

Sportsfield (TYO: 7080)

Full-year results for FY12/2023 continue to be strong, with sales and profits reaching record highs.

Summary

Company profile

◇ **Sportsfield Corporation Ltd.** provides placement-related services, specialising in sports personnel nationwide. In FY12/2023, the company achieved sales of 3.42 billion yen and an ordinary profit of 870 million yen, boasting high sales margins and ROE.

The company's current main business is placement-related services for new graduates belonging to college athletic teams. It has established a system whereby sales staff, mainly those with sports experience, provide analog support to target students. The number of registered applicants for placement has grown to around 20,000 for each graduation year, and the company is making progress in developing job opportunities. The company is securing a leading position in this market.

◇ **Main business:** sales comprise 40% of New Graduate Events for student athletic teams, 30% of the New Graduate Placement Support business for students with athletic and sports experience, and 26% of the Graduate Placement Support business (FY12/2023), with all sources of income coming from the corporate side.

FY12/2023 full-year results

◇ **Record high sales and profits exceeding the company's full-year forecasts:** for FY12/2023 (Jan-Dec), sales were 3.42 billion yen (+19% YoY), operating profit was 870 million yen (+37% YoY), ordinary profit was 870 million yen (+37% YoY), and net profit attributable to owners of the parent was 610 million (+48% YoY) yen. Sales, operating profit, ordinary profit, net profit attributable to owner of parent company, and operating profit margin all reached record highs. The company will start paying dividends with a target payout ratio of 20% as it has improved its financial base. The decision was made to pay a dividend of 33 yen per share, compared to the previously announced forecast of 30 yen per share.

Forecasts for FY12/2024 and recent developments

◇ **Forecasts for FY12/2024:** sales of 3.75 billion yen (+10% YoY), operating profit of 900 million yen (+4% YoY), ordinary profit of 900 million yen (+4% YoY), net profit attributable to owner of parent of 590 million yen (-4% YoY), dividend per share of 32 yen (before taking into account a stock split at the end of March 2024). According to IR materials, the current KPIs have remained steady.

◇ **Development of reported shares:** a 1:2 share split based on the end of March 2024, the intention of four internal directors who are major shareholders to sell their shareholdings (up to the equivalent of 2.6% of the total number of shares issued) between February and August 2024, and the establishment of an executive shareholding society in July 2024.

Share price and future highlights

◇ **Softer share price:** The company's share price has weakened following the announcement of its full-year results. This seems to be due to the company's forecast for FY12/2024, which suggests a slowdown in growth and the concern about insider share sales.

◇ **Point of interest going forward:** First, 1Q earnings trends. The earnings in the first quarter accounts for a high proportion of the full year's earnings, and the result is a touchstone for the degree of achievement of the full year's results. Secondly, the direction of the next medium-term management plan, which will cover the period from 2025 onwards. It is too early to expect the disclosure of details, but if the contours begin to emerge from the second half of the current financial year, this may hasten a reassessment of the shares' upside potential. In this connection, the plan to stage up from the TSE Growth Market is also worth noting.

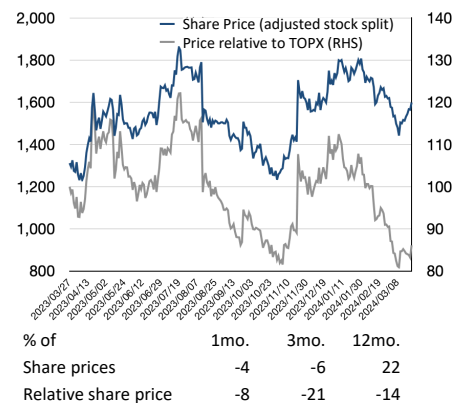
4Q results update

Service

As of 27 March, 2024

Share price (3/25)	1,599 Yen
52weeks high/low	¥1,894/1,206
Avg Vol (3 month)	17 thou shrs
Market Cap	¥5.9 bn
Enterprise Value	¥4.7 bn
PER (24/12 CE)	9.9 X
PBR (23/12 act)	4.2 X
Dividend Yield (24/12 CE)	2.0 %
ROE (23/12)	56.1 %
Operating margin (23/12)	25.4 %
Beta (5Y Monthly)	N/A
Shares Outstanding	3.68 mn shrs
Listed market	TSE Growth section

Share price performance



Points of interest

Deepening of the placement support business for athletics students and students with sports experience. Development of business diversification. Maintaining and improving high operating profit margins and high ROE. Step-up from the TSE Growth Market. Improving the liquidity of the shares and releasing shares held by owners and other principals.

This report (financial update) has been prepared at the request of Sportsfield. For details, please refer to the Disclaimer on the last page.

Table of contents

Summary	1
Key financial data	2
FY12/2023 full-year results	3
A stock split, the sale of shareholdings of four internal directors who are major shareholders, the launch of an executive shareholding plan	9
Company forecasts for FY12/2024	10
Share price trend	13
Points of interest	14
Financial results	15
Useful information	17

Key financial data

(Unit: Thousand yen)

Fiscal Year	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12
Net sales	1,106,727	1,516,370	1,917,813	1,883,269	2,130,256	2,866,214	3,418,218
Ordinary profit	60,171	113,916	192,045	32,016	-35,298	634,239	869,134
Net income	41,031	72,809	132,965	17,055	-79,133	412,318	608,172
Capital stock	10,300	10,300	92,680	92,712	92,869	93,079	93,513
Total number of shares issued	20,000 400	20,400 -	881,600 -	882,560 -	897,400 -	1,808,080 -	3,681,440 -
Net asset	59,396	132,205	429,932	446,826	368,007	780,524	1,389,498
Total asset	418,961	735,377	1,106,275	1,488,182	1,540,544	2,127,327	2,310,947
Book value per share*1 (Yen)	18.20	40.50	121.92	126.58	102.53	215.87	377.48
EPS*1 (Yen)	12.57	22.31	40.68	4.83	-22.21	114.44	167.46
Equity to asset (%)	14.2	18.0	38.9	30.0	23.9	36.7	60.1
ROE (%)	100.6	76.0	47.3	3.9	-19.4	71.8	56.1
Cash flow from operating activities	108,208	82,994	198,181	-88,974	53,789	609,537	448,887
Cash flow from investing activities	-32,962	-75,085	-24,984	-32,077	-67,943	-7,100	-68,115
Cash flow from financing activities	-82,366	191,526	149,891	396,399	18,139	-120,077	-371,385
Cash and cash equivalents at end of period	163,792	363,227	686,315	961,663	965,648	1,448,007	1,457,392
Number of employees	118	164	201	233	266	242	272

*1 : A 40-for-1 split of ordinary shares was carried out on 4 October 2019, a 2-for-1 split of ordinary shares on 1 July 2022 and a 2-for-1 split of ordinary shares on 1 April 2023. Book value per share and EPS in the table are calculated assuming such splits were carried out at the beginning of the year ended 31 December 2017.

