

# Financial Results Presentation

**Second Quarter** of Fiscal Year Ended October 2016 (39th Term)

Aim to achieve the record-high sales and profit——

June 2016



TSE, 1st Section (Code: 2301)

## Performance in the second quarter of this fiscal year

### Digest of income statement

	2Q of Fiscal Year 2015	Percentage	2Q of Fiscal Year 2016	Percentage	Year on year
Sales	2,226	100.0%	2,428	100.0%	109.1%
Cost of sales	1,125	50.6%	951	39.2%	84.6%
Gross profit	1,100	49.4%	1,476	60.8%	134.2%
Selling, general and administrative expenses	780	35.1%	929	38.3%	119.1%
Operating income	320	14.4%	547	22.6%	171.0%
Ordinary income	397	17.9%	602	24.8%	151.6%
Quarterly income before income taxes	500	22.5%	617	25.4%	123.4%
Net income this quarter	318	14.3%	406	16.7%	127.6%

(Millions of yen)

Fiscal Year 2016 (forecast)	Percentage
5,200	100.0%
1,917	36.9%
3,283	63.1%
1,978	38.0%
1,305	25.1%
1,400	26.9%
1,400	26.9%
954	18.3%

### Sales of main products

	2Q of Fiscal Year 2015	2Q of Fiscal Year 2016	Year on year	Fiscal Year 2016 (forecast)
Employment Expo	884	1,128	127.5%	2,300
Asagaku Navi	153	262	170.7%	600
Re-Shukatsu	266	316	118.6%	900
Recruitment and Dispatch Business	36	70	194.7%	180
Public-sector products	523	231	44.1%	600

### TOPICS

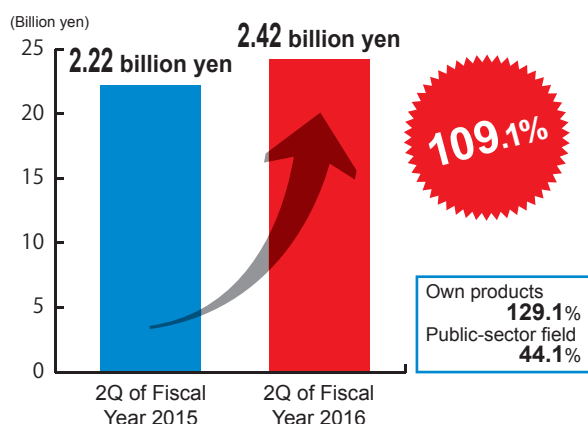
## Cumulative orders at the end of April

are **124.2%** year on year  
(excluding public-sector field)

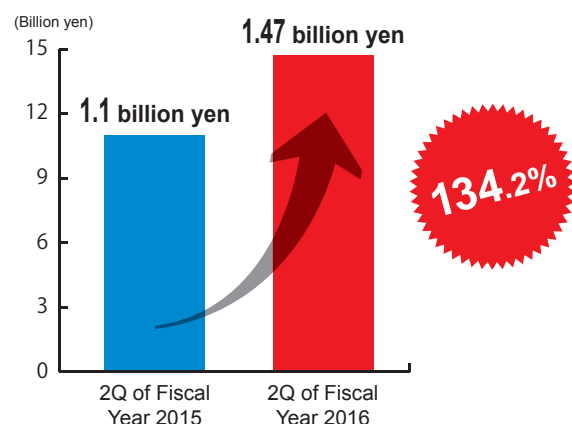
- ◎Identifying the movements of major companies at an earlier stage
- ◎Activation of the companies' movements for additional recruitment after the removal of the ban on June selection

**Both sales and profit exceeded assumptions.  
Sales of our own products were increased 29%, operating income was increased 71%.**

