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Aug 17, 2022

Non-consolidated Financial Results for the Nine Months Ended June 30, 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: Aug 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None
 The original disclosure in Japanese was released on July 29, 2022 at 15:15 (GMT+9)

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

1. Non-consolidated financial results for the nine months ended June 30, 2022 (from October 1, 2021 to June 30, 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	%
Nine months ended								
Jun 30, 2022	2,781	—	1,366	—	1,366	—	942	—
Jun 30, 2021	2,818	13.4	1,435	12.1	1,434	12.1	989	13.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
Jun 30, 2022	157.35	—
Jun 30, 2021	165.19	—

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 third 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 nine-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 nine-month period under review decreased by ¥141 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			
Jun 30, 2022	7,127	5,692	79.9
Sep 30, 2021	6,623	5,704	86.1

Reference: Equity

As of Jun 30, 2022: ¥5,692 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 (5,990,068 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 Jun 30, 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 Jun 30, 2022	151,162 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)

Nine months ended Jun 30, 2022	5,990,092 shares
Nine months ended Jun 30, 2021	5,990,145 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 nine months of the fiscal year ending September 30, 2022 (October 1, 2021, through Jun 30, 2022) are not provided.

(1) Overview of operating results

During the first nine months of the year ending September 30, 2022, net sales of SHL-JAPAN Ltd. (the “Company”) were ¥2,781 million. By business segment, “Product sales” were ¥1,930 million, “Consultancy sales” were ¥763 million, and “Training sales” were ¥87 million.

Sales of the Web test of general abilities “C-GAB plus” and the employee assessment tool “MANGEKYO” for “Product sales,” as well as sales of in-house seminars, etc. for “Training sales,” were strong, while sales of customized versions of Web tests and multiple choice tests as well as the testing system “TAMATEBAKO III” using the internet were stagnant despite steady sales of the agency service for assessment and various analysis projects for “Consultancy sales.”

Operating profit for the nine-month period under review was ¥1,366 million. The cost of goods sold was ¥366 million, while selling, general and administrative expenses were ¥1,049 million. As a result, the operating profit margin was 49.1%.

Ordinary profit for the nine-month period under review was ¥1,366 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 nine-month period under review was ¥1,366 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 nine-month period under review was ¥942 million.

<Reference 1: Sales by business segment>

	First nine months of Fiscal 2022	
	Millions of Yen	Component ratio
Product	1,930	69.4
Consultancy	763	27.5
Training	87	3.1
Total	2,781	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 2022	597	1,120	1,063	—	—
Fiscal 2021	472	1,375	969	482	3,300
Fiscal 2020	405	1,233	845	479	2,964

*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 cases is increasing once again, 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 nine-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.