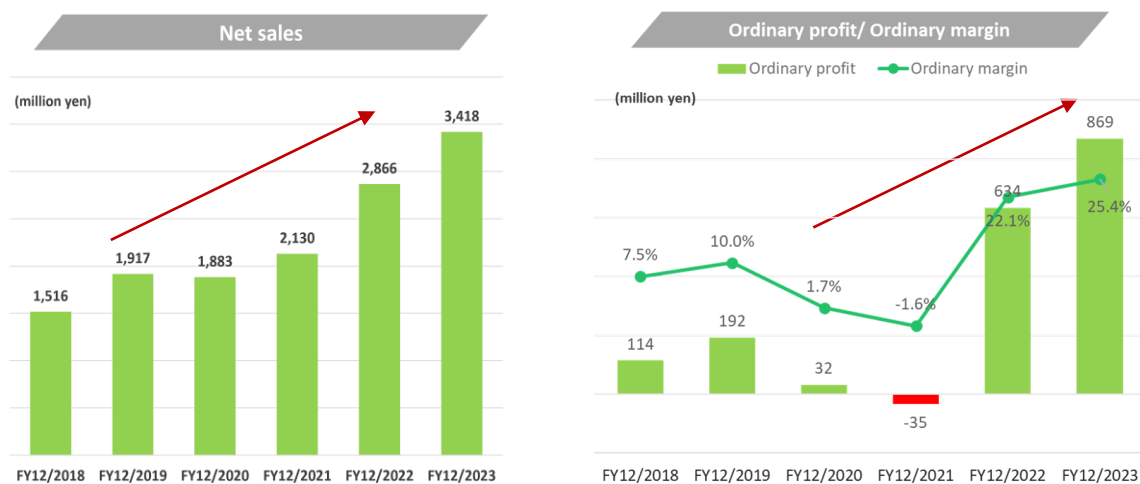
Source: company materials.

FY12/2023 full-year results

Sportsfield Corporation Ltd. announced its full-year of FY12/2023 (Jan-Dec) results after the close on 13 February 2024. The company revised up when it announced its 3Q results, but the results exceeded these forecasts at the sales and each stage of profit, resulting in record high sales and profits.

Record highs

For FY12/2023 (Jan-Dec), sales were 3.42 billion yen (+19% YoY), operating profit was 870 million yen (+37% YoY), ordinary profit was 870 million yen (+37% YoY), and net profit attributable to owner of the parent was 610 million yen (+48% YoY). Sales, operating profit, ordinary profit, net profit attributable to owner of parent company, and operating profit margin all reached record highs. Compared to the company's financial performance before the coronavirus epidemic, sales and profit margins are higher, indicating that the company is turning the recovery in the recruitment market into an accurate business.



Source: company materials.

FY12/2023 Summary of full year results

(million yen)	Full-year		YoY	
	FY12/2023	FY12/2022	Amount	%
Net sales	3,418	2,866	+ 552	+ 19.3%
New Graduate Events	1,365	1,129	+ 236	+ 21.0%
New Graduate Placement Support	1,031	844	+ 187	+ 22.2%
Graduate Placement Support	893	777	+ 116	+ 15.0%
Other	126	115	+ 11	+ 9.5%
Operating profit	869	637	+ 232	+ 36.5%
Operating margin	25.4%	22.2%		+ 3.2PP
Ordinary profit	869	634	+ 234	+ 37.0%
Ordinary margin	25.4%	22.1%		+ 3.3PP
Net profit attributable to owners of the parent	608	412	+ 195	47.5%

Source: company materials.



FY12/2023 full-year results

New Graduate Events, New Graduate Placement Support , and Graduate Placement Support all show balanced double-digit revenue growth.

The growth in performance in the fourth quarter was remarkable. Traditionally, 4Q has tended to be less profitable. This time, however, recruitment demand for students graduating in March 2025 strengthened early on, and the company saw a significant increase in sales from New Graduate Events in response.

Tax credits from applying the tax incentive for wage increases have also contributed to the increase in net profit attributable to owner of parent (as discussed below, the company plan for FY12/2024 does not take such credits into account, although wage increases are planned in the company plan).

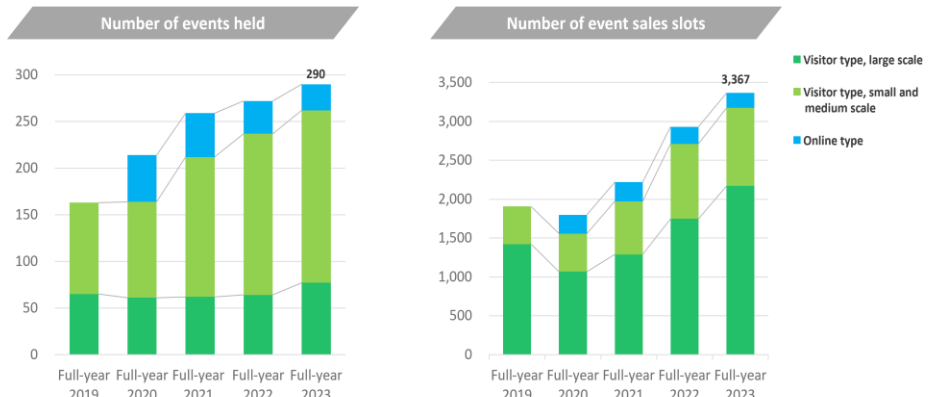
Commencement of dividend payments

Having achieved an equity ratio of over 50% and net assets of over 1 billion yen, the company has deemed that it has made progress in improving its finances and will start paying a dividend with a target payout ratio of 20%. The dividend is set at 33 yen per share, compared with the previously announced forecast of 30 yen per share.

The start of the dividend signals that the company has established its financial base and will respond to the needs of a diverse range of investors. It is also expected to have a positive effect on maintaining the level of ROE.

