the service.

3) The Company’s Response to COVID-19

(For our employees)
With the spread of COVID-19, the Company has been making a move to work from home to ensure the safety of its employees and prevent the spread of infectious disease since March 2020. In this way, at every office, all the employees of the Company, regardless of their employment status, basically have been working from home since April 3. The Company provides equipment and the security measures necessary for them to work remotely from home.
To sell job placement advertisements to its client companies, the Company continues to use the online business meeting system that was actively used even before the COVID-19 outbreak.

(For job seekers, corporate customers, and their employees)
We launched the COVID-19 Response Project on April 15, 2020. For the companies in specific industries (namely, medical and logistics) whose employees are working ceaselessly to secure the lives and safety of people in Japan, the fee-based (fee per application) plan of the recruitment support platform “engage” is offered free of charge, for up to three job offers per customer and ten applications per offer (30 applications in total).

“en College-Online,” a training service, which leads to the skill development of employees working from home, is now available free of charge for the employees of those companies using our key services (up to 100 employees per customer).
Moreover, we confirm the willingness of the companies running the job advertisements on [en]Career Change Info to hire new employees and only feature the ads of those who remain active in hiring in order to ease the anxiety of job seekers.

(2) Overview of Financial Position for the Current Fiscal Year

Assets, Liabilities and Net Assets

(Assets)
Total assets in the fiscal year ended March 31, 2020 increased by ¥2,043 million compared with the end of the previous fiscal year to ¥51,896 million.
Current assets decreased ¥190 million from a year earlier to ¥37,065 million. This was mainly due to a decrease in cash and deposits of ¥328 million and an increase in allowance for doubtful accounts of ¥112 million. Non-current assets increased ¥2,234 million to ¥14,830 million. This was primarily attributable to increases in investment securities of ¥988 million, goodwill of ¥314 million, and software of ¥357 million.

(Liabilities)
Total liabilities were ¥13,247 million, a decrease of ¥1,137 million from the end of the previous fiscal year. Current liabilities decreased ¥1,511 million to ¥11,762 million. This mainly stemmed from decreases in accounts payable-other of ¥1,195 million and income taxes payable of ¥189 million. Non-current liabilities rose ¥374 million to ¥1,485 million. This was mainly due to increases in lease obligations of ¥337 million and long-term accounts payable of ¥146 million.

(Net Assets)
Total net assets were ¥38,648 million, up ¥3,181 million from the end of the previous fiscal year. This was mainly attributable to an increase in treasury shares of ¥1,457 million, increases in retained earnings of ¥4,092 million and capital surplus of ¥594 million.

We do not create asset information by segment since the Group does not use such information on each segment for resource allocation and performance evaluation.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash Flow

Cash and cash equivalents in the fiscal year ended March 31, 2020 decreased ¥1,175 million from the previous fiscal year to ¥28,766 million. The status of each type of cash flow and the factors behind it are as follows.

(Net cash provided by (used in) operating activities)
Net cash provided by operating activities in the fiscal year ended March 31, 2020 was ¥8,044 million compared to the previous fiscal year of ¥10,680 million. This was due to the posting of income before income taxes of ¥10,608 million and income taxes paid of ¥3,599 million.

(Net cash provided by (used in) investing activities)
Net cash used in investing activities during the fiscal year ended March 31, 2020 was ¥4,127 million compared to net cash used in investing activities of ¥4,556 million in the previous fiscal year. Major components were purchase of intangible assets of ¥1,590 million, purchase of investment securities of ¥1,459 million, and payments into time deposits of ¥1,142 million.

(Net cash provided by (used in) financing activities)
Net cash used in financing activities during the fiscal year ended March 31, 2020 amounted to ¥5,036 million compared to ¥2,237 million used in the previous fiscal year. This was primarily due to cash dividends paid of ¥3,012 million and purchase of treasury shares of ¥1,586 million.

(Reference) Cash Flow Indicators

	FYE 03/16	FYE 03/17	FYE 03/18	FYE 03/19	FYE 03/20
Equity ratio (%)	73.4	71.5	70.1	69.8	72.9
Equity ratio based on market capitalization (%)	302.9	343.0	691.5	294.6	176.2
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)]

(4) Business Outlook

(Medium- and Long-term Outlook)

We project that the operating environment of Japan’s human resources business market to which the en-japan Group belongs will, in general, continue to see resilient hiring demand from corporations. This is against the backdrop of a structural shortage of workers caused by a decline in the working population, changes in industrial structures and other factors. Moreover, we believe that the commonization of job transfers led by young workers and rapid changes in the Japanese-style employment system, including lifetime employment, will further promote employment mobility and positively affect the domestic human resources business market.

In the overseas human resources business market, both Vietnam and India, which we are focusing on, have delivered economic growth faster than that of major developed countries. Given the large population and low average age, we see high growth potential in the human resources business over the medium to long term. Additionally, regardless of the country, the IT and technology markets are widely expected to grow, and the need for human resources in these areas is high. As such, we anticipate strong growth, especially of IT-related offshore development in these two countries.

In the short run, it is expected that the business performance of the Group will be significantly affected by the suspended economic activities, the deteriorating business performance of client companies, the economic recession, and the stagnant recruitment activities, all led by the COVID-19 outbreak. However, we believe that recruitment demand will return gradually once the COVID-19 crisis is over because of the structural shortage of workers mentioned above and other factors in Japan, and the resumption of recruitment activities in line with economic recovery in the overseas market. In Japan, the human resources business market tends to recover within 18 months to 24 months after a major recession. Therefore, the Company believes it is vital to maintain the quality and quantity of personnel and services in order to outpace market growth during the recovery phase.