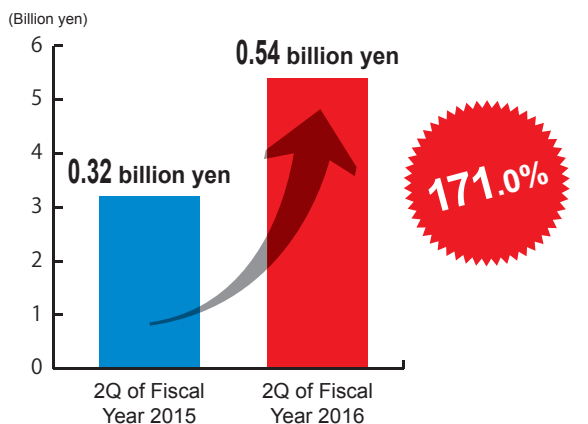
Sales



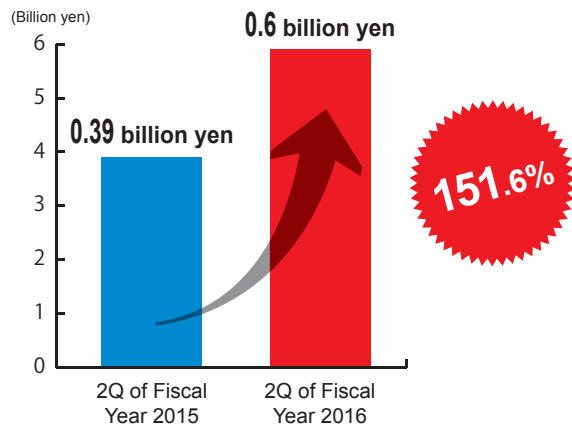
Gross profit



Operating income



Ordinary income



- We enhanced name recognition and product power, and marketing strategies were successful, and sales at Asagaku Navi and Employment Expo increased significantly. Asagaku Navi also contributes significantly to the sales and profits of 3Q.
- SG&A expenses remained as expected with only labor costs increasing. We also have high expectations they will contribute to the performance in the second half with the acquisition of excellent graduate employees.
- The decrease in sales of public-sector products was as expected. There was a shift from the central government to local governments with the gimmick of their “locally created budgets.”
- With increased needs due to another change to the job hunting schedule, orders for 3Q and 4Q have also been steady. The hiring activities of small and medium-sized enterprises are becoming a long-term trend.

# Balance sheet and income statement

GAKUJO Co.,Ltd.

## Quarterly balance sheet

(Thousands of yen)

Item	2Q of Fiscal Year 2015	2Q of Fiscal Year 2016	Ref: Fiscal Year 2015
<b>ASSETS</b>			
Current assets	4,286,350	5,822,472	6,218,513
Fixed assets	5,171,055	4,102,852	3,686,481
Tangible fixed assets	906,471	889,962	898,734
Intangible fixed assets	160,851	198,701	189,260
Investment	4,103,732	3,014,188	2,598,486
<b>Total assets</b>	<b>9,457,406</b>	<b>9,925,325</b>	<b>9,904,995</b>
<b>LIABILITIES</b>			
Current Liabilities	480,467	606,110	705,874
Fixed liabilities	268,761	286,871	297,994
<b>Total liabilities</b>	<b>749,228</b>	<b>892,981</b>	<b>1,003,869</b>
<b>NET ASSETS</b>			
Capital	1,500,000	1,500,000	1,500,000
Capital surplus	3,333,001	3,333,001	3,333,001
Retained earnings	3,885,602	4,350,999	4,128,441
Treasury stock	-104,870	-217,675	-144,719
Total shareholders' equity	8,613,733	8,966,325	8,816,723
Valuation and translation adjustments	75,765	47,339	65,725
Stock acquisition rights	18,678	18,678	18,678
<b>Total net assets</b>	<b>8,708,177</b>	<b>9,032,343</b>	<b>8,901,126</b>
<b>Total liabilities and net assets</b>	<b>9,457,406</b>	<b>9,925,325</b>	<b>9,904,995</b>

## Quarterly income statement

(Thousands of yen)

Item	2Q of Fiscal Year 2015		2Q of Fiscal Year 2016		Year on year (%)	Ref: Fiscal Year 2015
	Amount	Percentage (%)	Amount	Percentage (%)		
Sales	2,226,192	100.0	2,428,771	100.0	109.1	4,660,558
Cost of sales	1,125,408	50.6	951,891	39.2	84.6	1,918,330
Gross profit	1,100,783	49.4	1,476,879	60.8	134.2	2,742,228
Selling, general and administrative expenses	780,403	35.1	929,188	38.3	119.1	1,823,746
Operating income	320,380	14.4	547,691	22.6	171.0	918,481
Non-operating income	82,727	3.7	59,674	2.5	72.1	139,083
Non-operating expenses	5,672	0.3	4,988	0.2	87.9	10,285
Ordinary income	397,435	17.9	602,377	24.8	151.6	1,047,279
Extraordinary income	102,798	4.6	14,749	0.6	14.3	102,798
Extraordinary loss	—	—	—	—	—	—
Quarterly income before income taxes	500,234	22.5	617,127	25.4	123.4	1,150,078
Total income taxes	181,957	8.2	211,114	8.7	116.0	405,027
Quarterly net income	318,277	14.3	406,013	16.7	127.6	745,051