New Graduate Events

Full-year sales were 1.37 billion yen (+21% YoY). Both the number of events held and the number of slots sold increased YoY. The shift from online to in-person and large-scale events continued, driving the number of slots sold and sales.



2019 results: for 2020 and 2021 graduates | 2020 results: for 2021 and 2022 graduates | 2021 results: for 2022 and 2023 graduates
2022 results: for 2023 and 2024 graduates | 2023 results: for 2024 and 2025 graduates
Sponavi only, not including Spochalle events.

Source: company materials.



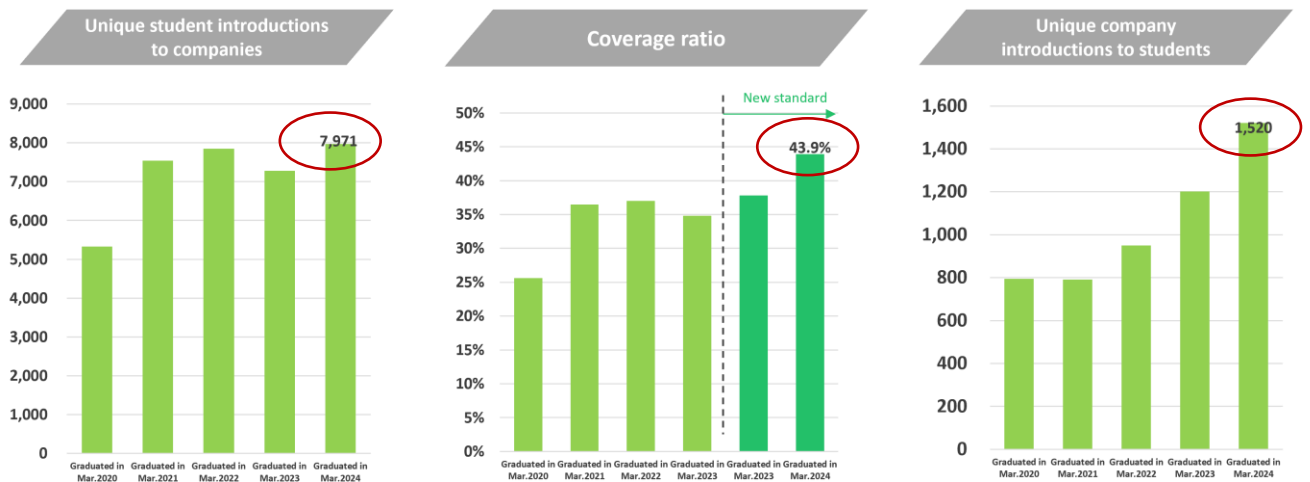
FY12/2023 full-year results

New Graduate Placement Support

Full-year sales were 1.03 billion yen (+22% YoY). The number of students registered on Sponavi, which indicates the number of student-athletic teams registered, was slightly lower for students graduating in March 2024 than for those graduating in March 2023. However, the company was able to raise the coverage ratio of students by its employees in response to earlier placement activity, and the number of unique company introductions increased significantly, leading to a high closing ratio. The number of unique student introductions reached a record high.



Source: company materials.

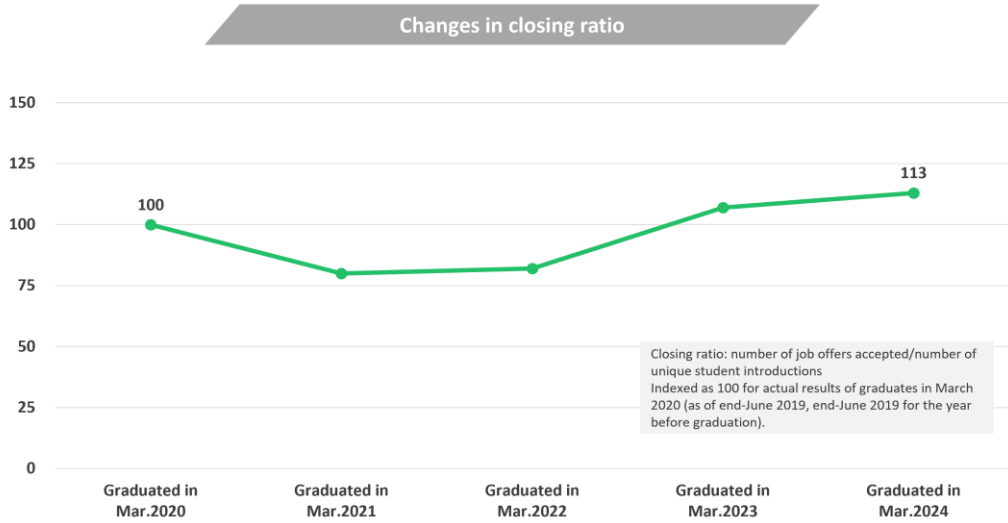


*KPI as of the third quarter (end of September of the year before graduation) includes only Sponavi (excluding Spochalle)
 *Unique student introductions: The number of non-duplicated students introduced to companies | Unique company introductions: The number of non-duplicated companies.
 *Coverage ratio: The ratio of registrants who have built an analog relationship through interviews (calculation: unique student introductions/Sponavi registrants)
 *The definition of the number of registered Sponavi students was changed from the number of all registered Sponavi 2024 students to only the number of registered Sponavi 2024 students graduating in FY12/2023.

Source: company materials.

FY12/2023 full-year results

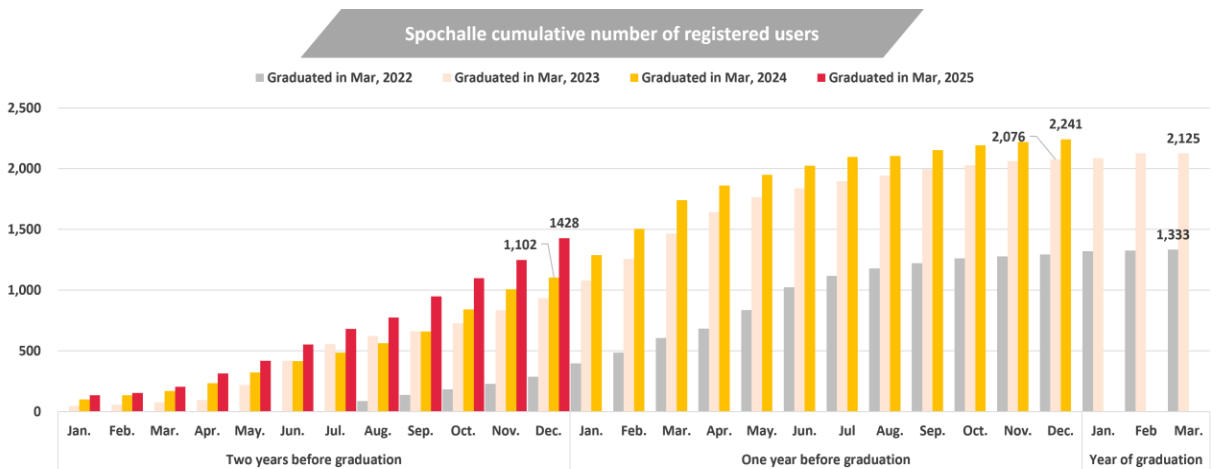
(Reference) New Graduate Placement Support business: closing ratio



