

Feb 17, 2021

Non-Consolidated Financial Results (Excerpt) for the First Quarter of Fiscal 2021 [J-GAAP basis]

Listed Company Name: SHL-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code: 4327	URL: http://www.shl.co.jp/
Representative: Manabu Nara, Managing Director	
Contact: Naohiro Nakamura, Director	Tel: +81-3-5385-8781
Date to submit the Quarterly Securities Report:	Feb 15, 2021
Date to start distributing dividends:	—
Supplementary documents for this summary of financial statements:	None
Results briefing for financial results:	None

The original disclosure in Japanese was released on Jan 29, 2021 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the First Quarter of Fiscal 2021 (October 1, 2020 to Dec 31, 2020)

(1) Non-consolidated Business Results

(The percentages indicate the rate of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First three months of Fiscal 2021	472	16.5	97	33.2	97	33.2	67	34.6
First three months of Fiscal 2020	405	17.4	73	465.1	73	453.7	49	447.1

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2021	11.20	—
First three months of Fiscal 2020	8.32	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Dec 31, 2020	5,587	4,993	89.4
Sep 30, 2020	6,143	5,288	86.1

(Reference) Equity capital: Dec 31, 2020: ¥4,993 million Sep 30, 2020: ¥5,288 million

2. Dividends

	Dividend per share				
	Q1 End	Q2 End	Q3 End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	36.00	—	60.00	96.00
Fiscal 2021	—	—	—	—	—
Fiscal 2021 (forecast)	—	38.00	—	38.00	76.00

(Note) Revisions to recent dividends forecast: None

The year-end dividend for the fiscal year ending September 2020 includes a special dividend of ¥20.00.

3. Non-Consolidated Forecast for the Year Ending September 30, 2021 (October 1, 2020 to September 30, 2021)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Fiscal 2021	3,100	4.6	1,394	0.2	1,393	0.1	961	0.1	160.52

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (5,990,152 shares) for the year ending September 30, 2021, which was calculated taking into account the number of shares issued during the first quarter of the year ending September 30, 2021 through the number of treasury shares held.

*Note

- (1) Application of particular accounts procedures to the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies and changes or restatement of accounting estimates
 - (i) Changes in accounting policies caused by revision of accounting standards: None
 - (ii) Changes in accounting policies other than(i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding (including treasury shares)	As of Dec 31, 2020	6,141,158	As of Sep 30, 2020	6,141,158
(ii) Number of treasury shares	As of Dec 31, 2020	151,006	As of Sep 30, 2020	151,006
(iii) Average Number of shares outstanding	First three months of Fiscal 2021	5,990,152	First three months of Fiscal 2020	5,990,186

* Implementation status of quarterly review procedures

This financial results summary is not subject to quarterly review procedures.

* Explanations and other special notes concerning the appropriate use of financial results forecasts

1. The forward-looking statements regarding financial results forecasts, etc., appearing in this financial results summary have been prepared based on information currently available to the Company and certain assumptions that the Company believes to be reasonable. The Company makes no guarantee as to their realization. Actual financial results may differ substantially from the forecasts due to various factors.
2. As the Company's services are often used for the screening of new graduates to be employed by corporate customers, our sales inevitably involve seasonal fluctuations. Accordingly, the Company's performance management is conducted on an annual basis.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first three months of the year ending September 30, 2021 (October 1, 2020, through December 31, 2020), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥67 million, or 16.5%, year over year to ¥472 million. By business segment, “Product sales” increased 20.5% to ¥311 million, “Consultancy sales” increased 9.2% to ¥145 million, and “Training sales” increased 13.1% to ¥15 million.

“Product sales” increased ¥52 million compared with the same period of the previous fiscal year. This was primarily attributable to the favorable sales of “WebGAB,” Web test of general abilities, and “WebCAB,” Web test of computer aptitude. Moreover, “Consultancy sales” increased ¥12 million compared with the same period of the previous fiscal year. This was primarily due to the favorable sales of customized versions of the “Web Test.” “Training sales” increased ¥1 million compared with the same period of the previous fiscal year, primarily due to the increase in orders received for in-house seminars.

Operating income for the three-month period under review increased 33.2% year over year to ¥97 million. Although the cost of goods sold increased ¥15 million, or 26.5%, year over year to ¥73 million and selling, general and administrative expenses increased ¥27 million, or 10.0%, year over year to ¥301 million, operating income increased ¥24 million year over year thanks to the increase in net sales. The increase in cost of goods sold was mainly attributable to increases in labor costs and subcontracting costs resulting from an increase of orders received. The primary factors for the increase in selling, general and administrative expenses were increases in labor expenses mainly due to the increased number of staff in the sales department, royalties, and costs related to sales promotion.

Ordinary income for the three-month period under review increased ¥24 million, or 33.2%, year over year to ¥97 million because both non-operating income and non-operating expenses were small as in the same period of the previous fiscal year.

Income before income taxes for the three-month period under review was equal to ordinary income, because no extraordinary gains or extraordinary losses were recorded as in the same period of the previous fiscal year, and increased ¥24 million, or 33.2%, year over year to ¥97 million.

After taking into account the above factors and income taxes—current and income taxes—deferred, net income for the three-month period under review increased ¥17 million, or 34.6%, year over year to ¥67 million.

<Reference 1: Sales by business segment>

	First three months of Fiscal 2020		First three months of Fiscal 2021		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	258	63.7	311	65.8	20.5
Consultancy	133	32.9	145	30.9	9.2
Training	13	3.4	15	3.3	13.1
Total	405	100.0	472	100.0	16.5

<Reference 2: Sales by quarterly basis>

	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal 2019	345	1,190	938	439	2,914
Fiscal 2020	405	1,233	845	479	2,964
Fiscal 2021	472	—	—	—	—

*Note: As the Company’s services are often used for the screening of new graduates to be employed by corporate customers, our sales inevitably involve seasonal fluctuations. In recent years, sales have tended to concentrate in the second and third quarters of the fiscal year.

(2) Explanation about future prospects such as business forecasts

In the year under review, although economic trends are uncertain due to another declaration of a state of emergency in response to the spread of the novel coronavirus, the Company projects that screening activities by companies seeking to hire new graduates will be carried out by proactively taking measures necessary to avoid risks of the “Three Cs” (Closed spaces, Crowded places, and Close-contact settings). In this environment, the Company intends to enhance its operating performance by swiftly providing its optimum assessment services based on a precise analysis and understanding of corporate customers’ needs.

In light of the above, and based on our analysis and study of the business results, financial position and other business management materials for the three-month period under review, no changes have been made to the financial results forecast for the year ending September 30, 2021, which was released on October 30, 2020.