In these circumstances, the Company expects the diversified use and selection of its services among the job seekers and companies hiring them. With this in mind, we aim to further improve the user-first services, which has been our strength, and differentiate our services and make them difficult to imitate by contributing to the performance of client companies through successful recruitment and provision of an excellent workforce, with the goal of ensuring "Success After Joining."

In addition, the shift to technology services such as “engage” will enable us to efficiently provide our services to customers in regions or with enterprise sizes that were hard for us to reach in a conventional way. The number of options for job seekers will increase, and we will be able to pursue "Success After Joining" for more client companies and job seekers.

Furthermore, we intend to strengthen M&A and investment activities in the digital space as well as the human resource / non-human resource services where robust growth is expected, both in Japan and overseas. By doing so, we will strengthen the connection with our existing businesses and look to swiftly enter and expand business in promising areas with high growth potential.

(Outlook for the Next Fiscal Year)

In the short term, the operating performance of the Company is expected to be deeply affected by slowing demand and a postponement of recruitment by client companies due to the COVID-19 crisis. Recruitment demand should return gradually once the COVID-19 crisis is over, on account of several factors including the structural shortage of workers mentioned in the [Medium- and Long-term Outlook] above. However, regarding COVID-19, it is extremely difficult to predict when the crisis will end, and consequently, it is exceptionally difficult to reasonably make the full-year earnings plan of the Company at this moment.

In light of the above, the Company believes that it is best to disclose the the earnings forecast only for the first quarter of the fiscal year ending March 31, 2021. The estimated financial results for the quarter include net sales of ¥10,000 million (down 27.3% year on year), operating income of ¥115 million (down 96.0% year on year), ordinary income of ¥142 million (down 95.1%), and profit attributable to owners of parent of ¥3 million (down 99.8% year on year).

Net sales are expected to decline for the job advertisement websites in Japan, the job placement services in Japan, and overseas subsidiaries by 44%, 10%, and 20% year on year, respectively. Reduced sales were mainly due to shrinking needs for recruitment and the extended hiring process triggered by the suspension of economic activities amid the COVID-19 pandemic. On the other hand, HR-Tech net sales are expected to increase eightfold from the same quarter last year.

Costs, especially variable costs such as advertising expenses and outsourcing fees, will be controlled adequately while taking the sales climate and improvement in advertising efficiency into consideration. Full-scale cost reduction related to business outsourcing expenses, however, will be undertaken in the second quarter.

Therefore, the Company expects a significant decline in operating profit for the first quarter as the cost reduction will be limited relative to the sales decline.

The Company will announce the full-year earnings forecast as soon as it becomes available.

At the same time, the Company withdraws its mid-term management plan it announced on May 14, 2019 that should have been effective through the fiscal year ending March 31, 2022, for the reasons described above. Although we do not make any major changes to our basic strategy policy, it is difficult to calculate figures at present. Accordingly, we will make an announcement again when it becomes possible to calculate those figures.

As to the financial position of the Group, short-term financial safety is ensured as it holds cash and cash equivalents in an amount that is almost six times the monthly sales as of the end of this fiscal year.

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

From the standpoint of medium- to long-term profit growth, the Company has a basic policy of making strategic investments such as M&A and equity injection while making appropriate investments according to the business stages. At the same time, it has set a basic policy of a dividend payout ratio of 50% as it places significant emphasis on returns to shareholders.

In accordance with the above policy, the Company plans to set a dividend payout ratio of 50% and distribute ¥74.80 per share as the dividend for the fiscal year ended March 31, 2020.

Concerning the dividend for the fiscal year ending March 31, 2021, the Company has not yet disclosed the full-year earnings forecast and only announced the guidance for the first quarter due to COVID-19, as mentioned in “(4) Business Outlook” above. Therefore, while the Company maintains its payout ratio policy of 50%, the amount of expected dividends is undecided. The Company will announce the dividend forecast when the full-year earnings forecast is disclosed in the future.

Furthermore, internal reserves shall be used with priority on strategic growth investments such as M&As and investment activities while securing financial soundness. The Company may, however, repurchase its treasury shares based on a comprehensive review of its financial condition, progress in strategic investments and stock market trends.

During the fiscal year ended March 31, 2020, the Company acquired 500,000 shares or 1.1% of total shares issued (excluding treasury stock) for ¥1,586 million, based on the written resolution approved by the Board of Directors on February 12, 2020. The Company also resolved to repurchase up to 500,000 shares for ¥1,000 million at the maximum (within the acquisition period running from April 1, 2020 to April 30, 2020) on March 25 and acquired 496,200 shares or 1.1% of the total shares issued (excluding treasury stock) for ¥1,000 million on April 24, 2020.