*KPI: As of 4Q (end of December in the year before graduation), results for Sponavi only (does not include Spochalle).
*Number of unique student introductions: number of unduplicated students introduced to companies.

Source: company materials.

The growth of Spochalle (a placement support service for sportspeople, including those with experience in circles, clubs, off-campus sports teams, and high school club activities) also continued, with full-year sales of 160 million yen (+26% YoY). With the number of registrations and unique student introductions growing substantially, Spochalle has accounted for 16% of sales in the New Graduate Placement Support business.



Source: company materials.



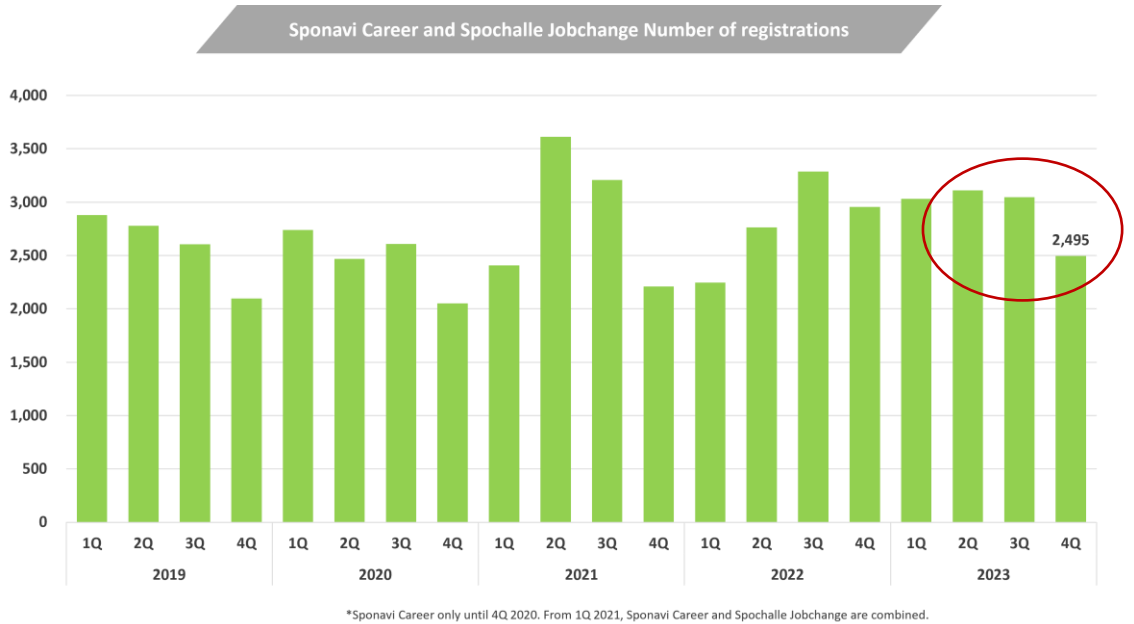
FY12/2023 full-year results

Graduate Placement Support

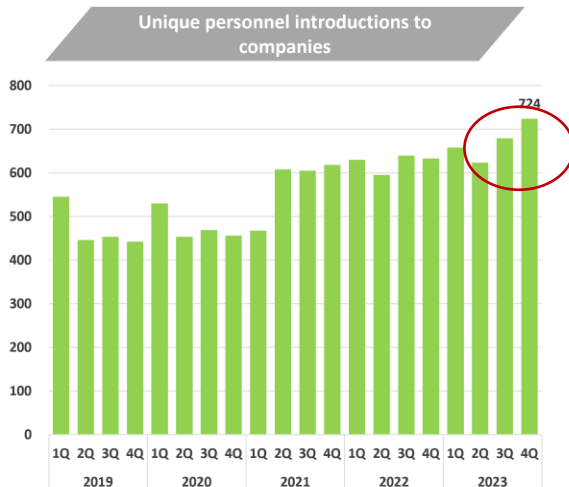
Full-year sales of 890 million yen (+15% YoY) were also a record high.

The number of new registrations for Sponavi Career and Spochalle Jobchange remained high until 3Q but declined slightly in 4Q. However, the number of unique personnel introductions and unique company introductions are both at high levels due to the steady response to registrations.

Another positive aspect of the company's new business is the increase in job placement projects from one of its new businesses, Spojoba (a recruitment website specialising in sports-related companies and mainly offering online matching), which has contributed to its performance.



Source: company materials.



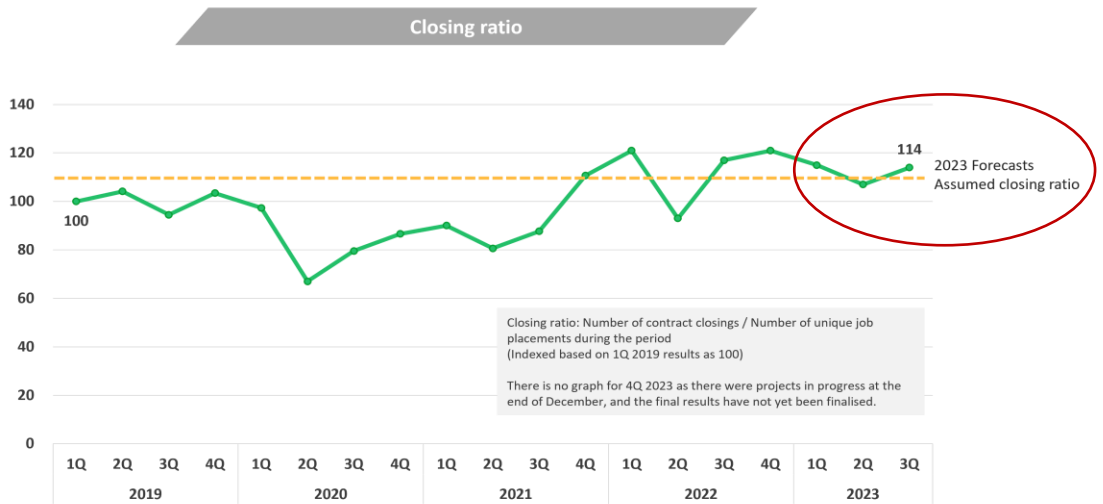
*Number of unique personnel introductions: number of non-duplicated personnel introduced to companies | Number of unique company introductions: number of non-duplicated companies introduced to job seekers

Source: company materials.



