

## Non-Consolidated Financial Results (Excerpt) for the Second Quarter of Fiscal 2018 [J-GAAP basis]

Listed Company Name: SHL-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code: 4327	URL: <a href="http://www.shl.co.jp/">http://www.shl.co.jp/</a>
Representative: Manabu Nara, Managing Director	
Contact: Naohiro Nakamura, Executive Director	Tel: +81-3-5385-8781
Date to submit the Quarterly Securities Report:	May 15, 2018
Date to start distributing dividends:	Jun 1, 2018
Supplementary documents for this summary of financial statements:	Yes
Results briefing for financial results:	Yes (for analysts and institutional investors)

The original disclosure in Japanese was released on April 27, 2018 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the Second Quarter of Fiscal 2018 (October 1, 2017 to March 31, 2018)

#### (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 six months of Fiscal 2018	1,286	9.5	592	8.4	592	8.4	405	7.6
First six months of Fiscal 2017	1,175	14.6	546	30.6	546	30.1	377	35.5

	Net income per share	Fully diluted net income per share
	Yen	Yen
First six months of Fiscal 2018	68.20	67.84
First six months of Fiscal 2017	61.95	61.67

The Company conducted a two-for-one stock split of common shares on October 1, 2017. However, net income per share and fully diluted net income per share has been calculated under the assumption that the stock split was conducted at the beginning of the year ended September 30, 2017.

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Mar 31, 2018	4,735	4,085	86.2
September 30, 2017	4,591	3,894	84.7

(Reference) Equity capital: March 31, 2018: ¥4,081 million      September 30, 2017: ¥3.890 million

### 2. Dividends

	Dividend per share				
	Q1 End	Q2 End	Q3 End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	55.00	—	72.00	127.0
Fiscal 2018	—	32.00	—	—	—
Fiscal 2018 (forecast)	—	—	—	32.00	64.00

(Note) Revisions to recent dividends forecast: None

The Company conducted a two-for-one stock split of common shares on October 1, 2017. However, the actual amount of dividend distributed is recorded for the year ended September 30, 2017.

### 3. Non-Consolidated Forecast for the Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)

	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 2018	2,692	4.5	1,117	1.1	1,116	1.1	771	1.7	129.69	

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (5,947,185 shares) for the year ending September 30, 2018, which was calculated taking into account the number of shares issued during the second quarter of the year ending September 30, 2018 through the exercise of share subscription rights as a stock option, and 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 Mar 31, 2018	6,098,358	As of Sep 30, 2017	6,096,358
(ii) Number of treasury shares	As of Mar 31, 2018	150,844	As of Sep 30, 2017	150,844
(iii) Average Number of shares outstanding	First six months of Fiscal 2018	5,946,855	First six months of Fiscal 2017	6,087,134

The Company conducted a two-for-one stock split of common shares on October 1, 2017. However, calculations were made under the assumption that the stock split was conducted at the beginning of the year ended September 30, 2017.

\* 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 six months of the year ending September 30, 2018 (October 1, 2017, through March 31, 2018), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥111 million, or 9.5%, year over year to ¥1,286 million. By business segment, “Product sales” increased 20.1% to ¥680 million, “Consultancy sales” decreased 2.3% to ¥557 million and “Training sales” increased 28.8% to ¥48 million.

The increase in income was primarily due to the factor that both students and corporations started job seeking and recruiting and screening activities more actively than in the previous year as reported by the media. According to the media, among students who are expected to graduate in March 2019, the rate of those who had started job seeking activities as of March 1, 2018 was higher than a year earlier. In addition, the rate of early unofficial job offers given by companies as of the end of March 2018 to prospective graduates in March 2019 was also higher than a year before. The Company believes that its marketing activities in line with customers’ needs were effective under these circumstances.

Operating income for the six-month period under review increased 8.4% year over year to ¥592 million. Although the cost of goods sold increased ¥16 million, or 11.9%, year over year to ¥154 million and selling, general and administrative expenses increased ¥49 million, or 10.0% year over year, to ¥539 million, operating income increased ¥45 million year over year due to the increase in net sales. The increase in the cost of goods sold was primarily attributable to an increase in subcontracting costs resulting from an increase of orders. The primary factors for the increase in selling, general and administrative expenses were increases in royalties, labor expenses such as salaries and executive compensation, and an increase in job offering expenses.

Ordinary income for the six-month period under review increased 8.4% year over year to ¥592 million. Ordinary income increased ¥45 million year over year due to the increase in operating income 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 six-month period under review increased 7.6% year over year to ¥591 million. Income before income taxes increased ¥41 million year over year due to the increase in ordinary income although extraordinary gains decreased ¥3 million year over year. The decrease in extraordinary gains was due to the reporting of ¥3 million of gain on sales of investment securities as extraordinary gains for the same period of the previous fiscal year.

Net income for the six-month period under review increased ¥28 million, or 7.6% year over year, to ¥405 million, primarily due to the increase in income before income taxes.

<Reference 1: Sales by business segment>

	First six months of Fiscal 2017		First six months of Fiscal 2018		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	566	48.2	680	52.9	20.1
Consultancy	571	48.6	557	43.4	△2.3
Training	37	3.2	48	3.7	28.8
Total	1,175	100.0	1,286	100.0	9.5

<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 2016		280		744		995		399		2,420
Fiscal 2017		278		896		1,030		369		2,575
Fiscal 2018		299		987		—		—		—

\*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. Moreover, the rate of fluctuation may at times increase due to changes in the recruiting and screening periods and other reasons. 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, the Company believes that the screening market environment for new graduates will continue to grow steadily, because corporations remain firmly motivated to hire more employees despite concerns over the rapidly developing situation on the Korean Peninsula and growing trade friction in the markets. We intend to continue enhancing our operating performance by speedily providing optimum services based on our precise analysis and understanding of corporate customers' needs while fully taking into account the possibility of earlier completion of corporations' activities for recruiting and screening new graduates during the current fiscal year than the previous year.

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 business forecast for the year ending September 30, 2018, which was released on October 27, 2017.