



en Japan Inc.

2nd Quarter FY March 2022 Earnings Announcement [Japan GAAP] (Consolidated)

November 11, 2021

Company Name	en Japan Inc.	Listing Exchanges	First Section of the Tokyo Stock Exchange	
Stock Code	4849	URL	https://corp.en-japan.com/	
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Contact (Title)	Administration Division Director	(Name)	Toshio Hijikata	Telephone +81-3-3342-4506
Scheduled Date for Submission of Quarterly Report	November 11, 2021			
Scheduled Date to Begin Dividend Payments	-			
Preparation of Quarterly Summary Supplementary Explanatory Materials	Yes			
Quarterly Earnings Briefing	Yes (for analysts and institutional investors)			

(Figures rounded down to nearest million yen)

1. FY Ending March 2022 Cumulative Second Quarter Operating Results (From April 1, 2021 to September 30, 2021)

(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 3/22 2nd Qtr	25,044	21.3	4,740	62.5	4,810	60.6	3,240	109.1
FYE 3/21 2nd Qtr	20,650	-26.8	2,917	-53.0	2,995	-51.7	1,549	-62.3

(Note) Comprehensive income FYE 3/22 2nd Qtr 3,657 million yen (145.2%) FYE 3/21 2nd Qtr 1,491 million yen (-61.2%)

	EPS	Fully Diluted EPS
	Yen	Yen
FYE 3/22 2nd Qtr	72.26	72.17
FYE 3/21 2nd Qtr	34.59	34.49

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio
	Million yen	Million yen	%
FYE 3/22 2nd Qtr	50,682	37,562	73.1
FYE 3/21	46,644	36,856	77.8

(Reference) Core capital FYE 3/22 2nd Qtr 37,034 million yen FYE 3/21 36,311 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 3/21	-	0.00	-	37.10	37.10
FYE 3/22	-	0.00	-	-	-
FYE 3/22 (projected)	-	-	-	72.50	72.50

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

3. FY Ending March 2022 Projected Consolidated Operating Results (April 1, 2021 - March 31, 2022)

(Percentages indicate percentage change from 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
Full year	51,000	19.4	10,000	28.7	9,999	25.9	6,842	95.4	152.77

(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: Yes
 - 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 3/22 2nd Qtr 49,716,000 shares FYE 3/21 49,716,000 shares
 - b. Number of shares of treasury shares at the end of the period
 FYE 3/22 2nd Qtr 4,819,477 shares FYE 3/21 4,923,672 shares
 - c. Average number of shares issued during the period (Quarter Year-to-Date)
 FYE 3/22 2nd Qtr 44,841,374 shares FYE 3/21 2nd Qtr 44,800,495 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

(Cautionary Notes on Forward-Looking Statements)

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.

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* The Company plans to post supplementary materials to explain its financial results on its website today.
Please refer to the following URL.
<https://corp.en-japan.com/IR/>

1. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

	Previous Fiscal Year (As of March 31, 2021)	Second Quarter of Current Fiscal Year (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	26,374	29,570
Notes and accounts receivable - trade	4,347	4,764
Securities	2,031	2,000
Other	1,079	763
Allowance for doubtful accounts	-108	-94
Total current assets	33,724	37,002
Non-current assets		
Property, plant and equipment	621	641
Intangible assets		
Goodwill	2,840	2,754
Other	4,158	4,278
Total intangible assets	6,999	7,032
Investments and other assets		
Investment securities	2,285	2,466
Shares of subsidiaries and associates	132	30
Other	3,239	3,868
Allowance for doubtful accounts	-359	-359
Total investments and other assets	5,299	6,006
Total non-current assets	12,920	13,679
Total assets	46,644	50,682
Liabilities		
Current liabilities		
Accounts payable - trade	434	671
Income taxes payable	955	1,678
Provision for bonuses	1,122	1,075
Provision for directors' bonuses	2	-
Advances received	2,307	3,827
Other	3,438	4,204
Total current liabilities	8,260	11,457
Non-current liabilities		
Provision for share benefits	389	406
Asset retirement obligations	203	249
Other	934	1,006
Total non-current liabilities	1,527	1,662
Total liabilities	9,788	13,119
Net assets		
Shareholders' equity		
Capital stock	1,194	1,194
Capital surplus	998	908
Retained earnings	39,399	39,759
Treasury shares	-5,228	-5,090
Total shareholders' equity	36,365	36,772
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113	161
Foreign currency translation adjustment	-167	100
Total accumulated other comprehensive income	-53	261
Subscription rights to shares	136	127
Non-controlling interests	408	400
Total net assets	36,856	37,562
Total liabilities and net assets	46,644	50,682