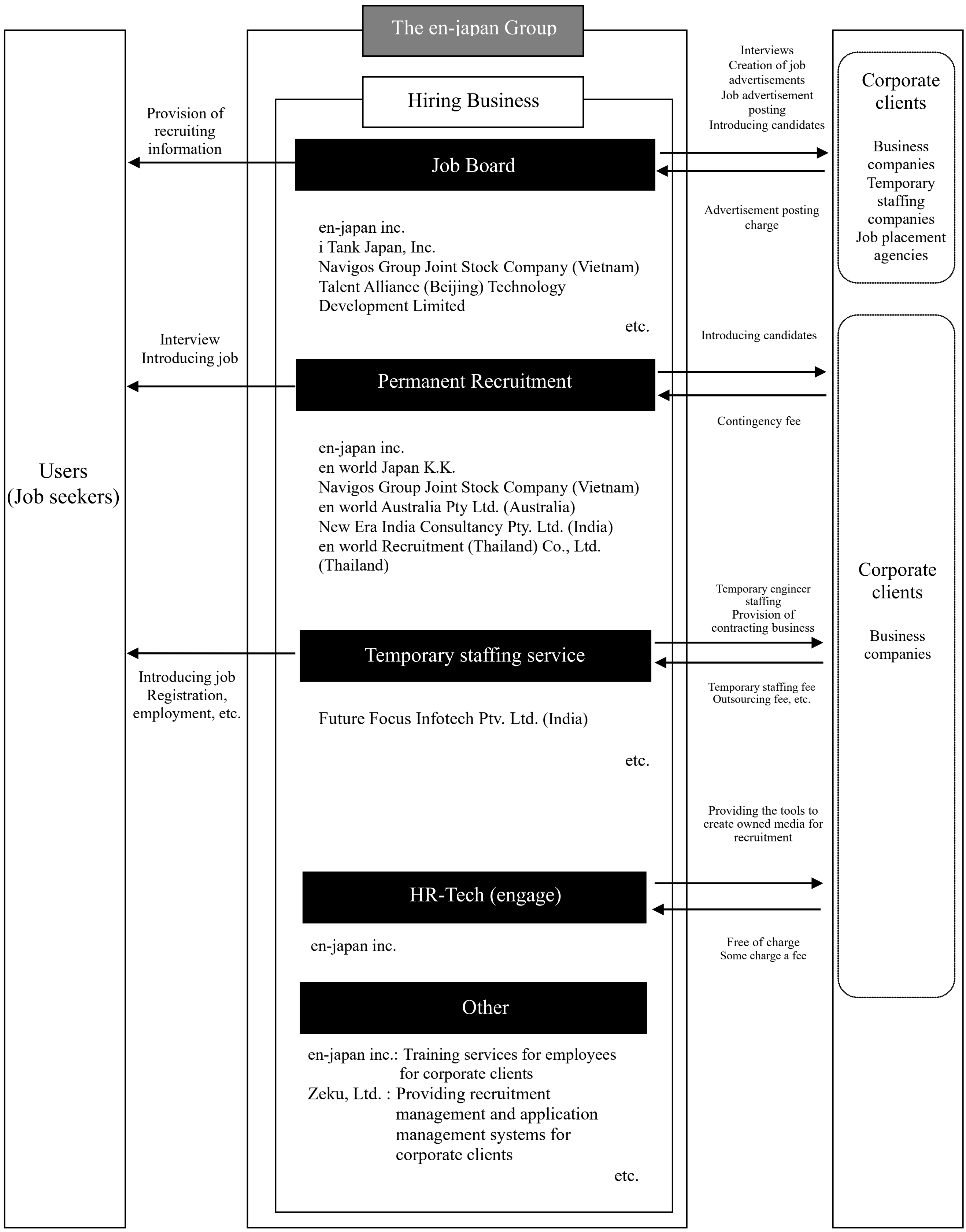
Please note that the above capital and financial strategic policies may be subject to change depending on the future economic and business trends.

* 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.

2. Current Conditions of the Corporate Group

The business flow diagram is shown below.



3. 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.

4. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Prior Fiscal Year (As of March 31, 2019)	Current Fiscal Year (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	28,409	28,081
Notes and accounts receivable-trade	5,614	5,736
Securities	2,000	2,047
Work in process	–	22
Supplies	22	20
Other	1,268	1,329
Allowance for doubtful accounts	-59	-171
Total current assets	37,255	37,065
Non-current assets		
Property, plant and equipment		
Buildings	854	873
Accumulated depreciation	-502	-510
Buildings, net	352	362
Vehicles	28	28
Accumulated depreciation	-24	-21
Vehicles, net	4	6
Furniture and fixtures	943	1,074
Accumulated depreciation	-642	-804
Furniture and fixtures, net	301	269
Leased assets	3	416
Accumulated depreciation	-2	-94
Leased assets, net	1	322
Construction in progress	60	59
Total property, plant and equipment	719	1,021
Intangible assets		
Software	2,641	2,923
Goodwill	3,412	3,795
Other	803	993
Total intangible assets	6,858	7,712
Investments and other assets		
Investment securities	1,968	2,957
Long-term loans receivable	830	828
Deferred tax assets	905	855
Shares of subsidiaries and associates	46	46
Other	1,514	1,654
Allowance for doubtful accounts	-248	-246
Total investments and other assets	5,018	6,096
Total non-current assets	12,596	14,830
Total assets	49,852	51,896

(Million yen)

	Prior Fiscal Year (As of March 31, 2019)	Current Fiscal Year (As of March 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	126	475
Lease obligations	0	113
Accounts payable-other	5,340	4,112
Income taxes payable	2,072	1,883
Provision for bonuses	1,117	1,192
Provision for directors' bonuses	7	2
Advances received	2,642	2,620
Other	1,965	1,361
Total current liabilities	13,274	11,762
Non-current liabilities		
Lease obligations	0	225
Deferred tax liabilities	181	124
Provision for share benefits	310	388
Asset retirement obligations	279	268
Long-term accounts payable-other	327	474
Other	12	4
Total non-current liabilities	1,111	1,485
Total liabilities	14,385	13,247
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	538	1,133
Retained earnings	35,496	39,588
Treasury shares	-2,795	-4,253
Total shareholders' equity	34,434	37,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale	-31	-7
Foreign currency translation adjustment	372	126
Total accumulated other comprehensive income	340	119
Subscription rights to shares	136	154
Non-controlling interests	555	710
Total net assets	35,466	38,648
Total liabilities and net assets	49,852	51,896