## Analysis of financial data

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Net assets per share (yen)	403.77	493.73	581.01
Net profit per share (yen)	18.75	51.63	50.93
Capital adequacy ratio (%)	88.5	85.5	89.7
Current ratio (%)	503.8	582.1	880.97
ROE (Return on Equity) (%)	4.7	11.2	9.6
ROA (Return on Assets) (%)	6.7	15.1	11.9
PER (Price-Earnings Ratio) (times)	49.5	20.2	21.0

(Ref.) Share price at end of term: Oct. 31, 2013 = 927 yen; Oct. 31, 2014 = 1,045 yen; Oct. 31, 2015 = 1,072 yen

## Sales and gross profit by product

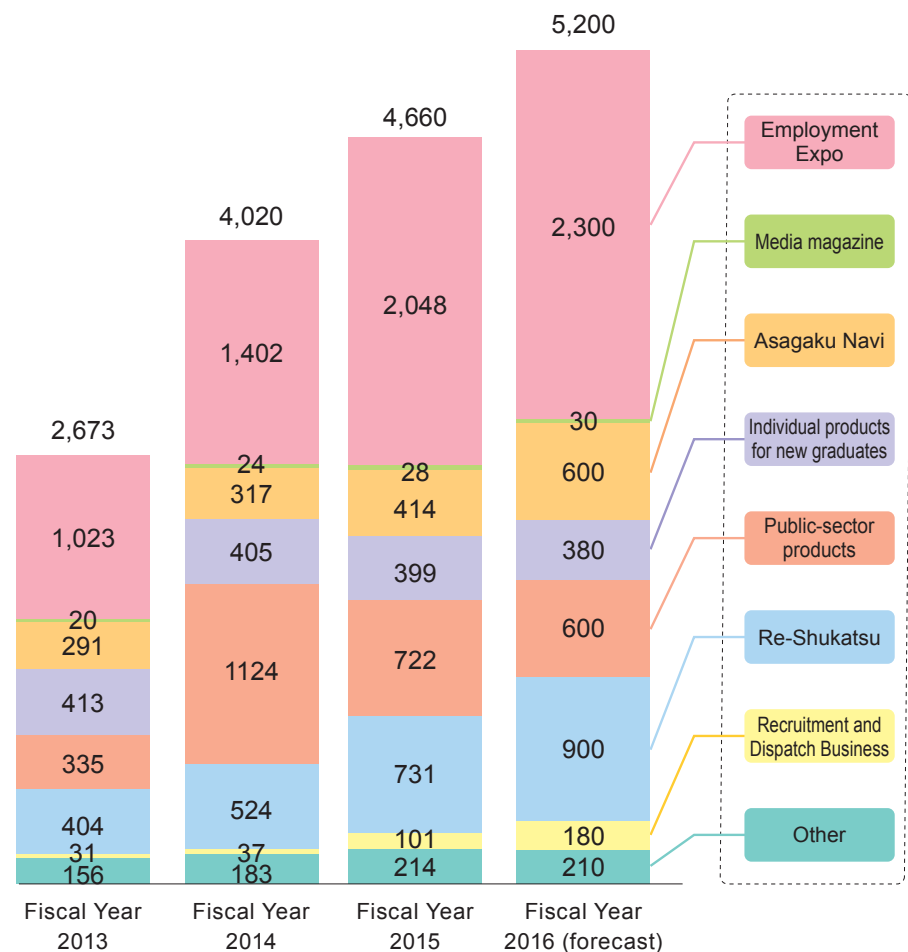
2Q of Fiscal Year 2016

(Millions of yen)

		2Q of Fiscal Year 2015	2Q of Fiscal Year 2016	Year on year
<b>Total for 2Q of Fiscal Year 2016</b>	Sales	<b>2,226</b>	<b>2,428</b>	<b>109.1%</b>
	Gross profit	<b>1,100</b>	<b>1,476</b>	<b>134.2%</b>
Employment Expo	Sales	884	1,128	127.5%
Media magazine	Sales	22	24	110.8%
Asagaku Navi	Sales	153	262	170.7%
Individual products for new graduates	Sales	233	275	118.1%
Public-sector products	Sales	523	231	44.1%
Re-Shukatsu	Sales	266	316	118.6%
Recruitment and Dispatch Business	Sales	36	70	194.7%
Other	Sales	106	120	113.8%

