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On **July 5, 2018**, Creek & River Co., Ltd. announced earnings results for Q1 FY02/19.

| Cumulative (JPYmn) | FY02/18 | | | | FY02/19 | | | | FY02/19 | | FY02/19 | |
|-----------------------|---------|--------|--------|--------|---------|----|----|----|---------|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | % of 1H | 1H Est. | % of FY | FY Est. |
| Sales | 7,686 | 14,179 | 20,296 | 26,709 | 7,367 | | | | 51.2% | 14,400 | 25.0% | 29,500 |
| YoY | 17.5% | 6.8% | 1.4% | 0.5% | -4.1% | | | | 1.6% | | | 10.5% |
| Gross profit | 2,860 | 5,464 | 7,811 | 10,168 | 3,087 | | | | | | | |
| YoY | 19.8% | 13.8% | 10.6% | 10.1% | 7.9% | | | | | | | |
| GPM | 37.2% | 38.5% | 38.5% | 38.1% | 41.9% | | | | | | | |
| SG&A expenses | 2,099 | 4,219 | 6,324 | 8,361 | 2,313 | | | | | | | |
| YoY | 8.6% | 11.4% | 10.8% | 9.7% | 10.2% | | | | | | | |
| SG&A ratio | 27.3% | 29.8% | 31.2% | 31.3% | 31.4% | | | | | | | |
| Operating profit | 761 | 1,246 | 1,487 | 1,806 | 774 | | | | 61.9% | 1,250 | 39.7% | 1,950 |
| YoY | 67.6% | 23.1% | 10.2% | 12.2% | 1.7% | | | | | 0.3% | | 8.0% |
| OPM | 9.9% | 8.8% | 7.3% | 6.8% | 10.5% | | | | | 8.7% | | 6.6% |
| Recurring profit | 766 | 1,254 | 1,483 | 1,825 | 770 | | | | 61.6% | 1,250 | 39.5% | 1,950 |
| YoY | 80.6% | 32.4% | 18.2% | 23.5% | 0.6% | | | | | -0.4% | | 6.9% |
| RPM | 10.0% | 8.8% | 7.3% | 6.8% | 10.5% | | | | | 8.7% | | 6.6% |
| Net income | 460 | 734 | 869 | 1,104 | 455 | | | | 60.6% | 750 | 39.5% | 1,150 |
| YoY | 103.0% | 40.3% | 21.3% | 23.7% | -1.1% | | | | | 2.2% | | 4.2% |
| Net margin | 6.0% | 5.2% | 4.3% | 4.1% | 6.2% | | | | | 5.2% | | 3.9% |

| Quarterly (JPYmn) | FY02/18 | | | | FY02/19 | | | |
|----------------------|---------|--------|--------|-------|---------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | 7,686 | 6,494 | 6,116 | 6,413 | 7,367 | | | |
| YoY | 17.5% | -3.6% | -9.2% | -2.3% | -4.1% | | | |
| Gross profit | 2,860 | 2,604 | 2,347 | 2,356 | 3,087 | | | |
| YoY | 19.8% | 7.9% | 3.9% | 8.4% | 7.9% | | | |
| GPM | 37.2% | 40.1% | 38.4% | 36.7% | 41.9% | | | |
| SG&A expenses | 2,099 | 2,119 | 2,106 | 2,037 | 2,313 | | | |
| YoY | 8.6% | 14.2% | 9.6% | 6.4% | 10.2% | | | |
| SG&A ratio | 27.3% | 32.6% | 34.4% | 31.8% | 31.4% | | | |
| Operating profit | 761 | 485 | 241 | 319 | 774 | | | |
| YoY | 67.6% | -13.1% | -28.6% | 22.6% | 1.7% | | | |
| OPM | 9.9% | 7.5% | 3.9% | 5.0% | 10.5% | | | |
| Recurring profit | 766 | 489 | 229 | 342 | 770 | | | |
| YoY | 80.6% | -6.6% | -25.6% | 52.9% | 0.6% | | | |
| RPM | 10.0% | 7.5% | 3.7% | 5.3% | 10.5% | | | |
| Net income | 460 | 274 | 135 | 235 | 455 | | | |
| YoY | 103.0% | -7.6% | -30.0% | 33.2% | -1.1% | | | |
| Net margin | 6.0% | 4.2% | 2.2% | 3.7% | 6.2% | | | |

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net income refers to net income attributable to parent company shareholders.

