

Feb 12, 2020

Non-Consolidated Financial Results (Excerpt) for the First Quarter of Fiscal 2020 [J-GAAP basis]

Listed Company Name: SHL-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code: 4327	URL: http://www.shl.co.jp/
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Date to submit the Quarterly Securities Report:	Feb 14, 2020
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 30, 2020 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the First Quarter of Fiscal 2020 (October 1, 2019 to Dec 31, 2019)

(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 2020	405	17.4	73	465.1	73	453.7	49	447.1
First three months of Fiscal 2019	345	15.6	12	—	13	—	9	—

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2020	8.32	—
First three months of Fiscal 2019	1.53	1.52

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Millions of Yen	Yen	Millions of Yen	Yen	%
Dec 31, 2019	5,104	5,104	4,583	4,583	89.8
Sep 30, 2019	5,539	5,539	4,761	4,761	85.9

(Reference) Equity capital: Dec 31, 2019: ¥4,583 million Sep 30, 2019: ¥4,761 million

2. Dividends

	Dividend per share				
	Q1 End	Q2 End	Q3 End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	34.00	—	37.00	71.00
Fiscal 2020	—	—	—	—	—
Fiscal 2020 (forecast)	—	36.00	—	36.00	72.00

(Note) Revisions to recent dividends forecast: None

3. Non-Consolidated Forecast for the Year Ending September 30, 2020 (October 1, 2019 to September 30, 2020)

	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 2020	3,022	3.7	1,269	3.2	1,267	3.0	861	2.5	143.89

(Note) Revisions to recent business forecast: None

*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, 2019	6,141,158	As of Sep 30, 2019	6,141,158
(ii) Number of treasury shares	As of Dec 31, 2019	150,972	As of Sep 30, 2019	150,972
(iii) Average Number of shares outstanding	First three months of Fiscal 2020	5,990,186	First three months of Fiscal 2019	5,951,409

* 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, 2020 (October 1, 2019, through December 31, 2019), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥60 million, or 17.4%, year over year to ¥405 million. By business segment, “Product sales” increased 15.7% to ¥258 million, “Consultancy sales” increased 17.0% to ¥133 million and “Training sales” increased 67.3% to ¥13 million.

“Product sales” increased ¥35 million compared with the same period of the previous fiscal year. This was primarily attributable to the favorable sales of “GAB,” Web test of general abilities. Moreover, “Consultancy sales” increased ¥19 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” and the favorable orders received for analysis projects. “Training sales” increased ¥5 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 465.1% year over year to ¥73 million. Although selling, general and administrative expenses increased ¥7 million, or 2.9%, year over year, to ¥274 million, operating income increased ¥60 million year over year thanks to the year-over-year decrease in the cost of goods sold by ¥7 million, or 11.9%, to ¥58 million as well as the increase in net sales. The primary factors for the increase in selling, general and administrative expenses were an increase in royalties. The decrease in cost of goods sold was mainly attributable to a decrease in manufacturing expenses.

Ordinary income for the three-month period under review increased ¥59 million, or 453.7%, year over year to ¥73 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 453.7% year over year to ¥73 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 ¥40 million, or 447.1%, year over year to ¥49 million.

<Reference 1: Sales by business segment>

	First three months of Fiscal 2019		First three months of Fiscal 2020		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	223	64.6	258	63.7	15.7
Consultancy	114	33.0	133	32.9	17.0
Training	8	2.4	13	3.4	67.3
Total	345	100.0	405	100.0	17.4

<Reference 2: Sales by quarterly basis>

	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
	Millions of Yen				
Fiscal 2018	299	987	986	431	2,704
Fiscal 2019	345	1,190	938	439	2,914
Fiscal 2020	405	—	—	—	—

*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, economic trends are somewhat uncertain due partly to the impact of the US-China trade tensions, the situation in the Middle East, and the outbreak of the new coronavirus. However, as corporations remain highly motivated to hire more employees, the Company projects that screening activities by companies seeking to hire new graduates will remain as active as they were in the previous fiscal year. The Company intends to continue enhancing its operating performance by swiftly providing optimum services based on a precise analysis and understanding of corporate customers' needs while taking fully into account that such screening activities might end early as in the previous fiscal year.