FY12/2023 full-year results

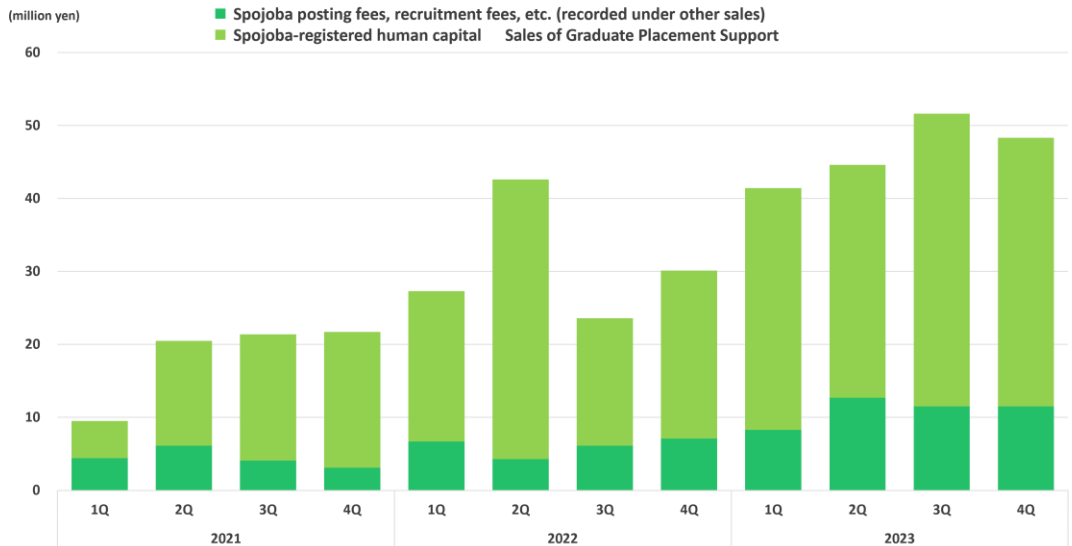
(Reference) Graduate Placement Support business: closing ratio



*Number of unique company introductions: number of unduplicated introductions to companies.

Source: company materials.

(Reference) Spojoba Quarterly sales



Source: company materials.



A stock split, the sale of shareholdings of four internal directors who are major shareholders, the launch of an executive shareholding plan

The company made the following announcements regarding shares.

Stock split (announced 20 December 2023)

A two-for-one share split with an effective date of 29 March 2024 (Friday).

Sale of shareholdings of four in-house directors who are also major shareholders (announced 13 February 2024)

Four in-house directors who are also major shareholders (Representative Director Katsushi Shinozaki, Executive Vice President Kazuyoshi Ijichi, Senior Managing Director Tadashi Kaji, and Senior Managing Director Shota Morimoto) will each sell 24 000 shares on and off the market through a securities company. The period is from 14 February 2024 to 7 August 2024. In total, this will amount to 2.6% of the shares outstanding.

The aim is to improve the liquidity of the shares as part of measures to increase market capitalisation and use it as a stepping stone for future upgrades to the prime market.

Launch of the Directors' Shareholding Association (announced 13 February 2024)

Apart from the above, an executive shareholding society, to which directors and auditors can voluntarily join, is planned to be launched in July 2024. This is expected to improve share liquidity.

Of the above three points, the most worrying is the sale of the shareholding of major shareholders, i.e., internal directors. As this is a sale of shares by insiders, the stock market is likely to regard it as a cause for alarm.

However, the scale of the sale is limited, and, in the medium term, it can be seen as contributing to improving the liquidity of the shares and diversifying the shareholder structure.



Company forecasts for FY12/2024

Company forecasts for FY12/2024

The company forecasts full-year sales of 3.75 billion yen (+10% YoY), operating profit of 0.90 billion yen (+4% YoY), ordinary profit of 0.90 billion yen (+4% YoY), net profit attributable to owner of parent of 0.59 billion yen (-4% YoY), net profit per share of 161.6 yen (before taking into account the share split at the end of March 2024; 80.8 yen afterward). The dividend per share was set at 32 yen (before taking into account the stock split at the end of March 2024 and 16 yen after taking into account the stock split at the end of March 2024).

Despite the forecast of higher operating and ordinary profit, net profit attributable to owner of parent is expected to be lower YoY. This is mainly due to the fact that the FY12/2023 tax credit for applying the tax incentive scheme for wage increases has not been taken into account in the forecast for FY12/2024. Hence, it is not based on any particularly adverse assumptions.

Summary of full-year forecasts for FY12/2024

Net sales	3,749 million yen	YoY +331 million yen
Operating profit	903 million yen	YoY +33 million yen
Ordinary profit	902 million yen	YoY +33 million yen
Net profit attributable to owners of the parent	586 million yen	YoY -21 million yen

Source: company materials.

KPI

New Graduate Events orders, Sponavi registrants, and Spochalle registrants, KPIs related to new graduates, have all been steadily increasing. With the recruitment of new graduates moving earlier in the year, the company is well-positioned to hold events ahead of schedule and allocate sufficient sales resources to place human capital afterward.

In Graduate Placement Support business, the company is expected to steadily increase its revenues through the expansion of new channels, such as Sponavi Career and Spochalle Jobchange, as well as Spojoba and Spotive, to increase the number of unique job seekers.

The following is a sequential inspection of the key KPIs related to new graduates.

