

## Non-consolidated Financial and Operating Results (Excerpt) for the Year Ended September 30, 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 the ordinary general meeting of shareholders:		Dec 21, 2019
Date to start distributing dividends:		Dec 23, 2019
Date to submit the Securities Report		Dec 24, 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 October 30, 2019 at 15:15 (GMT+9)

### 1. Non-consolidated Financial Results for the Year Ended September 30, 2019 (October 1, 2018 to September 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	Yen	%	Millions of Yen	Yen	%	Millions of Yen	Yen	%
Fiscal 2019	2,914	7.8	1,229		5.9	1,230		6.0	840		5.8
Fiscal 2018	2,704	5.0	1,161		5.0	1,160		5.1	795		4.8

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2019	140.86	140.60	18.6	23.5	42.2
Fiscal 2018	133.69	133.01	19.5	24.4	42.9

(Note) Comprehensive income: Fiscal 2019: — million Fiscal 2018 — million

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

	Total assets		Net assets		Equity ratio	Net assets per share
	Millions of Yen	Yen	Millions of Yen	Yen	%	Yen
Sep 30, 2019	5,539		4,761		85.9	794.85
Sep 30, 2018	4,928		4,280		86.8	718.93

(Reference) Equity capital: September 30, 2019: ¥4,761 million September 30, 2018: ¥4,277million

#### (3) Non-Consolidated Consolidated Cash Flows

	Net cash provided by (used in) operating activities		Net cash provided by (used in) investing activities		Net cash provided by (used in) financing activities		Cash and cash equivalents at end of period	
	Millions of Yen	Yen	Millions of Yen	Yen	Millions of Yen	Yen	Millions of Yen	Yen
Fiscal 2019	1,020		△25		△380		3,731	
Fiscal 2018	736		△32		△400		3,116	

### 2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets
	Q1 End	Q2 End	Q3 End	Year-End	Annual			
Fiscal 2018	—	32.00	—	35.00	67.00	398	50.1	9.8
Fiscal 2019	—	34.00	—	37.00	71.00	424	50.4	9.4
Fiscal 2020 (forecast)	—	36.00	—	36.00	72.00		50.0	

### 3. Non-Consolidated Forecast for the Year Ending September 30, 2020 (October 1, 2019 to September 30, 2020)

	Net sales		Operating income			Ordinary income		Net income			Net income per share	
	Millions of Yen	%	Millions of Yen	Yen	%	Millions of Yen	Yen	%	Millions of Yen	Yen	Yen	
Fiscal 2020	3,022	3.7	1,269		3.2	1,267		3.0	861		2.5	143.89

Net income per share has been calculated based on the number of shares (6,141,158 shares) after subtracting the number of treasury shares (150,972 shares) from the total number of shares outstanding (5,990,186 shares), reflecting the stock split.

\*Note

- (1) 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 |

(2) Number of shares outstanding (common stock)

(i) Number of shares outstanding (including treasury shares)	As of September 30, 2019	6,141,158	As of September 30, 2018	6,100,358
(ii) Number of treasury shares	As of September 30, 2019	150,972	As of September 30, 2018	150,844
(iii) Average Number of shares outstanding	Fiscal 2019	5,970,237	Fiscal 2018	5,947,646

\* Implementation status of quarterly review procedures

This financial results summary is not subject to annual 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 without presenting performance forecasts for the first half.

Overview of operating results, etc.

(1) Overview of operating results

For the year ended September 30, 2019 (October 1, 2018, through September 30, 2019), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥209 million, or 7.8%, year over year to ¥2,914 million. By business segment, “Product sales” increased 12.6% to ¥1,829 million, “Consultancy sales” increased 0.8% to ¥995 million and “Training sales” decreased 2.9% to ¥89 million.

“Product sales” increased ¥204 million compared with the same period of the previous fiscal year. This was primarily attributable to the favorable sales of overall product services led by “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 orders received for analysis assessment projects. “Training sales” decreased ¥2 million compared with the same period of the previous fiscal year, primarily due to the decrease in orders received for in-house seminars.