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

Consolidated Statements of Income

(Million yen)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Net sales	48,733	56,848
Cost of sales	4,682	10,451
Gross profit	44,051	46,397
Selling, general and administrative expenses		
Advertising expenses	10,709	10,892
Salaries and allowances	7,637	8,704
Bonuses	1,812	1,852
Other	12,230	13,942
Total selling, general and administrative expenses	32,389	35,392
Operating income	11,661	11,005
Non-operating income		
Interest income	65	87
Dividends income	10	11
Gain on investments in partnership	37	25
Foreign exchange gains	23	–
Miscellaneous income	47	21
Total non-operating income	183	146
Non-operating expenses		
Foreign exchange losses	–	11
Provision of allowance for doubtful accounts	–	55
Miscellaneous loss	10	27
Total non-operating expenses	10	94
Ordinary income	11,834	11,057
Extraordinary income		
Surrender value of insurance policies	–	90
Gain on sales of investment securities	55	–
Gain on sales of non-current assets	1	23
Total extraordinary income	57	113
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on valuation of shares of subsidiaries and associates	–	9
Loss on sales of shares of subsidiaries and associates	33	–
Loss on valuation of investment securities	–	515
Impairment loss	65	–
Loss on liquidation of subsidiaries	–	37
Amortization of goodwill	102	–
Total extraordinary losses	202	563
Income before income taxes	11,689	10,608
Income taxes - current	3,449	3,384
Income taxes - deferred	-58	-35
Total income taxes	3,390	3,349
Profit	8,299	7,258
Profit attributable to non-controlling interests	155	132
Profit attributable to owners of parent	8,144	7,125

Consolidated Statements of Comprehensive Income

(Million yen)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Profit	8,299	7,258
Other comprehensive income		
Valuation difference on available-for-sale securities	17	24
Foreign currency translation adjustment	-32	-245
Total other comprehensive income	-15	-220
Comprehensive income	8,284	7,038
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,141	6,905
Comprehensive income attributable to non-controlling interests	143	133

(3) Consolidated Statements of Changes in Net Assets
Prior fiscal year (from April 1, 2018 to March 31, 2019)

(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	29,579	-2,880	28,118	-49	392	343	123	42	28,626
Changes of items during the period											
Dividends of surplus			-2,227		-2,227			–			-2,227
Profit attributable to owners of parent			8,144		8,144			–			8,144
Purchase of treasury shares				-0	-0			–			-0
Disposal of treasury shares		314		85	399			–			399
Net changes of items other than shareholders' equity						17	-20	-3	13	512	523
Total changes of items during period	–	314	5,917	85	6,316	17	-20	-3	13	512	6,839
Balance at end of current period	1,194	538	35,496	-2,795	34,434	-31	372	340	136	555	35,466

Current fiscal year (from April 1, 2019 to March 31, 2020)

(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	538	35,496	-2,795	34,434	-31	372	340	136	555	35,466
Changes of items during the period											
Dividends of surplus			-3,014		-3,014			–			-3,014
Profit attributable to owners of parent			7,125		7,125			–			7,125
Purchase of treasury shares				-1,586	-1,586			–			-1,586
Disposal of treasury shares		112		28	140			–			140
Change in scope of consolidation			-19		-19						-19
Change of share exchanges		492		100	593						593
Capital increase of consolidated subsidiaries		-10			-10						-10
Net changes of items other than shareholders' equity					–	24	-245	-220	17	155	-47
Total changes of items during period	–	594	4,092	-1,457	3,229	24	-245	-220	17	155	3,181
Balance at end of current period	1,194	1,133	39,588	-4,253	37,663	-7	126	119	154	710	38,648

(4) Consolidated Statements of Cash Flows

(Million yen)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes	11,689	10,608
Depreciation	1,148	1,289
Amortization of goodwill	450	475
Surrender value of insurance policies	–	-90
Impairment loss	65	–
Bad debts expenses	–	55
Loss on liquidation of subsidiaries	–	37
Increase (decrease) in allowance for doubtful accounts	-49	111
Increase (decrease) in provision for bonuses	-207	74
Increase (decrease) in provision for directors’ bonuses	-12	2
Interest and dividend income	-75	-99
Interest expenses	–	20
Foreign exchange losses (gains)	-23	11
Loss (gain) on investments in partnership	-37	-25
Loss (gain) on valuation of investment securities	–	515
Loss (gain) on sales of investment securities	-55	–
Loss (gain) on valuation of shares of subsidiaries and associates	–	9
Loss (gain) on sales of shares of subsidiaries and associates	33	–
Loss (gain) on sales of non-current assets	-1	-23
Loss on retirement of non-current assets	1	0
Decrease (increase) in notes and accounts receivable-trade	-135	-134
Increase (decrease) in notes and accounts payable-trade	15	360
Increase (decrease) in accounts payable-other	675	-1,343
Increase (decrease) in advances received	443	-15
Other	66	-259
Subtotal	13,990	11,581
Interest and dividend income received	75	67
Interest expenses paid	–	-20
Income taxes paid	-3,400	-3,599
Income taxes refund	14	15
Net cash provided by (used in) operating activities	10,680	8,044

