

Feb 12, 2019

## Non-Consolidated Financial Results (Excerpt) for the First Quarter of Fiscal 2019 [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:	Feb 14, 2019
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, 2019 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the First Quarter of Fiscal 2019 (October 1, 2018 to Dec 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 three months of Fiscal 2019	345	15.6	12	—	13	—	9	—
First three months of Fiscal 2018	299	7.2	△22	—	△22	—	△15	—

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2019	1.53	1.52
First three months of Fiscal 2018	△2.62	—

(Note) Fully diluted net income per share for the first quarter of the year ended September 30, 2018 is not presented despite the existence of diluted shares because a net loss per share was posted.

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

	Total assets		Net assets		Equity ratio
	Millions of Yen	Yen	Millions of Yen	Yen	%
Dec 31, 2018	4,531		4,091		90.2
Sep 30, 2018	4,928		4,280		86.8

(Reference) Equity capital: Dec 31, 2018: ¥4,088 million Sep 30, 2018: ¥4,277 million

### 2. Dividends

	Dividend per share				
	Q1 End	Q2 End	Q3 End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	—	32.00	—	35.00	67.00
Fiscal 2019	—				
Fiscal 2019 (forecast)		34.00	—	34.00	68.00

(Note) Revisions to recent dividends forecast: None

### 3. Non-Consolidated Forecast for the Year Ending September 30, 2019 (October 1, 2018 to September 30, 2019)

	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 2019	2,825	4.5	1,166	0.5	1,164	0.4	798	0.4	134.10

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (5,954,144 shares) for the year ending September 30, 2019, which was calculated taking into account the number of shares issued during the first quarter of the year ending September 30, 2019 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 Dec 31, 2018	6,105,958	As of Sep 30, 2018	6,100,358
(ii) Number of treasury shares	As of Dec 31, 2018	150,893	As of Sep 30, 2018	150,844
(iii) Average Number of shares outstanding	First three months of Fiscal 2019	5,951,409	First three months of Fiscal 2018	5,946,210

\* 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, 2019 (October 1, 2018, through December 31, 2018), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥46 million, or 15.6%, year over year to ¥345 million. By business segment, “Product sales” increased 22.9% to ¥223 million, “Consultancy sales” increased 6.7% to ¥114 million and “Training sales” decreased 19.9% to ¥8 million.

“Product sales” increased ¥41 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 ¥7 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”. “Training sales” decreased ¥2 million compared with the same period of the previous fiscal year, primarily due to the decrease in orders received for open courses.

Operating income for the three-month period under review totaled ¥12 million (compared with operating loss of ¥22 million for the same period of the previous fiscal year). While the cost of goods sold decreased ¥1 million, or 2.3%, year over year to ¥65 million, selling, general and administrative expenses increased ¥12 million, or 5.0% year over year, to ¥266 million, but operating income increased due to the increase in net sales. The primary factors for the increase in selling, general and administrative expenses were increases in royalty and recruiting expenses.

Ordinary income for the three-month period under review totaled ¥13 million (compared with ordinary loss of ¥22 million for the same period of the previous fiscal year). This figure was almost equal to 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 three-month period under review was equal to ordinary income because no extraordinary gains or extraordinary losses were recorded, and totaled ¥13 million (compared with loss before income taxes of ¥22 million for the same period of the previous fiscal year).

After taking into account the above factors and income taxes—current and income taxes—deferred, net income secured for the three-month period under review totaled ¥9 million (compared with net loss of ¥15 million for the same period of the previous fiscal year).

#### <Reference 1: Sales by business segment>

	First three months of Fiscal 2018		First three months of Fiscal 2019		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	181	60.7	223	64.6	22.9
Consultancy	107	35.8	114	33.0	6.7
Training	10	3.5	8	2.4	△19.9
Total	299	100.0	345	100.0	15.6

#### <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 2017	278	896	1,030	369	2,575
Fiscal 2018	299	987	986	431	2,704
Fiscal 2019	345	—	—	—	—

\*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 expected to graduate in 2020 will continue to grow steadily as in the previous fiscal year, because the industry's self-imposed controls on employment PR activity and screening process for new graduates\*, which are currently in force, are in their final year of implementation, and corporations remain highly motivated to hire more employees against a backdrop of a chronic labor shortage.

However, we intend to continue enhancing our operating performance by speedily providing optimum services based on our 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 three-month period under review, no changes have been made to the business forecast for the year ending September 30, 2019, which was released on October 30, 2018.

\* The industry has self-imposed controls regarding the employment of new graduates, under which industry groups agreed not to start employment PR activity and the screening process for new graduates prior to a fixed date in light of the academic schedules for students. The Keidanren (Japan Business Federation) stipulated in its "Guidelines for Recruiting and Employing New Graduates" that corporations' PR activity for new graduates who will enter corporations in fiscal 2017 onwards shall commence on and after March 1 of the year just preceding the year of graduation or post-graduate completion, and screening activity on and after June 1 of the year of graduation or completion.