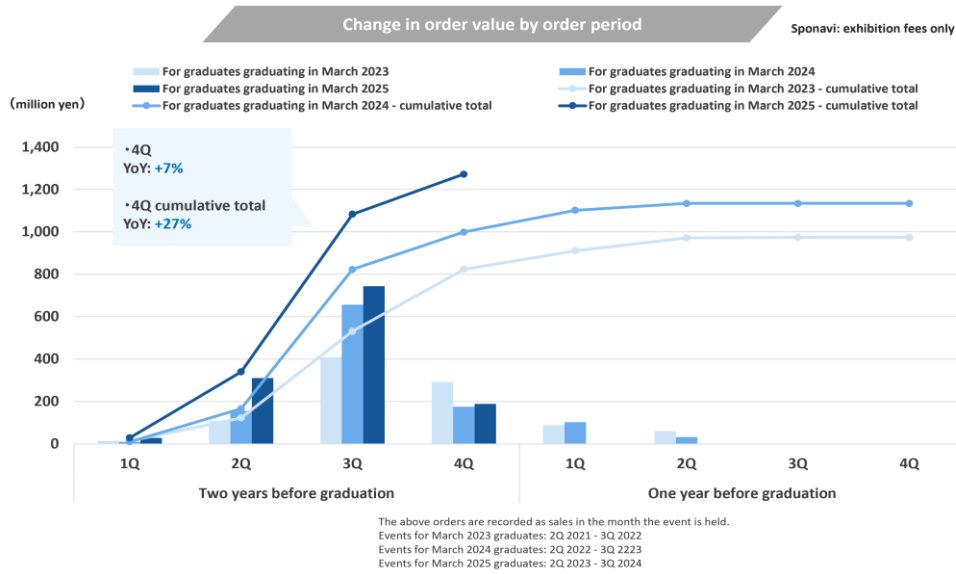


Company forecasts for FY12/2024

KPI for New Graduate Events business: order value

There is a strong need for companies to exhibit at events for graduates graduating in March 2025, and the cumulative order value for such events has increased by +27% compared with events for graduates graduating in March 2024. Of these orders, a reasonable amount is expected to be received for events scheduled from the start of FY12/2024, so the expectation is high for sales in 1Q of FY12/2024.

(Reference) New Graduate Events business: order value by order period

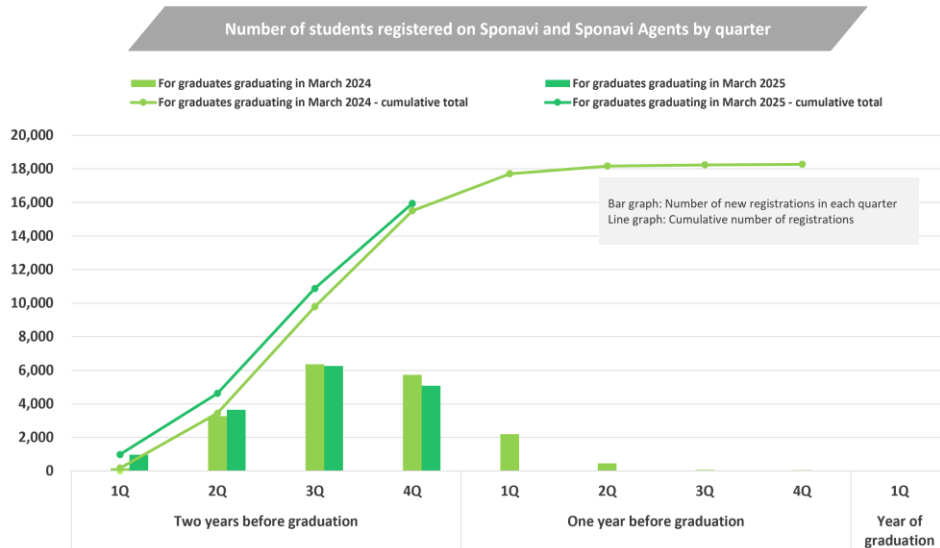


Source: company materials.

KPI of New Graduate Placement Support business : new registrations for Sponavi and Sponavi Agents for March 2025 graduates

The number of new registrations for graduates graduating in March 2025 also exceeded the pace of results for March 2024 graduates, increasing the potential for business expansion.

(Reference) Quarterly number of new registrations for graduates graduating in March 2025



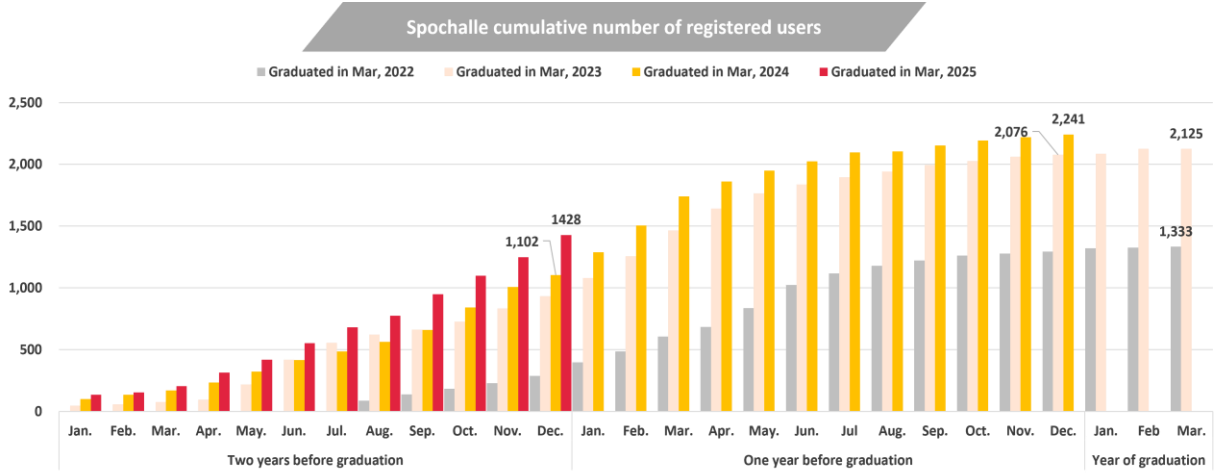
Source: company materials.



Company forecasts for FY12/2024

KPI of New Graduate Placement Support business: cumulative number of registered Spochalle graduates in March 2025

The cumulative number of registered Spochalle graduates (placement support service for sports personnel, including those with experience in clubs, club associations, extramural sports teams, and high school club activities) for graduates graduating in March 2025 has also been steadily increasing.