(Million yen)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Fiscal Year (From April 1, 2019 to March 31, 2020)
Cash flows from investing activities		
Payments into time deposits	-466	-1,111
Proceeds from withdrawal of time deposits	–	236
Purchase of property, plant and equipment	-235	-167
Proceeds from sales of property, plant and equipment	–	24
Purchase of intangible assets	-1,266	-1,590
Proceeds from sales of intangible assets	–	60
Purchase of investment securities	-1,145	-1,459
Proceeds from sales and redemption of investment securities	6	16
Purchase of shares of subsidiaries and associates	–	-10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,187	-185
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	13	9
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	21	–
Payments for lease and guarantee deposits	-156	-161
Proceeds from collection of lease and guarantee deposits	19	77
Purchase of insurance funds	-17	-6
Proceeds from cancellation of insurance funds	–	192
Payments of loans receivable	-157	-55
Other proceeds	13	3
Net cash provided by (used in) investing activities	-4,556	-4,127
Cash flows from financing activities		
Purchase of treasury shares	-0	-1,586
Repayments of long-term loans payable	–	-332
Cash dividends paid	-2,226	-3,012
Dividends paid to non-controlling interests	-86	-103
Repayments of lease obligations	-7	-0
Proceeds from share issuance to non-controlling shareholders	98	–
Other payments	-14	–
Net cash provided by (used in) financing activities	-2,237	-5,036
Effect of exchange rate change on cash and cash equivalents	-94	-42
Net increase (decrease) in cash and cash equivalents	3,792	-1,163
Cash and cash equivalents at beginning of period	25,505	29,942
Increase in cash and cash equivalents from newly consolidated subsidiary	643	–
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	-12
Cash and cash equivalents at end of period	29,942	28,766

(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: 20

Name of company: en world Japan K.K.
en-Asia holdings Limited
en world Australia Pty. Ltd
Navigos Group, Ltd.
Navigos Group Vietnam Joint Stock Company
Nhan Luc Viet Development&Education Company Limited
VIET RESOURCES TRAINING COMPANY LIMITED
en world Recruitment (Thailand) Co., Ltd.
en Holdings (Thailand) Ltd.
New Era India Consultancy Pvt. Ltd.
Future Focus Infotech Pvt. Ltd.
Future Focus Infotech FZE
Focus America INC
Talent Alliance (Beijing) Technology Development Limited
i Tank Japan, Inc.
Zeku, Ltd.
LENSA, Ltd.
OWLS, INC.
JapanWork, Inc.
Brocante Inc.

With its share acquisition of JapanWork, Inc., the Company has included the firm in the scope of consolidation effective the fiscal year under review. With the share exchange of the Company becoming the wholly-owning parent company and Brocante Inc. becoming the wholly-owned subsidiary, the firm has also been included in the scope of consolidation. Furthermore, Nhan Luc Viet Development&Education Company Limited, a consolidated subsidiary, acquired shares of VIET RESOURCES TRAINING COMPANY LIMITED to make it into a subsidiary. As a result, VIET RESOURCES TRAINING COMPANY LIMITED has been included in the scope of consolidation.

Since the deemed acquisition date of VIET RESOURCES TRAINING COMPANY LIMITED and Brocante Inc. are set at December 31, 2019 and March 31, 2020, respectively, only balance sheets are consolidated.

(2) Names of major unconsolidated subsidiaries:

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), and 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: –

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

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) and 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
Talent Alliance (Beijing) Technology Development Limited	December 31	Note 1
OWLS, INC.	January 31	Note 1
JapanWork, Inc.	April 30	Note 2
Brocante Inc.	September 30	Note 3
Nhan Luc Viet Development&Education Company Limited	December 31	Note 1
VIET RESOURCES TRAINING COMPANY LIMITED	December 31	Note 1

Notes 1 The Group adopts provisional financial statements for the term end of consolidated subsidiaries in preparing the consolidated financial statements. However, those necessary adjustments to consolidation are made to reflect material transactions conducted between this date and the consolidated term end.

2 The Group adopts pro forma financial statements as of January 31 in preparing the consolidated financial statements. However, those necessary adjustments to consolidation are made to reflect material transactions conducted between this date and the consolidated term end.

3 The Group adopts pro forma financial statements as of December 31 in preparing the consolidated financial statements. However, those necessary adjustments to 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

a. Work in process

Specific identification method (amount reported on the balance sheet is stated by writing down based on decrease in profitability)

b. 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.

(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, 2019)	Current fiscal year (As of March 31, 2020)
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

Collateral assets and secured liabilities
Assets pledged as collateral and secured liabilities are as follows:

Assets pledged as collateral

	Prior fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Cash and deposits	121 million yen	– million yen
Notes and accounts receivable-trade	863 million yen	– million yen
Other-current assets	602 million yen	– million yen
Buildings	8 million yen	– million yen
Vehicles	1 million yen	– million yen
Furniture and fixtures	15 million yen	– million yen
Construction in progress	52 million yen	– million yen
Software	1 million yen	– million yen
Other-non-current assets	28 million yen	– million yen
Total	1,694 million yen	– million yen

Secured liabilities

	Prior fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Other-current liabilities (Short-term loans payable)	249 million yen	– million yen
Total	249 million yen	– million yen

The above is related to the consolidated subsidiary Future Focus Infotech Pvt. Ltd.