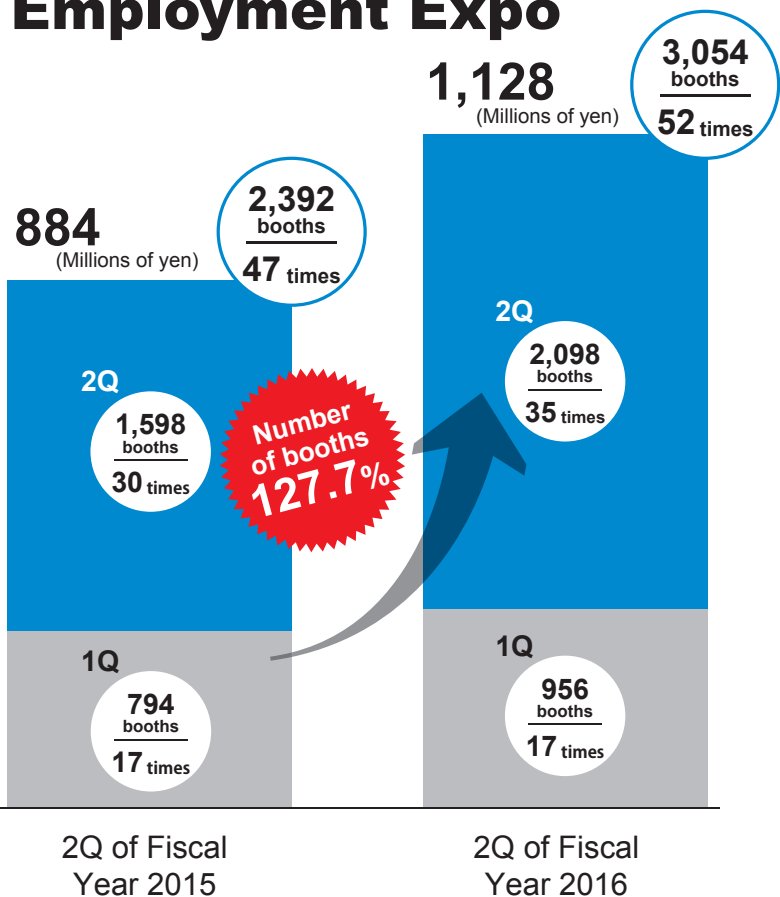
Ref: Sales by product for the full year

(Millions of yen)



Further wage increase after the start of 2Q. Number of times of selling out is also currently increasing.

# 就職博® Employment Expo



**TOPICS**  
 July 19 and 20  
 Decision to hold  
 “Supporting Kumamoto and Oita  
 Charity Employment Expo  
 in Fukuoka”  
 We will donate part of the  
 revenue to the affected areas

- No. of times we sold out in the year

As of end of April last year	23 times
As of end of April this year	25 times

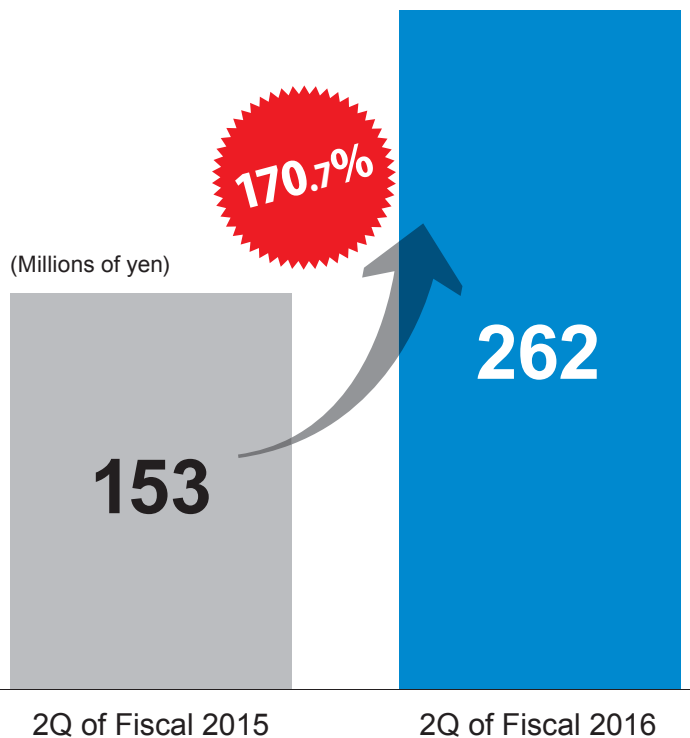
(including the events to be held in future)
- Number of times of holding event

Fiscal Year 2015	90 times
Fiscal Year 2016	108 times

Decided to hold an extra 6 times compared with the plan at the start of the term

With enhanced name recognition and improved performance, steady results since the grand opening in March. It will also contribute to the 3Q performance.