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

Quarterly Consolidated Statements of Income

Cumulative Second Quarter

(Unit: Million yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2020 to September 30, 2020)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2021 to September 30, 2021)
Net sales	20,650	25,044
Cost of sales	4,385	5,075
Gross profit	16,264	19,968
Selling, general and administrative expenses	13,347	15,228
Operating income	2,917	4,740
Non-operating income		
Interest income	43	58
Dividend income	10	27
Subsidy for employment adjustment	27	-
Other	26	23
Total non-operating income	107	108
Non-operating expenses		
Interest expenses	0	2
Loss on investments in partnership	8	22
Foreign exchange losses	10	5
Provision of allowance for doubtful accounts	6	-
Other	3	6
Total non-operating expenses	30	38
Ordinary income	2,995	4,810
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	-	33
Total extraordinary income	-	33
Extraordinary losses		
Loss on sales of non-current assets	-	0
Impairment loss	406	-
Loss on retirement of non-current assets	8	0
Loss on sales of investment securities	-	3
Loss on valuation of investment securities	176	-
Loss on valuation of shares of subsidiaries and associates	10	-
Loss on sales of shares of subsidiaries and associates	15	-
Total of Extraordinary losses	616	3
Profit before income taxes	2,378	4,840
Income taxes-current	799	1,519
Total income taxes	799	1,519
Profit	1,578	3,320
Profit attributable to non-controlling interests	29	80
Profit attributable to owners of parent	1,549	3,240

Quarterly Consolidated Statements of Comprehensive Income

Cumulative Second Quarter

(Unit: Million yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2020 to September 30, 2020)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2021 to September 30, 2021)
Profit	1,578	3,320
Other comprehensive income		
Valuation difference on available-for-sale securities	77	47
Foreign currency translation adjustment	-164	288
Total other comprehensive income	-87	336
Comprehensive income	1,491	3,657
(Breakdown)		
Comprehensive income attributable to owners of parent	1,477	3,555
Comprehensive income attributable to non-controlling interests	14	101

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Million yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2020 to September 30, 2020)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	2,378	4,840
Depreciation	782	803
Impairment loss	406	-
Amortization of goodwill	258	186
Increase (decrease) in allowance for doubtful account	-7	-16
Increase (decrease) in provision for bonuses	-169	-37
Increase (decrease) in provision for directors' bonuses	2	-0
Interest and dividend income	-53	-85
Interest expenses	0	2
Foreign exchange losses (gains)	10	5
Loss (gain) on investments in partnership	8	22
Loss (gain) on sales of shares of subsidiaries and associates	15	-
Loss (gain) on valuation of shares of subsidiaries and associates	10	-
Loss (gain) on sales of non-current assets	-	-0
Loss on retirement of non-current assets	8	0
Decrease (increase) in notes and accounts receivable - trade	1,837	-1,726
Increase (decrease) in notes and accounts payable - trade	-134	261
Loss (gain) on sales of investment securities	-	-30
Loss (gain) on valuation of investment securities	176	-
Increase (decrease) in accounts payable - other	-1,836	699
Increase (decrease) in advances received	209	1,551
Other, net	-389	74
Subtotal	3,515	6,551
Interest and dividend income received	20	72
Interest expenses paid	-0	-1
Income taxes paid	-1,662	-861
Income taxes refund	-	120
Net cash provided by (used in) operating activities	1,873	5,881
Cash flows from investing activities		
Payments into time deposits	-410	-488
Proceeds from withdrawal of time deposits	285	229
Purchase of property, plant and equipment	-131	-59
Proceeds from sales of property, plant and equipment	-	0
Purchase of intangible assets	-912	-771
Purchase of investment securities	-222	-192
Proceeds from sales and redemption of investment securities	2	88
Payment for lease and guarantee deposits	-5	-12
Proceeds from collection of lease and guarantee deposits	2	15
Purchase of insurance funds	-1	-1

