

en Japan Inc.



1st Quarter FY March 2024 Earnings Announcement [Japan GAAP] (Consolidated)

August 9, 2023

| | | | |
|--|----------------------------------|-------------------|---|
| Company Name | en Japan Inc. | Listing Exchanges | First Section of the Tokyo Stock Exchange |
| Stock Code | 4849 | URL | http://corp.en-japan.com/ |
| Representative (Title) | President | (Name) | Takatsugu Suzuki |
| Contact (Title) | Administration Division Director | (Name) | Toshio Hijikata |
| Scheduled Date for Submission of Quarterly Report | August 10, 2023 | Telephone | +81-3-3342-4506 |
| Scheduled Date to Begin Dividend Payments | - | | |
| Preparation of Quarterly Summary Supplementary Explanatory Materials | Yes | | |
| Quarterly Earnings Briefing | Yes | | |

(Figures rounded down to nearest million yen)

1. FY Ending March 2024 First Quarter Operating Results (From April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (year to date) (Percentages indicate 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 3/24 1st Qtrr | 16,499 | 4.5 | 755 | -58.1 | 883 | -53.7 | 585 | -48.8 |
| FYE 3/23 1st Qtrr | 15,791 | 30.9 | 1,802 | -22.0 | 1,907 | -17.6 | 1,144 | -24.5 |

(Note) Comprehensive income FYE 3/24 1st Qtrr 639 million yen (-59.0%) FYE 3/23 1st Qtrr 1,558 million yen (-18.5%)

| | EPS | Fully Diluted EPS |
|-------------------|-------|-------------------|
| | Yen | Yen |
| FYE 3/24 1st Qtrr | 14.12 | 13.89 |
| FYE 3/23 1st Qtrr | 25.46 | 25.41 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Net Asset Ratio |
|-------------------|--------------|-------------|-----------------|
| | Million yen | Million yen | % |
| FYE 3/24 1st Qtrr | 44,318 | 28,626 | 63.5 |
| FYE 3/23 | 51,967 | 35,125 | 66.8 |

(Reference) Core capital FYE 3/24 1st Qtrr 28,159 million yen FYE 3/23 34,736 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 3/23 | - | 0.00 | - | 70.10 | 70.10 |
| FYE 3/24 | - | - | - | - | - |
| FYE 3/24 (projected) | - | 0.00 | - | 70.10 | 70.10 |

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

3. FY Ending March 2024 Projected Consolidated Operating Results (April 1, 2023 to March 31, 2024)

(Percentages indicate 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 | 73,000 | 7.8 | 4,600 | 8.2 | 4,776 | 17.3 | 3,270 | 21.3 | 74.00 |

(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) None
 - Newly included - (Name of company) -
 - Exclusion - (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 shares)
 - a. Number of shares issued at the end of the period (including treasury shares)

| | | | |
|------------------|-------------------|----------|-------------------|
| FYE 3/24 1st Qtr | 49,716,000 shares | FYE 3/23 | 49,716,000 shares |
|------------------|-------------------|----------|-------------------|
 - b. Number of treasury shares at the end of the period

| | | | |
|------------------|------------------|----------|------------------|
| FYE 3/24 1st Qtr | 8,900,749 shares | FYE 3/23 | 7,190,949 shares |
|------------------|------------------|----------|------------------|
 - c. Average number of shares issued during the period (Quarter Year-to-Date)

| | | | |
|------------------|-------------------|------------------|-------------------|
| FYE 3/24 1st Qtr | 41,478,426 shares | FYE 3/23 1st Qtr | 44,929,086 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 Sheet

(Million yen)

| | Previous Fiscal Year (As of March 31, 2023) | First Quarter of Current Fiscal Year (As of June 30, 2023) |
|--|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 21,876 | 18,856 |
| Notes and accounts receivable - trade, and contract assets | 6,467 | 5,313 |
| Securities | 2,000 | 2,000 |
| Other | 5,917 | 1,875 |
| Allowance for doubtful accounts | -277 | -277 |
| Total current assets | 35,983 | 27,767 |
| Non-current assets | | |
| Property, plant and equipment | 619 | 583 |
| Intangible assets | | |
| Software | 4,804 | 5,242 |
| Goodwill | 2,134 | 2,057 |
| Other | 1,098 | 1,010 |
| Total intangible assets | 8,036 | 8,310 |
| Investments and other assets | | |
| Investment securities | 3,765 | 3,590 |
| Shares of subsidiaries and associates | 181 | 479 |
| Other | 3,980 | 4,188 |
| Allowance for doubtful accounts | -599 | -601 |
| Total investments and other assets | 7,328 | 7,656 |
| Total non-current assets | 15,984 | 16,550 |
| Total assets | 51,967 | 44,318 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 962 | 823 |
| Accounts payable - other | 6,204 | 4,534 |
| Income taxes payable | 595 | 347 |
| Provision for bonuses | 1,170 | 628 |
| Provision for directors' bonuses | 47 | 59 |
| Advances received | 4,455 | 5,090 |
| Other | 1,444 | 2,025 |
| Total current liabilities | 14,879 | 13,510 |
| Non-current liabilities | | |
| Retirement benefit liabilities | 130 | 178 |
| Provision for share benefits | 473 | 492 |
| Asset retirement obligations | 207 | 207 |
| Other | 1,151 | 1,303 |
| Total non-current liabilities | 1,962 | 2,181 |
| Total liabilities | 16,841 | 15,691 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,194 | 1,194 |
| Capital surplus | 898 | 899 |
| Retained earnings | 42,529 | 40,059 |
| Treasury shares | -10,880 | -15,006 |
| Total shareholders' equity | 33,742 | 27,147 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 140 | 209 |
| Foreign currency translation adjustment | 853 | 801 |
| Total accumulated other comprehensive income | 993 | 1,011 |
| Subscription rights to shares | 213 | 255 |
| Non-controlling interests | 175 | 211 |
| Total net assets | 35,125 | 28,626 |
| Total liabilities and net assets | 51,967 | 44,318 |