(Consolidated Statements of Income)

*1 Gain on Sales of Non-current Assets was as follows.

	Prior fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Buildings	0 million yen	23 million yen
Furniture and fixtures	0 million yen	0 million yen
Software	0 million yen	0 million yen
Total	1 million yen	23 million yen

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

	Prior fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Buildings	0 million yen	0 million yen
Furniture and fixtures	0 million yen	– million yen
Software	0 million yen	– million yen
Total	1 million yen	0 million yen

*3 The content of amortization of goodwill is as follows.
Prior fiscal year (from April 1, 2018 to March 31, 2019)
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, 2019, the Company executed a one-time amortization of goodwill associated with the consolidated subsidiary of ¥102 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, 2019 to March 31, 2020)
The Company had no material matters to report.

*4 Impairment loss is as follows.
Prior fiscal year (from April 1, 2018 to March 31, 2019)
The Group recorded an impairment loss for the following asset group.

(1) Outline of asset group which impairment loss was recognized

Purpose of use	Type	Location
Hiring Business	Facilities attached to buildings Furniture and fixtures Software	Shinjuku-ku, Tokyo

(2) Reason for recognizing impairment loss
Due to a partial change in business policy, assets no longer in use are recognized as an impairment loss.

(3) Amount of impairment loss

Facilities attached to buildings	34 million yen
Furniture and fixtures	4 million yen
Software	26 million yen

(4) Asset grouping method
The Group groups assets for business and others based on categories of managerial accounting in which earnings and expenses are grasped on an ongoing basis.

(5) Calculation method of recoverability
The recoverable amounts of such asset group are measured by net sale value. Net sale value is set at ¥0 since it is difficult to sell the assets or use them for other purposes.

Current fiscal year (from April 1, 2019 to March 31, 2020)
The Company had no material matters to report.

(Consolidated Statements of Comprehensive Income)

* Adjustments and Taxes in Other Comprehensive Income

	Prior fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Valuation difference on available-for-sale securities		
Amount incurred during the term	24 million yen	-1 million yen
Recycling amount	– million yen	37 million yen
Amount before tax adjustment	24 million yen	35 million yen
Taxes	-7 million yen	-10 million yen
Valuation difference on available-for-sale securities	17 million yen	24 million yen
Foreign currency translation adjustment		
Amount incurred during the term	-32 million yen	-245 million yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during the term	– million yen	– million yen
Other comprehensive income	-15 million yen	-220 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, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Cash and deposits	28,409 million yen	28,081 million yen
Balance of items corresponding to cash equivalents in the securities account	2,000 million yen	2,047 million yen
Time deposits deposited for a period of more than three months	-467 million yen	-1,361 million yen
Cash and cash equivalents	29,942 million yen	28,766 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, 2018 to March 31, 2019)

In connection with Future Focus Infotech Pvt. Ltd. and its two subsidiaries newly consolidated through acquisition of shares, details of assets and liabilities as of the starting date of consolidation, and the relationship between the share acquisition cost and the payment (net increase) for the acquisition are as follows:

Current assets	1,586	million yen
Non-current assets	111	million yen
Current liabilities	-1,296	million yen
Non-current liabilities	-1	million yen
Goodwill	1,012	million yen
Foreign currency translation adjustment	9	million yen
Non-controlling interests	-113	million yen
Share acquisition cost	1,308	million yen
Cash and cash equivalents	-121	million yen
Difference: payment for the share acquisition	1,187	million yen

Details of assets and liabilities of OWLS, INC., 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 OWLS, INC. are as follows.

Current assets	27	million yen
Non-current assets	2	million yen
Current liabilities	-13	million yen
Non-current liabilities	-11	million yen
Goodwill	397	million yen
Non-controlling interests	-2	million yen
Share acquisition cost	400	million yen
Disposal amount of treasury shares	-398	million yen
Cash and cash equivalents	-15	million yen
Difference: payment for the share acquisition	-13	million yen

Current fiscal year (from April 1, 2019 to March 31, 2020)

In connection with JapanWork, Inc. consolidated through acquisition of shares, details of assets and liabilities as of the starting date of consolidation, and the relationship between the share acquisition cost and the payment (net increase) for the acquisition are as follows:

Current assets	150	million yen
Non-current assets	0	million yen
Current liabilities	-8	million yen
Non-current liabilities	-166	million yen
Goodwill	254	million yen
Share acquisition cost	229	million yen
Disposal amount of treasury shares	-140	million yen
Loans for newly consolidated subsidiaries	150	million yen
Cash and cash equivalents	-147	million yen
Difference: payment for the share acquisition	90	million yen

In connection with Brocante Inc. consolidated through acquisition of shares, details of assets and liabilities as of the starting date of consolidation, and the relationship between the share acquisition cost and the payment (net increase) for the acquisition are as follows:

Current assets	25	million yen
Non-current assets	0	million yen
Current liabilities	-4	million yen
Non-current liabilities	-2	million yen
Goodwill	574	million yen
Share acquisition cost	593	million yen
Disposal amount of treasury shares	-593	million yen
Cash and cash equivalents	-9	million yen
Difference: payment for the share acquisition	9	million yen

(Business Combination)

Finalization of provisional accounting treatment related to a business combination

The Company had carried out provisional accounting treatment in the previous fiscal year for the business combinations of OWLS, INC. executed on March 11, 2019, and of Future Focus Infotech Pvt. Ltd. executed on March 19, 2019. The accounting treatment was finalized in the fiscal year ended March 31, 2020.