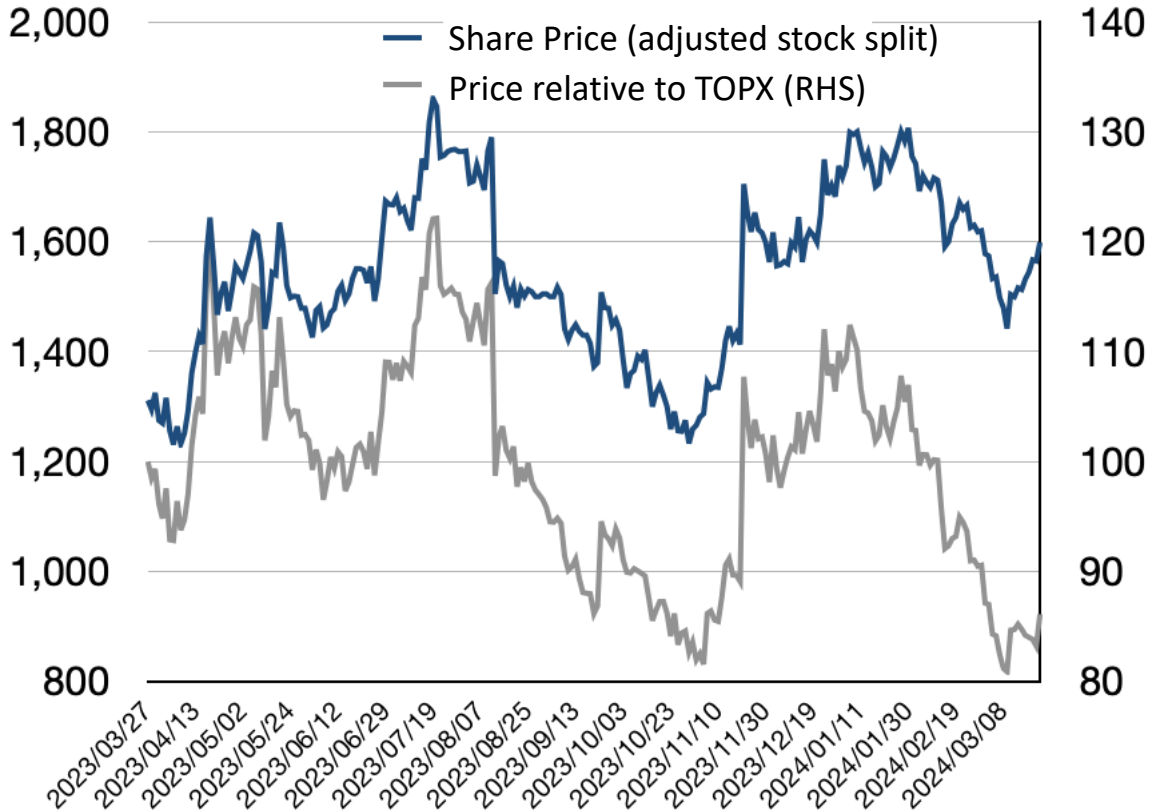
Source: company materials.



Share price trend

The company's share price has been slowly weakening following the announcement of full-year results. However, it has recently recovered slightly. The soft share price is thought to be because, although FY12/2023 was a good year, its FY12/2024 forecasts call for a slowdown in the growth of sales, operating profit, and ordinary profit and a slight decline in net profit attributable to owner of parent, as well as a downward trend in ROE despite the high level, and concerns about the sale of the shareholding of the company's principal shareholders, i.e., internal directors.

The TOPIX index (relative share price) has fallen to its lowest level in the past year.





Points of interest

We would like to highlight three points that are of immediate interest.

Firstly, the company's current performance and the degree of earnings upside in its FY12/2024 forecasts.

The earnings of the company's core business, graduate-related business, are seasonal, concentrating on the 1Q and 2Q. The placement market for new sports graduates is seen as less of a concern from a macro perspective, and the company's key KPIs are also performing well. However, investors may be cautious, wanting to see 1Q results, as the company is preparing for a share offering by a major shareholder. The immediate test will be whether a good 1Q will come in good and will raise investors' confidence in the outlook for 2Q and beyond.

Second, the direction of the next medium-term management plan which is expected to begin anew in 2025.

Investors' attention is shifting to the direction of the next medium-term management plan. This is because, of the planned figures for the final year of the current medium-term management plan, ordinary profit has already been achieved in FY12/2023, sales are also expected to be achieved in FY12/2024, and the ordinary profit margin on sales is also trending above the plan.

It is too early for the company to disclose details, but if the contours begin to emerge from the second half of the current financial year onwards, this may hasten a reassessment of the shares' upside. This is a crucial point to watch.

Third, and related to the above point, is the plan to move from the TSE Growth Market to the Prime Market.

A move to the Prime Market is expected to bring a number of benefits, including an increase in the depth of the investor base and improved liquidity of shares. It remains to be seen whether this will be one of the goals of the next medium-term management plan.

Financial results

Full-year financial results

(Unit: million yen)

Financial period	FY12/2019	FY12/2020	FY12/2021	FY12/2022	FY12/2023	FY12/2024
Consolidated, Japanese GAAP	(IPO)					Company forecast
[Statements of income]						
Net sales	1,918	1,883	2,130	2,866	3,418	3,749
Operating profit	194	16	-32	637	869	903
Ordinary profit	192	32	-35	634	869	902
Net profit before income taxes	192	32	-81	634	869	
Net profit attributable to owners of the parent	133	17	-79	412	608	586
[Balance Sheets]						
Total assets	1,106	1,488	1,541	2,127	2,311	
Total liabilities	676	1,041	1,173	1,347	921	
Total net assets	430	447	368	781	1,389	
Total borrowings	334	731	749	630	259	
[Statements of cash flows]						
Cash flow from operating activities	198	-89	54	610	449	
Cash flow from investing activities	-25	-32	-68	-7	-68	
Cash flow from financing activities	150	396	18	-120	-371	
Free cash flow	173	-121	-14	602	381	
Cash and cash equivalents at end of period	686	962	966	1,448	1,457	
[Efficiency]						
Ratio of ordinary profit to sales	10.0%	1.7%	-1.7%	22.1%	25.4%	24.1%
ROA	14.4%	1.3%	-5.2%	22.5%	27.4%	
ROE	47.3%	3.9%	-19.4%	71.8%	56.0%	
[Per-share] Unit : Yen						
EPS (Adjusted for stock splits, etc.)	41	5	-22	114	167	162
BPS (Adjusted for stock splits, etc.)	122	127	103	216	377	
DPS (Adjusted for stock splits, etc.)	0	0	0	0	33	32
[Number of employees]						
Number of consolidated employees	201	233	266	242	272	

Source: Omega Investment from company materials.