Quarterly performance by segment (cumulative)

| Cumulative (JPYmm) | FY02/18 | | | | FY02/19 | | | |
|--------------------------------------|---------|--------|--------|--------|---------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | 7,686 | 14,179 | 20,296 | 26,709 | 7,367 | | | |
| YoY | 17.5% | 6.8% | 1.4% | 0.5% | -4.1% | | | |
| Creative and Technical (Japan) | 4,828 | 9,385 | 14,090 | 19,102 | 5,303 | | | |
| YoY | 23.6% | 16.8% | 11.3% | 11.8% | 9.8% | | | |
| Creative and Technical (South Korea) | 985 | 985 | 986 | 986 | 0 | | | |
| YoY | 23.2% | -38.8% | -59.5% | -70.1% | - | | | |
| Medical Staffing | 1,144 | 2,307 | 2,930 | 3,558 | 1,182 | | | |
| YoY | 6.0% | 6.4% | 6.1% | 7.5% | 3.3% | | | |
| Medical Staffing | 443 | | | | 493 | | | |
| YoY | - | | | | 11.2% | | | |
| Others | 324 | | | | 442 | | | |
| YoY | - | | | | 36.5% | | | |
| Eliminations, company-wide | -38 | | | | -53 | | | |
| Operating profit | 761 | 1,246 | 1,487 | 1,806 | 774 | | | |
| YoY | 67.6% | 23.1% | 10.2% | 12.2% | 1.7% | | | |
| Creative and Technical (Japan) | 367 | 539 | 821 | 1,155 | 414 | | | |
| YoY | 120.4% | 25.3% | 1.5% | 6.7% | 12.8% | | | |
| Creative and Technical (South Korea) | 7 | 5 | 5 | 3 | -6 | | | |
| YoY | - | - | -55.8% | -85.0% | - | | | |
| Medical Staffing | 379 | 666 | 582 | 575 | 365 | | | |
| YoY | 37.4% | 21.3% | 20.2% | 32.8% | -3.9% | | | |
| Medical Staffing | 34 | | | | 40 | | | |
| YoY | - | | | | 17.7% | | | |
| Others | -25 | | | | -29 | | | |
| YoY | - | | | | - | | | |
| Eliminations, company-wide | -1 | | | | -10 | | | |
| Recurring profit | 766 | 1,254 | 1,483 | 1,825 | 770 | | | |
| YoY | 80.6% | 32.4% | 18.2% | 23.5% | 0.6% | | | |
| Net income | 460 | 734 | 869 | 1,104 | 455 | | | |
| YoY | 103.0% | 40.3% | 21.3% | 23.7% | -1.1% | | | |
| Quarterly performance (JPYmm) | FY02/18 | | | | FY02/19 | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | 7,686 | 6,494 | 6,116 | 6,413 | 7,367 | | | |
| YoY | 17.5% | -3.6% | -9.2% | -2.3% | -4.1% | | | |
| Creative and Technical (Japan) | 4,828 | 4,557 | 4,705 | 5,012 | 5,303 | | | |
| YoY | 23.6% | 10.4% | 1.6% | 13.3% | 9.8% | | | |
| Creative and Technical (South Korea) | 985 | 0 | 0 | 0 | 0 | | | |
| YoY | 23.2% | - | - | - | - | | | |
| Medical Staffing | 1,144 | 1,163 | 623 | 628 | 1,182 | | | |
| YoY | 6.0% | 6.7% | 5.2% | 14.2% | 3.3% | | | |
| Medical Staffing | 443 | | | | 493 | | | |
| YoY | - | | | | 11.2% | | | |
| Others | 324 | | | | 442 | | | |
| YoY | - | | | | 36.5% | | | |
| Eliminations, company-wide | -38 | | | | -53 | | | |
| Operating profit | 761 | 485 | 241 | 319 | 774 | | | |
| YoY | 67.6% | 7.9% | 134.6% | 90.7% | 1.7% | | | |
| Creative and Technical (Japan) | 367 | 172 | 281 | 335 | 414 | | | |
| YoY | 120.4% | -34.7% | -25.6% | 21.9% | 12.8% | | | |
| Creative and Technical (South Korea) | 7 | -2 | -1 | -2 | -6 | | | |
| YoY | - | - | - | - | - | | | |
| Medical Staffing | 379 | 287 | -85 | -6 | 365 | | | |
| YoY | 37.4% | 5.0% | - | - | -3.9% | | | |
| Medical Staffing | 34 | | | | 40 | | | |
| YoY | - | | | | 17.7% | | | |
| Others | -25 | | | | -29 | | | |
| YoY | - | | | | 13.7% | | | |
| Eliminations, company-wide | -1 | | | | -10 | | | |
| Recurring profit | 766 | 489 | 229 | 342 | 770 | | | |
| YoY | 80.6% | -6.6% | -25.6% | 52.9% | 0.6% | | | |
| Net income | 460 | 274 | 135 | 235 | 455 | | | |
| YoY | 103.0% | -7.6% | -30.0% | 33.2% | -1.1% | | | |