During the year under review, the rate of early unofficial job offers made to students who are set to graduate next spring remained at a high level, and it has been reported in the media that the tight labor market favoring students remained notable. Amidst such conditions, screening activities by companies seeking to hire new graduates were impacted by a 10-day holiday period in May and ended even earlier than in the previous year. Under such an environment where shortening the screening period to hire new graduates continued, product services which are comparatively easy to be introduced and utilized were appreciated by corporate customers, and there were multiple orders received, including for employee assessment projects. The Company believes these factors contributed to the year-over-year increase in net sales.

Operating income for the year under review increased 5.9% year over year to ¥1,229 million. Although the cost of goods sold increased ¥20 million, or 4.9%, year over year to ¥443 million, and selling, general and administrative expenses increased ¥120 million, or 10.8%, year over year, to ¥1,241 million, operating income increased ¥68 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 due to increased orders. The primary factors for the increase in selling, general and administrative expenses were increases in labor expenses associated with both personnel expansion, mainly for sales operations, and for interim bonuses, as well as in royalties.

Ordinary income for the year under review increased 6.0%, year over year to ¥1,230 million. In addition to increased operating income, ordinary income increased by ¥69 million due to an increase in non-operating income of ¥1 million year over year, despite non-operating expenses remaining essentially unchanged from the previous fiscal year. The increase in non-operating income is primarily attributable to the reporting of ¥1 million of dividend income.

Income before income taxes for the year under review increased 6.1% year over year to ¥1,230 million. Income before income taxes increased ¥70 million because both extraordinary gains and extraordinary losses were small, as in the same period of the previous fiscal year.

Net income for the year under review increased 5.8% year over year to ¥840 million. Net income increased ¥45 million on account of increased income before income taxes.

<Reference 1: Sales by business segment>

	Fiscal 2018		Fiscal 2019		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	1,624	60.1	1,829	62.8	12.6
Consultancy	987	36.5	995	34.1	0.8
Training	91	3.4	89	3.1	△2.9
Total	2,704	100.0	2,914	100.0	7.8

<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	439	2,914

\*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) Projected performance

(Projected performance for the year ending September 30, 2020)

In the next fiscal year, conditions are uncertain with regard to economic trends and employment PR activity, as well as with what impact there will be from the termination of the industry's self-imposed controls pertaining to hiring screening. However, as corporations remain highly motivated to hire more employees, the Company projects that the current market environment will maintain a brisk pace similar to that of the year under review. The Company intends to continue enhancing its operating performance by swiftly providing optimum services based on a precise analysis and understanding of corporate customers' needs while taking into account the establishment of certain rules concerning the screening process for hiring new graduates.

In light of the above, the Company projects net sales of ¥3,022 million (up 3.7% year over year), operating income of ¥1,269 million (up 3.2% year over year), ordinary income of ¥1,267 million (up 3.0% year over year) and net income of ¥861 million (up 2.5% year over year) for the year ending September 30, 2020.

(Basic policy regarding profit distribution and dividends for the year ended September 30, 2019, and the year ending September 30, 2020)

The Company considers the return of profits to shareholders to be one of its mainstay management tasks. Consequently, the Company intends to maintain a basic policy of ensuring stable and proactive profit distribution to shareholders with a benchmark payout ratio of 50% (more specifically, total dividends of 50% of net income for the year) while maintaining an internal reserve for the future reinforcement of its business structure. As for acquisition of treasury shares, the Company's dividends from surplus are distributed twice per annum as an interim dividend and a year-end dividend. The internal decision is made by the Board of Directors for the interim dividend and by a general meeting of shareholders for the year-end dividend.

In line with the above basic policies, the Company plans to distribute an annual dividend per share of ¥71 for the year ended September 2019, consisting of ¥37 per share for the year-end dividend and ¥34 per share for the interim dividend. This is a year-over-year increase of ¥4, representing an increase of 6.0% from the annual dividend of ¥67 per share in the previous fiscal year.

The Company intends to reinforce its management foundation by allocating the internal reserve to IT-related investments for ensuring higher safety of its information systems and R&D projects for new assessment tools.

With regard to the dividend of the next year, the Company intends to distribute an annual dividend of ¥72 per share. This is a dividend increase of ¥1 annually compared with the ¥71 annual dividend per share for the year under review.