In connection with the finalization of this provisional accounting treatment, a review of the amount of initial allocation of acquisition cost concluded that it had no effect on the consolidated financial statements for the fiscal year ended March 31, 2019.

Business combination by acquisition

(1) Overview of the business combination

1) Name and business of the acquired company
Company name: JapanWork, Inc. (hereinafter “JapanWork”)
Business activities: Job search business for foreigners

2) Primary reason for the business combination
The Company engages in business activities that support personnel recruitment and encourage workers to take on active roles after joining companies, with the focus on managing job offer information websites for job seekers and the job placements service. In our mid-term management plan for which the final year is the year ending March 31, 2022, we set forth a new strategy to strengthen M&As in the technology industry.
JapanWork, Inc, of which the Company now takes ownership, operates the “JapanWork” meta job search site for foreigners. It started a chat concierge service that facilitates communication between companies and foreigners in December 2018. This service utilizes technology to not only effectively reduce the workload of those in charge of recruitment but also to improve the rate of successful recruitment of foreign workers with language barriers. As a result, JapanWork has been able to expand its customer base, mainly consisting of cleaning and factory-related staffing companies, since the launch of the service.
By turning JapanWork into a subsidiary, we will provide further value and business growth to our client companies through the staffing business specialized in foreigners, thereby increasing our corporate value.

3) Date of the business combination: July 12, 2019

4) Legal form on the date of the business combination:
Acquisition of shares in exchange for cash and treasury stock disposed of through a third-party allocation

5) Name following the business combination: No change

6) Ratio of voting rights acquired: 51%

7) Primary basis for determining the acquired company
Acquisition of shares in exchange for cash and treasury stock disposed of through a third-party allocation

(2) Period of operating results of the acquired company included in the consolidated financial statements
From August 1, 2019 to January 31, 2020

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

Consideration for the acquisition:	¥88 million in cash
	¥140 million in treasury shares
Acquisition cost:	¥229 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
¥254 million
Since the allocation of acquisition cost is not completed as of the end 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	150	million yen
Non-current assets	0	million yen
Total assets	150	million yen
Current liabilities	8	million yen
Non-current liabilities	166	million yen
Total liabilities	175	million yen

(7) Estimated amount of impact on the consolidated financial statements of the fiscal year ended March 31, 2020 and the calculation method thereof assuming that the business combination was completed on the first day of the fiscal year

Presentation is omitted as the estimated amount of impact is insignificant.

Business combination by acquisition

(1) Overview of the business combination

1) Name and business of the acquired company
Company name: Brocante Inc. (hereinafter "Brocante")
Business activities: Business for freelancing

2) Primary reason for the business combination
en-japan engages in business activities that support personnel recruitment and encourage workers to take on active roles after joining companies, with a focus on the management of job offer information sites, job placements and educational evaluations. In our mid-term management plan for which the final year is the year ending March 31, 2022, we set forth a new strategy to strengthen M&As in the field of technology. In addition, we are striving to develop the business for freelancing, including the "pasture" freelance management tool, as a new business sector.
Brocante, which will become en-japan's wholly-owned subsidiary, operates the "Freelance Start" IT project site for freelance engineers and designers – one of the largest of its kind in Japan. Offering more than 90,000 freelance agent listings, this site enables users to search project information and apply for projects all together. It is used by many freelance engineers and has been growing steadily since the service was launched in 2018.
The business for freelancing primarily in the IT sector represents a market that is expected to continue growing in size going forward due to the diversification of work styles. It is a promising new business area also for en-japan.
By making Brocante into our subsidiary, which would accelerate the speed of growth of our business for freelancing, we will boost our efforts to increase profits in the new business sector.

3) Date of the business combination: January 20, 2019

4) Legal form on the date of the business combination:
en-japan becomes the wholly-owning parent company, and makes Brocante Inc. into a wholly-owned subsidiary through share exchange.

5) Name following the business combination: No change

6) Ratio of voting rights acquired: 100%

7) Primary basis for determining the acquired company:
The Company acquired a 100% stake in Brocante through the share exchange and made it into a wholly-owned subsidiary.

(2) Period of operating results of the acquired company included in the consolidated financial statements

Since the deemed acquisition date of the acquired company is set at March 31, 2020 and thus only balance sheets are consolidated, operating results of the acquired company are not included in the consolidated statements of income.

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

Consideration for the acquisition:	¥593 million in treasury shares
Acquisition cost:	¥593 million

(4) Exchange ratio by type of shares, method of calculation, and number of shares delivered

1) Exchange ratio by type of shares
Based on the results of due diligence, the value of the shares was calculated in consultation with Brocante on a case-by-case basis, with reference to the valuation of shares determined by a third-party appraiser independent of both the Company and Brocante.

2) Calculation method of the share exchange ratio
One share of en-japan inc. common stock will be exchanged for 0.41 shares of JapanWork, Inc.'s common stock

3) Number of shares delivered
123,710 shares

(5) Major acquisition-related expenses and amount
Advisory fees, etc. ¥3 million

(6) Amount of goodwill generated, reason for generation, method and period of amortization
1) Amount of goodwill generated
¥574 million
Since the allocation of acquisition cost is not completed as of the end 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.

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

Current assets	25	million yen
Non-current assets	0	million yen
Total assets	25	million yen
Current liabilities	4	million yen
Non-current liabilities	2	million yen
Total liabilities	6	million yen

(8) Estimated amount of impact on the consolidated financial statements of the fiscal year ended March 31, 2020 and the calculation method thereof assuming that the business combination was completed on the first day of the fiscal year
Presentation is omitted as the estimated amount of impact is insignificant.