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net income refers to net income attributable to parent company shareholders.

Note: YoY figures above 1,000% are displayed as "-".

Note: From Q1 FY02/19, the accounting and legal businesses which had been included in the Others segment became an independent reporting segment.

Performance of Creative and Technical (Japan) by business field

| Creative and Technical (Japan) | | FY02/18 | | | | FY02/19 | | | |
|-----------------------------------|--|---------|-------|--------|--------|---------|----|----|----|
| Cumulative (JPYmn) | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | | 4,828 | 9,385 | 14,090 | 19,102 | 5,303 | | | |
| YoY | | 23.6% | 16.8% | 11.3% | 11.8% | 9.8% | | | |
| Video-related work (TV and movie) | | 1,497 | 2,815 | 4,227 | 5,539 | | | | |
| YoY | | 23.6% | 16.8% | 15.1% | 11.8% | | | | |
| % of sales | | 31.0% | 30.0% | 30.0% | 29.0% | | | | |
| Game | | 1,448 | 2,815 | 4,368 | 5,921 | | | | |
| YoY | | 27.9% | 20.8% | 23.2% | 19.5% | | | | |
| % of sales | | 30.0% | 30.0% | 31.0% | 31.0% | | | | |
| Online and paper media | | 1,545 | 3,003 | 4,227 | 5,730 | | | | |
| YoY | | 19.9% | 9.9% | 4.3% | 4.8% | | | | |
| % of sales | | 32.0% | 32.0% | 30.0% | 30.0% | | | | |
| ebook and YouTube | | 241 | 563 | 845 | 1,146 | | | | |
| YoY | | 23.6% | 16.8% | -25.8% | -16.2% | | | | |
| % of sales | | 5.0% | 6.0% | 6.0% | 6.0% | | | | |
| Operating profit | | 367 | 539 | 821 | 1,155 | 414 | | | |
| YoY | | 120.4% | 25.3% | 1.5% | 6.7% | 12.8% | | | |
| Video-related work (TV and movie) | | 161 | 221 | 271 | 323 | | | | |
| YoY | | 56.4% | 14.2% | -4.3% | -17.0% | | | | |
| OPM | | 10.8% | 7.9% | 6.4% | 5.8% | | | | |
| % of operating profit | | 44.0% | 41.0% | 33.0% | 28.0% | | | | |
| Game | | 165 | 302 | 492 | 693 | | | | |
| YoY | | 77.1% | 46.2% | 29.6% | 25.5% | | | | |
| OPM | | 11.4% | 10.7% | 11.3% | 11.7% | | | | |
| % of operating profit | | 45.0% | 56.0% | 60.0% | 60.0% | | | | |
| Online and paper media | | 132 | 216 | 263 | 335 | | | | |
| YoY | | 103.5% | 6.6% | -4.5% | -14.1% | | | | |
| OPM | | 8.6% | 7.2% | 6.2% | 5.8% | | | | |
| % of operating profit | | 36.0% | 40.0% | 32.0% | 29.0% | | | | |
| ebook and YouTube | | 2 | 27 | 66 | 92 | | | | |
| YoY | | - | - | 1.5% | 70.7% | | | | |
| OPM | | 0.8% | 4.8% | 7.8% | 8.1% | | | | |
| % of operating profit | | 0.5% | 5.0% | 8.0% | 8.0% | | | | |