Employment info website shown in the Asahi Shimbun



Moves due to divisional recording processing contributed greatly to 3Q sales and profits.

With the shift to a system that evaluates sales strategy and sales employees, we saw a large increase in sales in March and April.

- Feature 1 We have greatly differentiated our site from others, eliminating bulk entry of players.
- Feature 2 Showing on a balloon information that makes employers feel "I want to meet this job seeker."
- Feature 3 Unique search leads: "level of expectation for growth."
- Feature 4 Further strengthening the linkage with the event. "Realizing matching with a high degree of aspiration."



Highly rated by both universities and companies

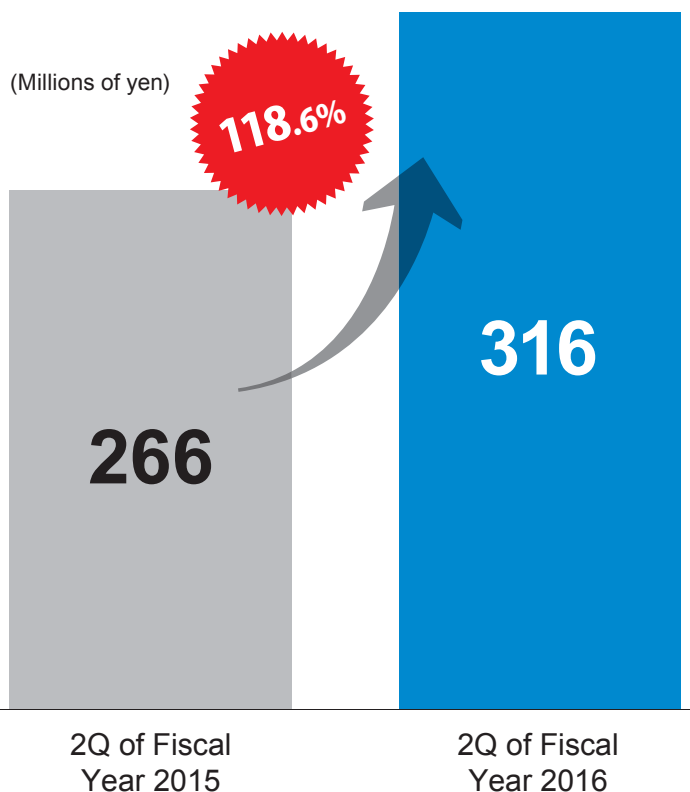


Ongoing needs, with strong demand to employ young people and increasing difficulty of employing new graduates. In 3Q and 4Q, we will further strengthen and concentrate sales activities to increase sales.

Site to support those **in their 20s** who are trying to find employment or change their career

# Re就活®

## Re-Shukatsu



POINT

Following on from Asagaku Navi 2017, we introduced a recommendation-type matching system that uses artificial intelligence (AI). It is producing good results.

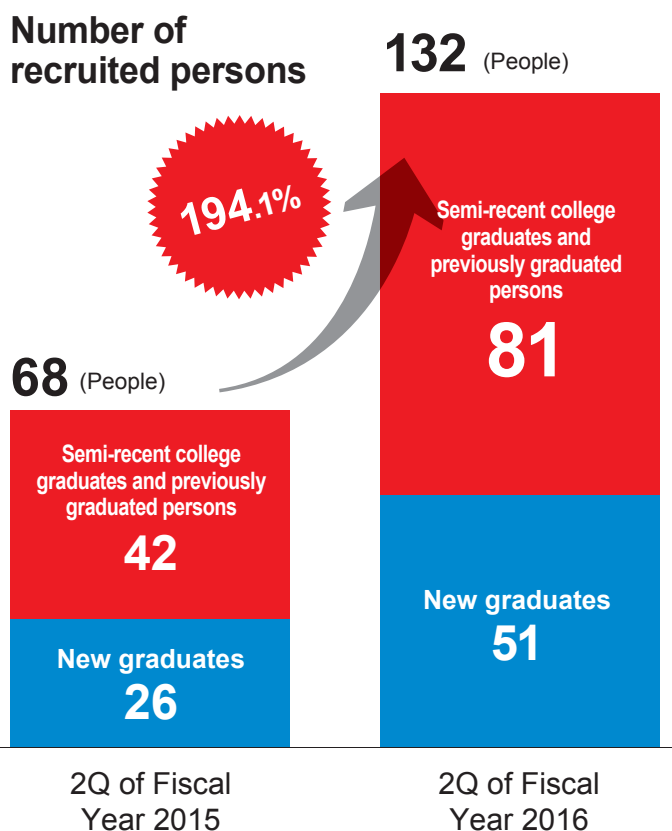
- Needs are continuing to grow due to difficulty of employing new graduates in 2016 and 2017.





