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May 19, 2022

Non-consolidated Financial Results for the Six Months Ended March 31, 2022 (Under Japanese GAAP)

Company name: SHL-JAPAN Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4327
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 Scheduled date to file quarterly securities report: May 16, 2022
 Scheduled date to commence dividend payments: Jun 1, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes
 The original disclosure in Japanese was released on April 28, 2022 at 15:15 (GMT+9)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
Mar 31, 2022	1,718	—	839	—	839	—	579	—
Mar 31, 2021	1,848	12.8	966	12.4	965	12.3	665	13.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
Mar 31, 2022	96.67	—
Mar 31, 2021	111.15	—

As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., have been applied since the beginning of the first quarter of the year ending September 30, 2022, the figures provided for the second quarter of the fiscal year ending September 30, 2022, are figures to which said accounting standards have been applied. The rates of increase or decrease compared with the same six-month period of the previous fiscal year are not provided. As a result of the application of said accounting standards and other standards, net sales, operating profit, and ordinary profit provided for the six-month period under review decreased by ¥281 million each compared with the figures calculated using a method to which these accounting standards are not applied

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Mar 31, 2022	7,349	5,597	76.2
Sep 30, 2021	6,623	5,704	86.1

Reference: Equity

As of Mar 31, 2022: ¥5,597 million
 As of Sep 30, 2021: ¥5,704 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep 30, 2021	—	38.00	—	62.00	100.00
Fiscal year ended Sep 30, 2022	—	43.00			
Fiscal year ending Sep 30, 2022 (Forecast)			—	43.00	86.00

(Note) Revisions to recent dividends forecast: None

The year-end dividend for the fiscal year ended September 2021 includes a special dividend of ¥15.00.

3. Non-Consolidated Forecast for the Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ended Sep 30, 2022	3,410	—	1,495	—	1,494	—	1,030	—	172.11

(Note) Revisions to recent business forecast: None

As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., have been applied since the beginning of the fiscal year ending September 30, 2022, the aforementioned financial results forecasts use figures to which said accounting standards have been applied. The rates of increase or decrease compared with the same period of the previous fiscal year are not provided. Furthermore, basic earnings per share have been calculated based on the average number of shares outstanding (5,990,090 shares) for the year ending September 30, 2022, which was calculated taking into account the number of treasury shares held.

* Notes

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of Mar 31, 2022	6,141,158 shares
As of Sep 30, 2021	6,141,158 shares

- (ii) Number of treasury shares at the end of the period

As of Mar 31, 2022	151,088 shares
As of Sep 30, 2021	151,029 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended Mar 31, 2022	5,990,109 shares
Six months ended Mar 31, 2021	5,990,152 shares

* Implementation status of quarterly review procedures

This financial results summary is not subject to annual 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.

Overview of operating results, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”), etc., since the beginning of the first quarter of the year ending September 30, 2022. As this will affect net sales, etc., the year-on-year yen and percentage changes in the qualitative information for the first six months of the fiscal year ending September 30, 2022 (October 1, 2021, through March 31, 2022) are not provided.

(1) Overview of operating results

During the first six months of the year ending September 30, 2022, net sales of SHL-JAPAN Ltd. (the “Company”) were ¥1,718 million. By business segment, “Product sales” were ¥1,133 million, “Consultancy sales” were ¥521 million, and “Training sales” were ¥62 million.

Sales have steadily increased for each business segment, likely due to the Web test of general abilities “C-GAB plus” and the employee assessment tool “MANGEKYO” for “Product sales,” the agency service for assessment and various analysis projects for “Consultancy sales,” and in-house seminars for “Training sales.”

Operating profit for the six-month period under review was ¥839 million. The cost of goods sold was ¥214 million, while selling, general and administrative expenses were ¥663 million. As a result, the operating profit margin was 48.9%.

Ordinary profit for the six-month period under review was ¥839 million. This is almost equal to operating profit because both non-operating profit and non-operating expenses were small.

Profit before income taxes for the six-month period under review was ¥839 million, which is equal to ordinary profit because no extraordinary gains or extraordinary losses were recorded.

As a result of deducting income taxes from the above figure, profit for the six-month period under review was ¥579 million.

<Reference 1: Sales by business segment>

	First six months of Fiscal 2022	
	Millions of Yen	Component ratio
Product	1,133	66.0
Consultancy	521	30.4
Training	62	3.6
Total	1,718	100.0

<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 2020	405	1,233	845	479	2,964
Fiscal 2021	472	1,375	969	482	3,300
Fiscal 2022	597	1,120	—	—	—

*Note 1: For the fiscal years ended September 2020 and 2021, performance figures to which the Revenue Recognition Standard, etc. have not been applied are provided.

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. In recent years, sales have tended to concentrate in the second and third quarters of the fiscal year.

(2) Projected performance

In the year under review, currently the number of COVID-19 variants cases has not stopped declining and the early implementation of booster vaccinations and development of therapeutic drugs are expected. In addition to this situation, the Ukraine crisis is making global economic recovery trends uncertain. Nevertheless, employment motivation of companies looking ahead to a post-COVID-19 time is strong, and the Company projects that screening activities by companies seeking to hire new graduates will continue to be carried out by proactively taking measures necessary to avoid risks of the “Three Cs” (Closed spaces, Crowded places, and Close-contact settings). The Company intends to continue to thoroughly implement infection prevention measures to ensure the health and safety of our employees and business associates, and to enhance its operating performance by swiftly providing optimum 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 six-month period under review, no changes have been made to the financial results forecast for the year ending September 30, 2022, which was released on October 29, 2021.