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2020 to September 30, 2020)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2021 to September 30, 2021)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-16	-
Other payments	-0	-
Other proceeds	0	119
Net cash provided by (used in) investing activities	-1,410	-1,072
Cash flows from financing activities		
Purchase of treasury shares	-1,000	-0
Cash dividends paid	-3,562	-1,750
Repayments of lease obligations	-0	-
Dividends paid to non-controlling interests	-69	-61
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-323	-
Other payments	-2	-
Other proceeds	0	0
Net cash provided by (used in) financing activities	-4,958	-1,812
Effect of exchange rate change on cash and cash equivalents	-71	-104
Net increase (decrease) in cash and cash equivalents	-4,566	2,891
Cash and cash equivalents at beginning of period	28,766	26,835
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-81	-129
Cash and cash equivalents at end of period	24,118	29,597

(4) Notes regarding Quarterly Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

There are no pertinent items.

(Changes in Accounting Policy)

Cumulative second quarter of the fiscal year under review (from April 1, 2021 to September 30, 2021)
<p>(Changes in accounting policy)</p> <p>The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Revenue Recognition"), etc., effective from the beginning of the first quarter of the fiscal year ending March 2022. Accordingly, when control of the promised goods or services is transferred to the customer, revenue is recognized in the amount expected to be received in exchange for the goods or services. As a result, the Company has changed to the method of recognizing revenue as it meets its obligations over a certain period of time, instead of recognizing revenue as a one-time gain on the total amount of consideration received from customers in the business of advertising job openings by the Company Group. In the past, revenue was recognized on a net basis for transactions, such as advertising job openings through agencies, but the method has been changed to recognize revenue on a gross basis in the case that the Company Group falls under the category of principals.</p> <p>Application of the Accounting Standard for Revenue Recognition, etc. is subject to transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retroactive application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 2022, was added to or subtracted from the beginning balance of retained earnings in the first quarter of the fiscal year ending March 2022, and the new accounting policy is applied from the balance at the beginning of the fiscal year under review.</p> <p>As a result, net sales for the cumulative second quarter of the fiscal year ending March 2022 increased by ¥879 million, selling, general and administrative expenses increased by ¥1,167 million yen, and operating income, ordinary income and profit before income taxes decreased by ¥288 million, respectively. The balance of retained earnings at the beginning of the fiscal year under review decreased by ¥1,098 million.</p> <p>In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information is not presented on disaggregation of revenue that arises from contracts with customers pertaining to the cumulative second quarter of the previous fiscal year.</p>

Cumulative second quarter of the fiscal year under review (from April 1, 2021 to September 30, 2021)
<p>(Changes in accounting policy)</p> <p>The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Accounting Standard for Fair Value Measurement"), etc., effective from the beginning of the first quarter of the fiscal year ending March 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy, prescribed in the Accounting Standard for Fair Value Measurement, etc., prospectively. There is no impact on the quarterly consolidated financial statements.</p>

(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 six months of the period. It then multiplies the estimated effective tax rate by profit before income taxes for the quarter.

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

(Notes on Significant Changes to Shareholders' Equity)

The Company performed a stock swap with the Company serving as the stock swap wholly owning parent company and OWLS, INC. serving as the stock swap wholly owned subsidiary, effective June 30, 2021, and as compensation for the stock swap, the Company disposed of its treasury shares. As a result, capital surplus and treasury shares decreased by ¥97 million and ¥109 million respectively at the end of the second quarter of the fiscal year under review.

(Segment Information)

[Segment Information]

I Cumulative second quarter of the previous fiscal year (April 1, 2020 to September 30, 2020)

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

II Cumulative second quarter of the fiscal year under review (from April 1, 2021 to September 30, 2021)

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