Good performance for both new graduates and previously graduated persons.  
 With the number of personnel, we are aiming for a further wage increase in 3Q and 4Q.

# Recruitment Business



POINT

Fully utilizing a function in “Asagaku Navi” that lets people register their desire to be recruited!  
 Aiming for a further wage increase for those who are newly hired.

- By focusing on recruitment projects, further improve the profit rate.
- Further enhance the operating staff  
 End of previous term 10 people → Currently 13 people [Tokyo 7, Osaka 6]



Started to offer the website in English, and also increased the number of staff.

Released the English version on March 14!

# あさがくナビ インターン・ジョブズ® Intern Jobs

**Asagaku Navi** Intern Jobs

- We have been increasing the number of staff since the start of this term. Currently enhancing the sales structure.

End of previous term 5 people → Currently 8 people

Companies listed and companies we plan to list (sample)

SoftBank, Mitsubishi Electric, HIS, DMG MORI SEIKI Co., Ltd., AOKI, Asahi Broadcasting Corporation, Hanshin Electric Railway Co., Ltd., Kansai Telecasting Corporation, Sun Corporation, Organization for Economic Co-operation and Development (OECD), United Nations Development Programme (UNDP), International Monetary Fund (IMF), Save the Children Japan, JGC Corporation, Societe Generale Securities, UBS Securities, United Nations Industrial Development Organization (UNIDO), Médecins du Monde, Maker's Shirt Kamakura  
...And others, the number is currently expanding



▲Médecins du Monde



▲Save the Children Japan



▲UBS Securities



▲Societe Generale Securities



▲United Nations Industrial Development Organization (UNIDO)



▲Maker's Shirt Kamakura

- **Activation of companies' movements for additional recruitment**

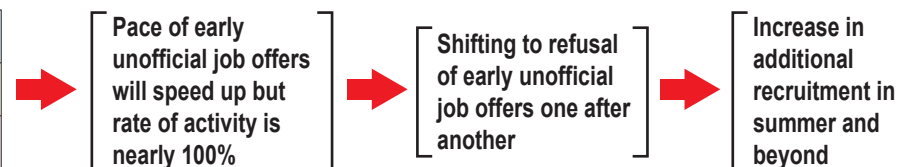
Needs for re-employment will concentrate around the removal of the ban on June selection. The Employment Expos to be held between May to July have already sold out **13 times** (7 times in the same period of last year)

➔ **The Third Wave** from August onward

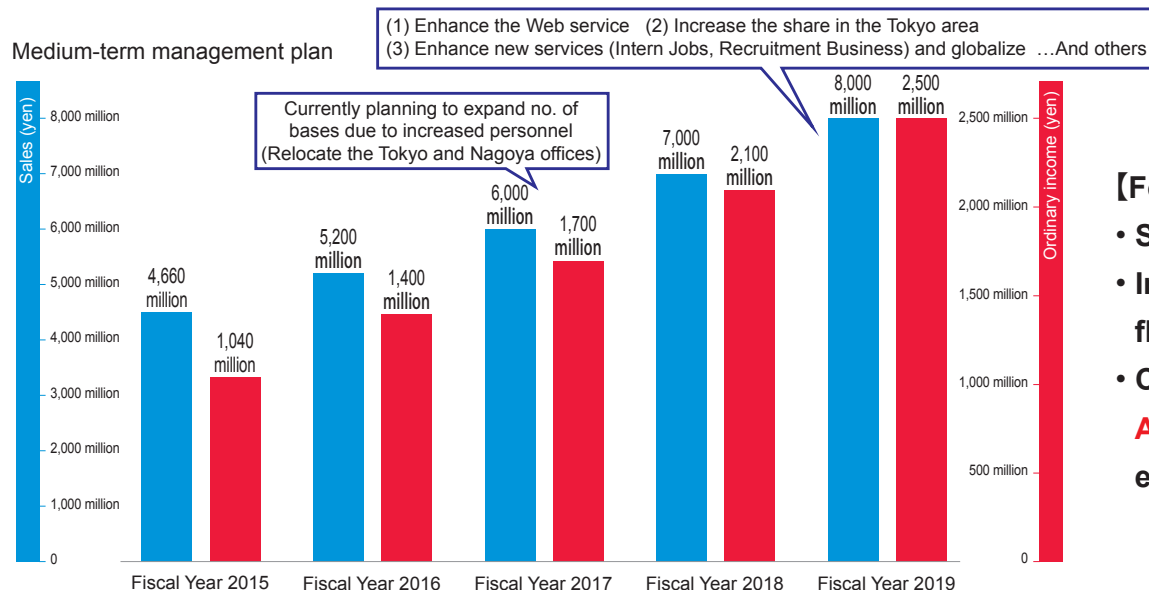
➔ Proposal for replenishment at **Re就活®** (Re-Shukatsu) and Recruitment Business