The per-share indicators EPS and BPS are adjusted for the 1:2 share split carried out in March 2023.

A 1:2 share split is planned for the end of March 2024, which is not reflected in the EPS, BPS, and DPS above.

Financial results

Quarterly results

(Unit: million yen)

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Net sales	774	862	609	619	919	971	698	829
New Graduate Events	507	267	61	292	578	267	64	455
New Graduate Placement support	79	290	354	119	92	426	396	115
Graduate Placement Support	158	277	164	176	213	247	204	228
Other	28	26	29	31	34	30	32	30
Operating profit	232	301	69	32	315	312	84	156
Ordinary profit	231	301	68	31	314	312	84	156
Net profit attributable to owners of the parent	148	196	45	23	205	202	53	148

Source: Omega Investment from company materials.



Useful information

Company profile

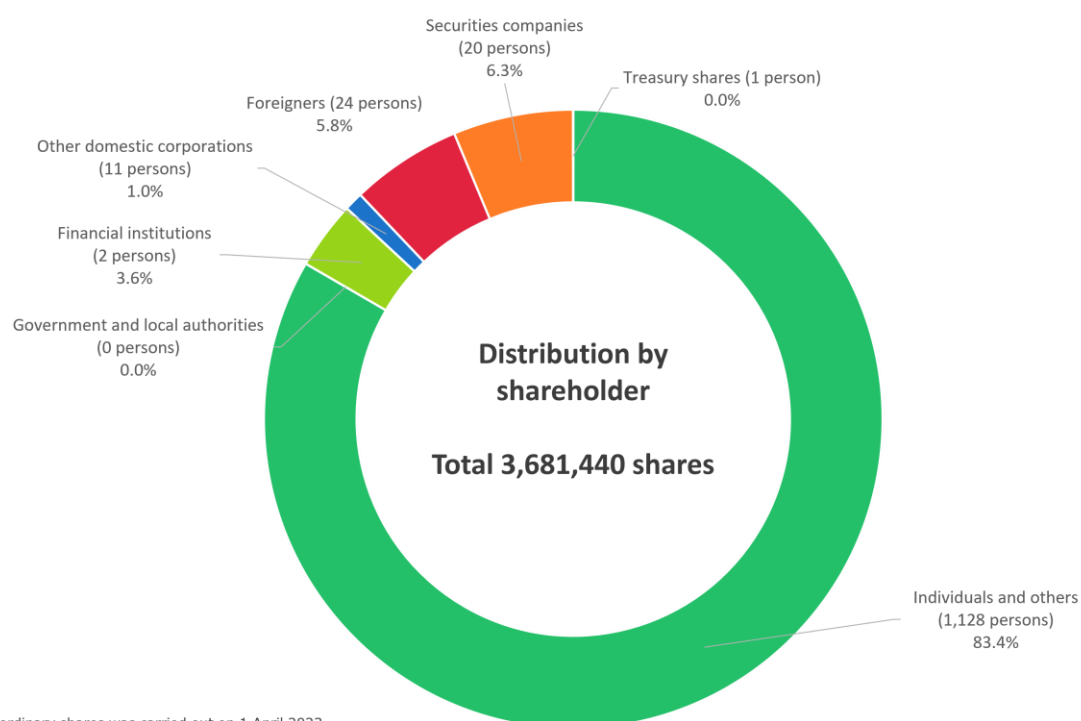
Company name	Sportsfield Corporation, Ltd.	
Representative	Representative director: Katsushi Shinozaki	
Date of establishment	Jan 2010	
Head office location	4F FORECAST Ichigaya, 3-29 Ichigaya-Honmuracho, Shinjuku-ku, Tokyo	
Capital stock	93,513 thousand yen (as at 31 December 2023)	
Board of directors and executive officers	Representative director: Katsushi Shinozaki Executive vice president: Kazuyoshi Ijichi Senior managing director: Tadashi Kaji Senior managing director: Shota Morimoto	Director (Outside): Akihiko Kobayashi Director (Outside): Naoto Kawamura Full-time auditor (Outside): Yasuro Osumi Auditor (Outside): Kenji Yamamoto Auditor (Outside): Junichiro Tajima
Business activities	New graduate business section: events business, human resources placement business Mid-career business section: human resources placement business	
Sales	3,418,218 (thousand yen) [FY12/2023]	
Number of employees	272 (consolidated, end-December 2023)	
Location	12 offices (Tokyo HQ, Osaka, Tokai, Kyushu, Chiba, Sendai, Sapporo, Kyoto, Kobe, Yokohama, Okayama, Hiroshima)+ 7 satellite offices	
Total assets	2,310,947 (thousand yen) [end-December 2023]	

Useful information

Principal shareholders

Name of shareholder	Number of shares held (shares)	Percentage of shareholding (%)
Katsushi Shinozaki	818,000	22.22
Kazuyoshi Ijichi	419,200	11.38
Tadashi Kaji	419,200	11.38
Shota Morimoto	419,200	11.38
Custody Bank of Japan, Ltd. (Trust Account)	127,600	3.46
Reiichi Sasaki	82,000	2.22
Morgan Stanley MUFG Securities Co., Ltd.	62,500	1.69
THE BANK OF NEWYORK MELLON 140042	59,700	1.62
Sportsfield Employee Shareholding Association	56,600	1.53
Fujio Ishimura	53,300	1.44

Shareholder composition (as of 31 December 2023)



*A 2-for-1 split of ordinary shares was carried out on 1 April 2023.



General disclaimer and copyright

This report was created and displayed based on interviews with the company concerned and financial statements, but we do not guarantee the accuracy, completeness, or credibility of the content and data. This report is for informational purposes only and is not intended to solicit or recommend investment. Omega Investment is not responsible for the consequences of using this report.

This report is informed by the target company through interviews with the target company, but the hypotheses, conclusions and all other content contained in this report are based on research by Omega Investment.

Intellectual ownership, including copyrights of the text and data, belongs to Omega Investment. Distribution, transfer, reproduction, transfer or other use constitutes copyright infringement of this report and is strictly prohibited.