| Creative and Technical (Japan) | | FY02/18 | | | | FY02/19 | | | |
|-----------------------------------|--|---------|--------|--------|--------|---------|----|----|----|
| Cumulative (JPYmn) | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | | 4,828 | 4,557 | 4,705 | 5,012 | 5,303 | | | |
| YoY | | 23.6% | 10.4% | 23.8% | 32.1% | 9.8% | | | |
| Video-related work (TV and movie) | | 1,497 | 1,319 | 1,412 | 1,313 | | | | |
| YoY | | 23.6% | 9.9% | 11.8% | 2.3% | | | | |
| % of sales | | 31.0% | 28.9% | 30.0% | 26.2% | | | | |
| Game | | 1,448 | 1,367 | 1,552 | 1,554 | | | | |
| YoY | | 27.9% | 14.2% | 27.7% | 10.2% | | | | |
| % of sales | | 30.0% | 30.0% | 33.0% | 31.0% | | | | |
| Online and paper media | | 1,545 | 1,458 | 1,224 | 1,504 | | | | |
| YoY | | 19.9% | 1.1% | -7.3% | 6.2% | | | | |
| % of sales | | 32.0% | 32.0% | 26.0% | 30.0% | | | | |
| ebook and YouTube | | 241 | 322 | 282 | 301 | | | | |
| YoY | | 23.6% | 12.2% | -57.1% | 32.3% | | | | |
| % of sales | | 5.0% | 7.1% | 6.0% | 6.0% | | | | |
| Operating profit | | 367 | 172 | 281 | 335 | 414 | | | |
| YoY | | 120.4% | -34.7% | 82.1% | 124.1% | 12.8% | | | |
| Video-related work (TV and movie) | | 161 | 60 | 50 | 53 | | | | |
| YoY | | 56.4% | -34.1% | -44.3% | -50.7% | | | | |
| OPM | | 10.8% | 4.5% | 3.5% | 4.0% | | | | |
| % of operating profit | | 44.0% | 34.6% | 17.7% | 15.7% | | | | |
| Game | | 165 | 137 | 190 | 201 | | | | |
| YoY | | 77.1% | 20.7% | 9.8% | 16.5% | | | | |
| OPM | | 11.4% | 10.0% | 12.3% | 12.9% | | | | |
| % of operating profit | | 45.0% | 79.4% | 67.7% | 60.0% | | | | |
| Online and paper media | | 132 | 84 | 47 | 72 | | | | |
| YoY | | 103.5% | -39.1% | -35.4% | -37.0% | | | | |
| OPM | | 8.6% | 5.7% | 3.8% | 4.8% | | | | |
| % of operating profit | | 36.0% | 48.5% | 16.7% | 21.6% | | | | |
| ebook and YouTube | | 2 | 25 | 39 | 27 | | | | |
| YoY | | - | - | -59.2% | - | | | | |
| OPM | | 0.8% | 7.8% | 13.7% | 8.9% | | | | |
| % of operating profit | | 0.5% | 14.6% | 13.8% | 8.0% | | | | |

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Sales and operating profit by business area are calculated by Shared Research based on percentage breakdown disclosed by the company.