- **From an early stage, concentration of job offers will intensify. Hiring activities of small and medium-sized enterprises is after all becoming a long-term trend.** Status of early unofficial job offers (published by the Company on May 20)

National and public	Humanities	Rate of early unofficial job offers	27.0% (Last year 19.1%)	Rate of those continuing with activities	95.6%
Private	Humanities	Rate of early unofficial job offers	29.9% (Last year 17.3%)	Rate of those continuing with activities	94.6%
National, public, and private	Science	Rate of early unofficial job offers	28.8% (Last year 25.2%)	Rate of those continuing with activities	92.7%



- **Gimmicks toward 8 billion after 3 years will also steadily make progress**



**【For the next term】**

- **Strengthen the Intern Jobs and Recruitment Business.**
- **Improve the sales force and productivity by increasing the floor space at bases (Tokyo, Nagoya)**
- **Continue to acquire talented employees (new graduates in April 33 people (last year 27)) and enhance their skills at an early stage.**

## Business domains

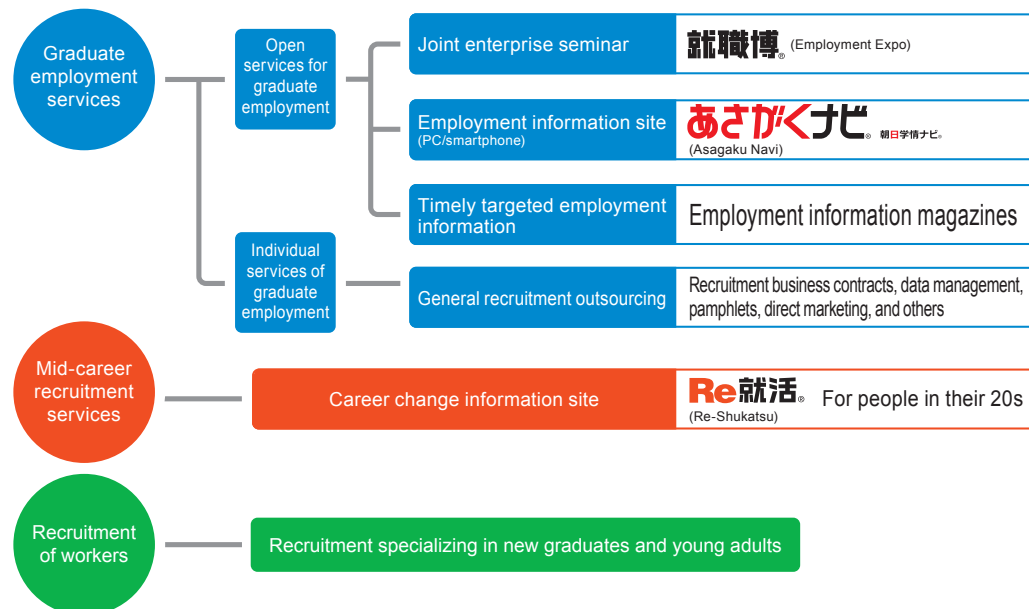
### Gakujo's Strong Points

- Entered into a capital and business tie-up agreement with the Asahi Shimbun and Asahi Gakusei Shinbunsha
- No.1 specialist in employment information for new graduates
- No.1 Internet information service for those in their 20s who are trying to find employment or change their career
- Possession of data on more than 400,000 new graduates on a yearly basis
- Wide range of corporate customers numbering approximately 3,000
- Good reliability due to acquisition of Privacy Mark ahead of competitors in same industry
- Unique ability to develop products such as **あさかくナビ** (Asagaku Navi), **Re就活** (Re-Shukatsu), **就職博** (Employment Expo), **excellence** (excellence) and **インターン・ジョブズ** (Intern Jobs)
- Steady management attaching importance to cash flow
- Wide-ranging results in the fields of development of public human resources and employment support  
Ministry of Economy, Trade and Industry; Ministry of Agriculture, Forestry and Fisheries; Ministry of Education; Cabinet Office; Small and Medium Enterprise Agency; Tokyo's three bar associations; Tokyo City; Osaka City ...And others
- Creditworthiness ensured with support from Asahi Broadcasting Corporation and Sky-A

Renewed 9 times most in the industry



### Employment Information Business



## Corporate outline and history

### Corporate Outline

Name of corporation: GAKUJO Co., Ltd.  
 Established: November 1977  
 CEO: Kiyokazu Nakai  
 Capital: 1,500,000,000 yen  