(Segment Information, etc.)

(Segment Information)

I Prior fiscal year (from April 1, 2018 to March 31, 2019)

Description is as in “II Current fiscal year (Matters related to changes and others in the reportable segments).”

II Current fiscal year (from April 1, 2019 to March 31, 2020)

Description is omitted since en-japan group is formed under a single segment.

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

Reportable segments of en-japan group were classified under the Hiring Business and Education/Evaluation Business, but have been changed to come under a single segment of Human Resources Service Business from the first quarter of the fiscal year ending March 31, 2020.

The change is based on the judgement, resulting from a review on business segmentation, that Hiring Business and Education/Evaluation Business is appropriate to be managed as a single segment of Human Resources Service Business. With the sales of all shares of Cbase Corporation executed in the fiscal year ended March 31, 2019, net sales and income in Education/Evaluation Business became insignificant as Cbase Corporation was then a consolidated subsidiary classified under Education/Evaluation Business. Under such circumstances and from a perspective of en-japan group’s actual situation in regard to business development, management resource allocation, and management control structure, the aforementioned businesses were thought practical to be treated as an integrated business.

As a result of such change, description of segment information in the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020 have been omitted.

(Related Information)

Prior fiscal year (from April 1, 2018 to March 31, 2019)

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
44,087	4,645	48,733

(2) Property, plant and equipment

(Million yen)

Japan	Asia/Oceania	Total
454	265	719

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, 2019 to March 31, 2020)

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
46,103	10,744	56,848

(2) Property, plant and equipment

(Million yen)

Japan	Asia/Oceania	Total
461	237	699

3. Information by Major Clients

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

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

Description is omitted since en-japan group is formed under a single segment.

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

Description is omitted since en-japan group is formed under a single segment.

(Information on Gain on Negative Goodwill by Reportable Segment)

Description is omitted since en-japan group is formed under a single segment.

(Per-Share Information)

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Net Assets per Share	762. 51 yen	834.74 yen
EPS	178. 97 yen	156.23 yen
Fully Diluted EPS	178. 46 yen	155.77 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 2,398,675 in the fiscal year ended March 31, 2019 and 2,397,200 for the fiscal year ended March 31, 2020. In addition, in calculating net assets per share, the number at the end of the period of the treasury shares deducted was 2,397,200 in the fiscal year ended March 31, 2019 and 2,397,200 in the fiscal year ended March 31, 2020.
2. The basis for calculating EPS and fully diluted EPS is shown below.

	Prior Fiscal Year (From April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
EPS		
Profit Attributable to Owners of Parent (million yen)	8,144	7,125
Amount not attributable to Common Shareholders (million yen)	–	–
Profit Attributable to Owners of Parent concerning Common Share (million yen)	8,144	7,125
Average Number of Shares of Common Share Outstanding during the Period (shares)	45,506,446	45,610,589
Fully Diluted EPS		
Profit Attributable to Owners of Parent – Deferred (million yen)	–	–
Increase in the Number of Shares of Common Share (shares)	131,817	136,729
(of which subscription rights to shares [shares])	(131,817)	(136,729)
Summary of Potential Shares not used in the Calculation of Fully Diluted EPS (potential shares have no dilutive effect)	–	–

(Material Subsequent Event)

(Buying back own shares)

en-japan adopted a resolution on matters related to acquiring treasury shares based on a written resolution in lieu of the resolution of the Board of Directors on March 25, 2020 and the provision of Article 156 of the Companies Act to be applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the said Act, and accordingly repurchased the shares.

1. Reason for the acquisition of the treasury stock

The Company operates a human resources business mainly providing recruitment support services in Japan and overseas with the aim of increasing long-term corporate value. The human resources business is relatively susceptible to changes in the economic conditions and the Company's business operations have been profoundly affected during past economic downturns.

Nonetheless, the human resources business has been apt to recover in around 18 months to 24 months even after major recessions in the past, and Japan faces an unprecedented structural shortage of workers today and in the future. As such, from a long-term perspective, we continue to view the human resources business as a growth driver.

Under these circumstances, and given the risk of impacts on the real economy posed by the COVID-19 pandemic, there are growing concerns about a full-fledged economic downturn especially in the stock market. The Company's earnings are expected to be pressured in the future, but the Company has already implemented effective measures, such as turning fixed costs into variable ones. By doing so, we will strive to secure profits as much as possible and place importance on continuing employment so that we can keep up with market growth when the economy recovers.

For the reasons stated above, the Company acquired its treasury shares based on the recognition that repurchasing treasury shares at the current stage would lead to efficient shareholder returns from a long-term perspective.

2. Details of matters related to the acquisition

(1) Type of stock acquired: Common stock

(2) Total number of shares that can be acquired: 500,000 shares (at the maximum)
(percentage to the total number of issued shares (excluding treasury shares): 1.1%)

(3) Total share acquisition price: 1,000,000,000 yen (at the maximum)

(4) Period of buying back own shares: From February 13, 2020 to April 30, 2020

(5) Method of acquisition: Market buying on the Tokyo Stock Exchange

(6) According to a written resolution in lieu of the resolution of the Board of Directors, the Company repurchased 496,200 shares of its common stock for ¥1,000 million from April 1 to April 24, 2020, and completed the treasury stock acquisition program under the said resolution.