Cumulative results by business

| Cumulative (JPYmm) | FY02/18 | | | | FY02/19 | | | |
|-----------------------------------|---------|--------|--------|--------|---------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | 7,686 | 14,179 | 20,296 | 26,709 | 7,367 | | | |
| YoY | 17.5% | 6.8% | 1.4% | 7.2% | -4.1% | | | |
| Video-related work (TV and movie) | 1,368 | 2,566 | 4,161 | 5,529 | | | | |
| YoY | - | 6.2% | 13.6% | 10.6% | | | | |
| Game | 1,553 | 3,077 | 4,323 | 5,929 | | | | |
| YoY | - | 33.9% | 20.0% | 19.3% | | | | |
| Online and paper media | 1,537 | 2,935 | 4,303 | 5,742 | | | | |
| YoY | - | 7.3% | 5.4% | 5.9% | | | | |
| Medical | 1,145 | 2,297 | 2,902 | 3,526 | | | | |
| YoY | - | 6.1% | 5.1% | 6.1% | | | | |
| Accounting | 400 | 808 | 1,218 | 1,603 | | | | |
| YoY | - | 10.7% | 10.6% | 7.7% | | | | |
| Operating profit | 761 | 1,246 | 1,487 | 1,806 | 774 | | | |
| YoY | 67.6% | 23.1% | 10.2% | 53.4% | 1.7% | | | |
| Video-related work (TV and movie) | 161 | 222 | 274 | 325 | | | | |
| YoY | - | 15.4% | -3.5% | -16.9% | | | | |
| OPM | 11.7% | 8.6% | 6.6% | 5.9% | | | | |
| Game | 167 | 304 | 489 | 695 | | | | |
| YoY | - | 48.0% | 28.5% | 24.5% | | | | |
| OPM | 10.8% | 9.9% | 11.3% | 11.7% | | | | |
| Online and paper media | 131 | 216 | 259 | 329 | | | | |
| YoY | - | 6.5% | -6.9% | -16.7% | | | | |
| OPM | 8.5% | 7.3% | 6.0% | 5.7% | | | | |
| Medical | 379 | 666 | 577 | 571 | | | | |
| YoY | - | 21.3% | 19.1% | 31.8% | | | | |
| OPM | 33.1% | 29.0% | 19.9% | 16.2% | | | | |
| Accounting | 27 | 49 | 92 | 112 | | | | |
| YoY | - | 37.2% | 26.5% | 10.4% | | | | |
| OPM | 6.7% | 6.0% | 7.6% | 7.0% | | | | |
| Legal | 7 | 25 | 28 | 34 | | | | |
| YoY | - | 23.1% | 4.7% | -26.5% | | | | |
| Quarterly (JPYmm) | FY02/18 | | | | FY02/19 | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Sales | 7,686 | 6,494 | 6,116 | 6,413 | 7,367 | | | |
| YoY | 17.5% | -3.6% | -9.2% | 1.3% | -4.1% | | | |
| Video-related work (TV and movie) | 1,368 | 1,198 | 1,594 | 1,368 | | | | |
| YoY | - | - | 27.9% | 2.5% | | | | |
| Game | 1,553 | 1,524 | 1,246 | 1,606 | | | | |
| YoY | - | - | -4.6% | 17.4% | | | | |
| Online and paper media | 1,537 | 1,398 | 1,368 | 1,440 | | | | |
| YoY | - | - | 1.5% | 7.5% | | | | |
| Medical | 1,145 | 1,152 | 605 | 623 | | | | |
| YoY | - | - | 1.2% | 11.2% | | | | |
| Accounting | 400 | 409 | 410 | 385 | | | | |
| YoY | - | - | 10.5% | -0.8% | | | | |
| Operating profit | 761 | 485 | 241 | 319 | 774 | | | |
| YoY | 67.6% | -13.1% | -28.6% | 90.7% | 1.7% | | | |
| Video-related work (TV and movie) | 161 | 61 | 52 | 52 | | | | |
| YoY | - | - | -43.1% | -52.2% | | | | |
| OPM | 11.7% | 5.1% | 3.3% | 3.8% | | | | |
| Game | 167 | 137 | 185 | 206 | | | | |
| YoY | - | - | 5.7% | 15.8% | | | | |
| OPM | 10.8% | 9.0% | 14.9% | 12.8% | | | | |
| Online and paper media | 131 | 85 | 43 | 70 | | | | |
| YoY | - | - | -42.9% | -39.9% | | | | |
| OPM | 8.5% | 6.1% | 3.2% | 4.9% | | | | |
| Medical | 379 | 287 | -90 | -6 | | | | |
| YoY | - | - | 38.1% | -87.9% | | | | |
| OPM | 33.1% | 25.0% | - | - | | | | |
| Accounting | 27 | 22 | 44 | 20 | | | | |
| YoY | - | - | 16.4% | -30.7% | | | | |
| OPM | 6.7% | 5.4% | 10.6% | 5.1% | | | | |
| Legal | 7 | 18 | 3 | 6 | | | | |
| YoY | - | - | -50.6% | -69.2% | | | | |

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Sales and operating profit by business area are calculated by Shared Research based on percentage breakdown disclosed by the company.