 Number of employees: 238 \*Including 230 regular employees (as of April 30, 2016)  
 Offices: Osaka, Tokyo, Nagoya, Kyoto and Fukuoka

### History

- November 1977 Established "Mitaka Kikaku (predecessor of GAKUJO)" in Kita-ku, Osaka.
- March 1983 Support was obtained from Asahi Broadcasting Corporation in the Employment Information Division.
- August 1989 The Tokyo Branch was established in Chuo-ku, Tokyo.
- October 1990 The Nagoya Branch was established in Naka-ku, Nagoya.
- November 1998 Authorized by the Japan Information Processing Development Center under the control of the Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry) to use the "Privacy Mark."
- July 1999 Authorized as a private employment agency by the Ministry of Labour (now Ministry of Health, Labour and Welfare).
- April 2000 Trade name was changed to "GAKUJO, Co., Ltd."
- May 2002 GAKUJO was listed on JASDAQ Market.
- August 2002 Authorized as a temporary-employment agency by the Ministry of Health, Labour and Welfare. Head office building was constructed at Umeda 2-chome, Kita-ku, Osaka.
- November 2003 The Tokyo Headquarters moved to Yurakucho, Chiyoda-ku, Tokyo.
- July 2004 The Kyoto Branch was established in Shimogyo-ku, Kyoto.
- February 2005 Moved the Nagoya Branch Office to Sakae, Naka-ku, Nagoya.
- September 2005 Listed on the Second Section of the Tokyo Stock Exchange.
- October 2006 Listed on the First Section of the Tokyo Stock Exchange.
- April 2010 Moved the Tokyo Headquarters to Akasaka, Minato-ku, Tokyo.
- July 2011 Joined the Japan Business Federation.
- March 2012 Moved the Nagoya Branch Office to Shinsakae-machi, Naka-ku, Nagoya.
- January 2013 Entered into a capital and business tie-up agreement with the Asahi Shimbun and Asahi Gakusei Shinbunsha.
- November 2013 Opened the Fukuoka Sales Office in Hakata-ku, Fukuoka.
- March 2014 Moved the Tokyo Headquarters to Toranomon, Minato-ku, Tokyo.
- May 2015 Hands-on internship matching service  
Start of distributing "Asagaku Navi Intern Jobs"
- March 2016 Start of distributing English version of "Asagaku Navi Intern Jobs"



▲ Osaka Headquarters (Umeda, Kita-ku, Osaka)



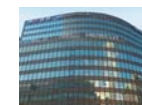
▲ Nagoya Branch Office (Shinsakae-machi, Naka-ku, Nagoya)



▲ Kyoto Branch Office (Shimogyo-ku, Kyoto)



▲ Tokyo Head Office (Toranomon, Minato-ku)



▲ Fukuoka Sales Office (Hakata-ku, Fukuoka)

### Dividends

Settlement period	Interim dividend (yen)	Year-end dividend (yen)	Annual dividend (yen)	Dividend payout ratio (%)
Fiscal Year 2012	5	5	10	133.4
Fiscal Year 2013	5	5	10	53.3
Fiscal Year 2014	5	11	16	31.0
Fiscal Year 2015	12	12	24	47.1
Fiscal Year 2016 (forecast)	14	14	28	44.9