

Aug 7, 2019

## Non-Consolidated Financial Results (Excerpt) for the Third 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:	Aug 8, 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 July 29, 2019 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the Third Quarter of Fiscal 2019 (October 1, 2018 to June 30, 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 nine months of Fiscal 2019	2,474	8.9	1,202	12.5	1,202	12.6	830	13.5
First nine months of Fiscal 2018	2,273	3.1	1,068	△2.1	1,068	△2.1	732	△2.5

	Net income per share	Fully diluted net income per share
	Yen	Yen
First nine months of Fiscal 2019	139.28	138.94
First nine months of Fiscal 2018	123.09	122.45

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

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Jun 30, 2019	5,525	4,748	85.9
Sep 30, 2018	4,928	4,280	86.8

(Reference) Equity capital: June 30, 2019: ¥4,748 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	2,850	5.4	1,192	2.7	1,192	2.7	821	3.3	137.54

(Note) Revisions to recent business forecast: Yes

Net income per share has been adjusted based on the average number of shares outstanding (5,970,242 shares) for the year ending September 30, 2019, which was calculated taking into account the number of shares issued during the third 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 Jun 30, 2019	6,141,158	As of Sep 30, 2018	6,100,358
(ii) Number of treasury shares	As of Jun 30, 2019	150,936	As of Sep 30, 2018	150,844
(iii) Average Number of shares outstanding	First nine months of Fiscal 2019	5,963,509	First nine months of Fiscal 2018	5,947,224

\* 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 nine months of the year ending September 30, 2019 (October 1, 2018, through June 30, 2019), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥201 million, or 8.9%, year over year to ¥2,474 million. By business segment, “Product sales” increased 12.3% to ¥1,558 million, “Consultancy sales” increased 5.3% to ¥842 million and “Training sales” decreased 14.4% to ¥73 million.

“Product sales” increased ¥170 million compared with the same period of the previous fiscal year. This was primarily attributable to the favorable sales of overall product services centering on “GAB”, Web test of general abilities. Moreover, “Consultancy sales” increased ¥42 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 ¥12 million compared with the same period of the previous fiscal year, primarily due to the decrease in orders received for in-house seminars.

The increase in net sales was primarily due to a continuing strong seller’s market for students 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, which hit a record high. Under these circumstances, the Company believes that it was able to achieve increase in net sales by succeeding in receiving orders for new projects as a result of active marketing activities in line with customer needs.

Operating income for the nine-month period under review increased 12.5% year over year to ¥1,202 million. Although the cost of goods sold increased ¥13 million, or 3.9%, year over year to ¥362 million, and selling, general and administrative expenses increased ¥54 million, or 6.3%, year over year, to ¥910 million, operating income increased ¥133 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 and labor costs for provision of hall tests resulting from an increase of orders. The primary factors for the increase in selling, general and administrative expenses were increases in royalties and labor expenses.

Ordinary income for the nine-month period under review increased ¥134 million, or 12.6%, year over year to ¥1,202 million due to the increase in non-operating income by ¥1 million year over year, despite the slight increase in non-operating expenses.

Income before income taxes for the nine-month period under review increased ¥134 million, or 12.6%, year over year to ¥1,202 million, because both extraordinary gains and extraordinary losses were small as in 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 for the nine-month period under review increased ¥98 million, or 13.5%, year over year to ¥830 million.

<Reference 1: Sales by business segment>

	First nine months of Fiscal 2018		First nine months of Fiscal 2019		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	1,387	61.0	1,558	63.0	12.3
Consultancy	800	35.2	842	34.1	5.3
Training	85	3.8	73	2.9	△14.4
Total	2,273	100.0	2,474	100.0	8.9

<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	938	—	—

\*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

The operating results for the nine-month period under review showed an increase in income and profits compared with the same period of the previous fiscal year. As a result, operating income, ordinary income, and net income exceeded the business forecast figures for the year ending September 30, 2019. On the other hand, with regards to the operating results for the fourth quarter (July 1 through September 30, 2019), net sales are expected to decrease compared with the same period of the previous fiscal year and profits are predicted to be negative, taking into consideration the current estimated amount of orders received. Therefore, revision has been made to the business forecast figures for the year ending September 30, 2019, taking into account the actual results for the nine-month period under review and the business forecast for the fourth quarter.