Seasonality: Physician referral revenue at Medical Principle Co. (fiscal year ends on October 31) is normally concentrated in April, as well as in July and October (when physicians tend to transfer). As a result, quarterly sales at Medical Principle are usually highest in February–April, followed by May–July, August–October, and November–January. Meanwhile, fluctuations in quarterly expenses are smaller than those in sales, so operating profit tends to be higher in February–April, while August–October and November–January see losses. Medical Principle’s financial year ends in a different month from that of Creek & River, meaning Q1 sales in the Medical Staffing segment cover February–April, and so on for Q2, Q3, and Q4. This means consolidated operating profit tends to be higher in Q2 and lower in Q3 and Q4.

Q1 FY02/19 results

- ▷ Sales: JPY7.4bn (-4.1% YoY)
- ▷ Operating profit: JPY774mbn (+1.7% YoY)
- ▷ Recurring profit: JPY770mn (+0.6% YoY)
- ▷ Net income*: JPY455mn (-1.1% YoY)

*Net income attributable to parent company shareholders

In Q1 FY02/19, sales for each segment rose, except for the Creative and Technical segment (South Korea). Sales declined YoY as CREEK & RIVER ENTERTAINMENT Co., Ltd. was shifted from a consolidated subsidiary to an equity-method affiliate in Q2 FY 02/18.

Operating profit and recurring profit rose YoY. In the Creative and Technical business (Japan), the number of high profit projects received in the production studio increased. On the other hand, SG&A expenses increased due to hiring as the company launched new businesses and reinforced the workforce of existing businesses.

The results of the Creative and Technical business are as follows.

Furthermore, from Q1 FY02/19, the accounting and legal businesses, which had been included in the Others segment, will be reported as an independent segment due to an expansion of related businesses.

Creative and Technical (Japan)

- Sales: JPY5.3bn (+9.8% YoY)
- Operating profit: JPY414mn (+12.8% YoY)

Sales were solid on the whole, exceeding forecasts and rising YoY. In addition to increasing personnel in response to higher demand in existing business, SG&A expenses rose because the company launched a new agency business and strengthened initiatives to enter new markets such as VR and AI. However, segment profit grew YoY as the number of high profit margin orders won by the company's production studios increased, resulting in record high profits.

The company strengthened TV show planning and production mainly at its production studios, stepped up content for its video distribution service, and responded to the increase in demand for shows on BS and terrestrial television such as variety shows, educational programs, and documentaries. Services were expanded to include TV director training courses and networking broadcasters all around Japan, and the number of television production staff increased.

At YouTube Online Creators, the company saw a steady rise in the views of uploads by YouTubers. Furthermore, it expanded its service and held tie-up contests with other companies through the social creators matching and analysis platform "EUREKA," which connects companies and YouTubers.

In video games, the company strengthened efforts at its studios to secure production orders, advance joint development with overseas partners, and develop products in-house using its IPs. In addition to working on contracted production projects, the studios also responded to the increased demand from clients by hiring and training creators in the fields of consumer, amusement, and social gaming.

In VR, along with consolidated subsidiary VR Japan Co., Ltd., the company developed a platform to deliver VR content and made progress in introducing this technology to the business field, such as training sessions, amusement facilities, hotels, tourist facilities, events, and exhibitions.

At the company's web business, it grew its agency business by strengthening its network of website creators through the web business-oriented job information site Webist, which is one of the largest of its kind in the industry. There was an increase in the number of large-scale web site production projects for government ministries and agencies. They were handled mainly by

account producers who were hired and trained by the company in its web studio that was expanded in FY02/16. The company also entered a business alliance with Kenshoo, Ltd., a global company which provides tools to optimize automatized advertising. Through this alliance, the company offered digital marketing support, including proposal of optimized internet advertising measures and operations, and expanded various services and began Kenshoo Digital Agent Services, which introduces advertising operation personnel to companies.

In publishing, the company distributed (as an agent) e-books on several dedicated devices, including Amazon Kindle, Rakuten Kobo, and others. In this e-book distribution agent business, the company reported an increase in downloads and distribution of e-books. The company seeks to train manga artists, produce content, and protect the intellectual property rights of works. As it is involved in manga production, the company aims to improve the lifetime value of manga artists through the Manga LABO, which is expected to contribute to this industry.