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

Quarterly Consolidated Statements of Income

First Quarter

(Million yen)

| | First Quarter of the Previous Fiscal Year (From April 1, 2022 to June 30, 2022) | First Quarter of the Current Fiscal Year (From April 1, 2023 to June 30, 2023) |
|--|--|---|
| Net sales | 15,791 | 16,499 |
| Cost of sales | 3,778 | 3,560 |
| Gross profit | 12,012 | 12,938 |
| Selling, general and administrative expenses | 10,209 | 12,183 |
| Operating income | 1,802 | 755 |
| Non-operating income | | |
| Interest income | 21 | 51 |
| Share of profit of entities accounted for using | - | 32 |
| Foreign exchange income | 78 | 68 |
| Gain on investments in investment partnerships | 8 | - |
| Other | 4 | 19 |
| Total non-operating income | 112 | 172 |
| Non-operating expenses | | |
| Interest expenses | 6 | 17 |
| Loss on investments in investment partnerships | - | 24 |
| Provision of allowance for doubtful accounts | 1 | - |
| Other | 1 | 1 |
| Total non-operating expenses | 8 | 43 |
| Ordinary income | 1,907 | 883 |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 0 |
| Gain on sales of investment securities | - | 67 |
| Total extraordinary income | - | 67 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 15 |
| Loss on valuation of investment securities | 103 | 6 |
| Total extraordinary losses | 103 | 21 |
| Profit before income taxes | 1,803 | 929 |
| Income taxes-current | 642 | 309 |
| Total income taxes | 642 | 309 |
| Profit | 1,161 | 620 |
| Profit attributable to non-controlling interests | 17 | 34 |
| Profit attributable to owners of parent | 1,144 | 585 |

Quarterly Consolidated Statements of Comprehensive Income

First Quarter

(Million yen)

| | First Quarter of the Previous Fiscal Year (From April 1, 2022 to June 30, 2022) | First Quarter of the Current Fiscal Year (From April 1, 2023 to June 30, 2023) |
|--|--|---|
| Profit | 1,161 | 620 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 111 | 69 |
| Foreign currency translation adjustment | 286 | -49 |
| Total other comprehensive income | 397 | 19 |
| Comprehensive income | 1,558 | 639 |
| (Break down) | | |
| Comprehensive income attributable to owners of parent | 1,508 | 603 |
| Comprehensive income attributable to non-controlling interests | 50 | 35 |

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

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 that significantly lacks reasonableness, the statutory tax rate is adopted.

(Notes on Material Changes in Shareholders' Equity)

In accordance with Article 370 of the Companies Act and Article 25 of the Articles of Incorporation of the Company, the Board of Directors of the Company resolved in writing, effective August 10, 2022, to acquire treasury shares pursuant to Article 156 of the Companies Act, as applied pursuant to Article 165, paragraph 3 of the same Act. As a result, treasury shares increased by 4,130 million yen in the first quarter of the fiscal year under review to 15,006 million yen at the end of the first quarter of the fiscal year under review.

(Segment Information)

[Segment Information]

I First quarter of the previous fiscal year (from April 1, 2022 to June 30, 2022)

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

II First quarter of the fiscal year under review (from April 1, 2023 to June 30, 2023)

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

(Significant subsequent events)

(Transfer of shares of subsidiaries and associates)

The Company decided to transfer the shares of its consolidated subsidiary, Talent Alliance (Beijing) Technology Development Limited, at its board of directors' meeting held on July 24, 2023.

(1) Reason for transfer

The Company invested in Talent Alliance (Beijing) Technology Development Limited (hereinafter, the "Subsidiary") and turned it into a consolidated subsidiary in July 2006. Initially, the Company assumed that the operation of a job vacancy website for the construction and real estate industries in the Chinese market would lead to medium- to long-term contributions to consolidated results and create synergies with the business of the Company. However, due to changes in the business environment, the Company changed its basic strategy for overseas operations and decided to concentrate resources on India and Vietnam, which are expected to achieve remarkable growth from a medium- to long-term viewpoint. Since then, the Company has considered transferring the shares of the Subsidiary.

Recently, the Company decided to transfer all of the Subsidiary's shares held by the Company with the aim of further promoting the selection and concentration of management resources for the Company's group and stabilizing business operations to achieve the five-year mid-term management plan extending through the fiscal year ending in March 2027.

(2) Name of the transferee of the shares

Tao Hui Qiong

(3) Date of transfer of the shares

Date of resolution of the Board of Directors : July 24, 2023

Date of the contract : July 24, 2023

(4) Name of the relevant consolidated subsidiary, and the content of business and transaction

Name : Talent Alliance (Beijing) Technology Development Limited

Content of business : Operation of a job vacancy website

Relationship with the Company : Subsidiary owned 49% by the Company

(5) Shares to be transferred, transfer price, gains and losses on shares, and the percentage of shares after transfer

Shares to be transferred : 49%

Transfer price : 93 million yen

Gains and losses on shares : Being closely examined

Percentage of shares after transfer : -%