

May 23, 2019

## Non-Consolidated Financial Results (Excerpt) for the Second 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	
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Date to submit the Quarterly Securities Report:	May 15, 2019
Date to start distributing dividends:	Jun 3, 2019
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 26, 2019 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the Second Quarter of Fiscal 2019 (October 1, 2018 to March 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 six months of Fiscal 2019	1,536	19.4	762	28.7	762	28.9	526	29.9
First six months of Fiscal 2018	1,286	9.5	592	8.4	592	8.4	405	7.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
First six months of Fiscal 2019	88.47	88.16
First six months of Fiscal 2018	68.20	67.84

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

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Mar 31, 2019	5,423	4,618	85.1
Sep 30, 2018	4,928	4,280	86.8

(Reference) Equity capital: March 31, 2019: ¥4,616 million      September 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	—	34.00	—	—	—
Fiscal 2019 (forecast)	—	—	—	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	134.03

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (5,957,208 shares) for the year ending September 30, 2019, which was calculated taking into account the number of shares issued during the second 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 Mar 31, 2019	6,110,958	As of Sep 30, 2018	6,100,358
(ii) Number of treasury shares	As of Mar 31, 2019	150,936	As of Sep 30, 2018	150,844
(iii) Average Number of shares outstanding	First six months of Fiscal 2019	5,954,379	First six months of Fiscal 2018	5,946,855

\* 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, 2019 (October 1, 2018, through March 31, 2019), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥249 million, or 19.4%, year over year to ¥1,536 million. By business segment, “Product sales” increased 28.9% to ¥876 million, “Consultancy sales” increased 10.9% to ¥618 million and “Training sales” decreased 15.5% to ¥40 million.

“Product sales” increased ¥196 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 ¥60 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” decreased ¥7 million compared with the same period of the previous fiscal year, primarily due to the decrease in orders received for open courses.

The increase in net sales was primarily due to both students and corporates beginning job seeking as well as recruiting and screening activities more actively than in the previous year amid media reports that the ratio of job openings for new graduates remained high and that there was a year-over-year increase in the rate of early unofficial job offers given by companies. In addition, the rate of early unofficial job offers given by companies was also higher than a year before. Under these circumstances, the Company believes that it was able to achieve increase in net sales by receiving orders for new projects as a result of marketing activities in line with customer needs.

Operating income for the six-month period under review increased 28.7% year over year to ¥762 million. Although the cost of goods sold increased ¥38 million, or 24.6%, year over year to ¥193 million, and selling, general and administrative expenses increased ¥41 million, or 7.7%, year over year, to ¥580 million, operating income increased ¥169 million year over year thanks to the increase in net sales. The increase in the cost of goods sold was mainly attributable to an increase in subcontracting costs for provision of hall tests resulting from an increase of orders. The primary factor for the increase in selling, general and administrative expenses was an increase in royalty.

Ordinary income for the six-month period under review increased ¥170 million, or 28.9%, year over year to ¥762 million. 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 six-month period under review was equal to ordinary income, because no extraordinary gains or extraordinary losses were recorded, and increased ¥171 million, or 28.9%, year over year to ¥762 million.

After taking into account the above factors and income taxes—current and income taxes—deferred, net income for the six-month period under review increased ¥121 million, or 29.9%, year over year to ¥526 million.

<Reference 1: Sales by business segment>

	First six months of Fiscal 2018		First six months of Fiscal 2019		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	680	52.9	876	57.1	28.9
Consultancy	557	43.4	618	40.3	10.9
Training	48	3.7	40	2.6	△15.5
Total	1,286	100.0	1,536	100.0	19.4

<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	1,190	—	—	—

\*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, 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, taking fully into account that employment activities by companies seeking to hire new graduates in this year might end earlier than in the previous year, 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 six-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.