In terms of initiatives in new fields, the company is taking efforts to make the drone business profitable. It also began the Performing Art Agency business for artists who perform in spaces or stages, such as theater actors, rakugo comic storytellers, singers, and magicians.

Creative and Technical (South Korea)

Sales: JPY0 (Sales were JPY985mn in Q1 FY02/18)
 Operating loss: JPY6mn (JPY7mn operating profit in Q1 FY02/18)

From Q2 FY02/18, CREEK & RIVER ENTERTAINMENT Co., Ltd. was transferred from a consolidated subsidiary to an equity-method affiliate.

In collaboration with the company, this affiliate began a Japan-South Korea joint publishing business to launch popular South Korean smartphone games in Japan. It also launched a rights management business.

Medical Staffing

Sales: JPY1.2bn (+3.3% YoY)
 Operating profit: JPY365mn (-3.9% YoY)

The chronic shortage of physicians nationwide and the uneven distribution of doctors by regions continued to underpin steady demand for doctors and growth at the company's medical staffing business, leading to higher YoY sales. Profits declined YoY due to expenses used to reinforce personnel in order to strengthen the medical staffing business.

To meet the various needs of medical institutions, municipal governments, doctors, and nurses, the company rolled out services in its medical staffing business such as Resinavi fair for medical students and residents; Resinavi, a clinical trial training information site; MediGate, a job search website for doctors; and Minkan Ikyoku Academy, a training program for doctors. In FY02/18, the company opened the Joshinetsu branch office in Takasaki City, Gunma Prefecture, bringing the number of facilities to 15 across Japan.

Accounting and Legal

Sales: JPY493mn (+11.2% YoY)
 Operating profit: JPY40mn (+17.7% YoY)

Demand for professionals with expertise in the accounting and legal fields was solid, leading to higher YoY sales and operating profit.

The company aims to expand the agency business and increase its name awareness in the industry through joint seminars with client companies and firms as well as strengthen relationships with organizations in related industries.

The company also made developmental progress as it heads toward full operation of the SNS platform JURISTERRA, which links legal professionals around the world, by adding the voice dictation editor, which utilizes the voice recognition technology RECAIUS™. Furthermore, the company aimed to diversify its profit sources through its “Advanced Accountant Support Services,” a service which handles accounting operations not only for accounting and tax matters for companies, but can also operate in areas such as legal, intellectual property rights, finance, and international operations (IFRS, USGAAP, US-SOX, overseas IPO, cross border M&A, and international tax).

Other

Sales: JPY442mn (+36.5% YoY)
 Operating loss: JPY29mn (operating loss of JPY25mn in Q1 FY02/18)

Sales rose YoY due to growth in the agency business in the IT industry. Operating profit fell YoY due to higher SG&A expenses as the company strengthened initiatives for new markets, such as VR and AI.

Leading Edge Co., Ltd., which operates the IT staffing agency business, continued to focus on hiring and training of engineers in response to market demand for robotics and artificial intelligence (AI), mainly those adept at the Python programming language.

Inter Belle Inc. a consolidated subsidiary for agency business in the fashion industry, made progress in reconstructing its business foundation through such efforts as reviewing unprofitable projects. It also strengthened sales staff training.

Professional Media Co., Ltd., which operates a personnel media business, established a profit base for its media business centered on Koukokutenshoku.com, a job board for advertising and web professionals. It also expanded the same business model in the video and fashion industries in an effort to diversify its income.

VR Japan Co., Ltd., a consolidated subsidiary, promoted the IDEALENS K2 VR head-mount display (HMD) with Creek & River to expand sales in Japan. It aimed to expand its business by promoting sales of IDEALENS K2+.

The company established the consolidated subsidiary Idrasys along with Intumit with the aim of operating a systems planning, development, sales, operations, and maintenance business which utilized AI. Idrasys has conducted R&D for systems in Japan using AI as well as strengthened service and product development for the Japanese launch of SmartRobot™, an AI platform developed by Intumit. Consolidated subsidiary Economic Index Co., which operates data analysis business, has taken efforts to generate profits from its data analysis service “Strategy Finder,” which analyzes uniquely developed keywords and topics and offers suggestions for improvement plans. The subsidiary also provided solutions services related to online marketing and digital marketing based on the results of data analyses.

This note is the most recent addition to the [full report](#).

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Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp