

May 18, 2021

## Non-Consolidated Financial Results (Excerpt) for the Second Quarter of Fiscal 2021 [J-GAAP basis]

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|---|--|
| 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, Director                               | Tel: +81-3-5385-8781   |
| Date to submit the Quarterly Securities Report:                   | May 14, 2021   |
| Date to start distributing dividends:                             | Jun 1, 2021  |
| 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 28, 2021 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the Second Quarter of Fiscal 2021 (October 1, 2020 to March 31, 2021)

#### (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 2021 | 1,848           | 12.8 | 966              | 12.4 | 965             | 12.3 | 665             | 13.5 |
| First six months of Fiscal 2020 | 1,639           | 6.7  | 859              | 12.8 | 859             | 12.7 | 586             | 11.3 |

|                                 | Net income per share | Fully diluted net income per share |
|---------------------------------|----------------------|------------------------------------|
|                                 | Yen                  | Yen                                |
| First six months of Fiscal 2021 | 111.15               | —                                  |
| First six months of Fiscal 2020 | 97.91                | —                                  |

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

|              | Total assets    |       | Net assets      |       | Equity ratio |
|--------------|-----------------|-------|-----------------|-------|--------------|
|              | Millions of Yen | Yen   | Millions of Yen | Yen   | %            |
| Mar 31, 2021 | 6,595           | 6,595 | 5,584           | 5,584 | 84.7         |
| Sep 30, 2020 | 6,143           | 6,143 | 5,288           | 5,288 | 86.1         |

(Reference) Equity capital: March 31, 2021: ¥5,584 million    Sep 30, 2020: ¥5,288 million

### 2. Dividends

|                        | Dividend per share |        |        |          |        |
|------------------------|--------------------|--------|--------|----------|--------|
|                        | Q1 End             | Q2 End | Q3 End | Year-End | Annual |
|                        | Yen                | Yen    | Yen    | Yen      | Yen    |
| Fiscal 2020            | —                  | 36.00  | —      | 60.00    | 96.00  |
| Fiscal 2021            | —                  | 38.00  | —      | —        | —      |
| Fiscal 2021 (forecast) | —                  | —      | —      | 38.00    | 76.00  |

(Note) Revisions to recent dividends forecast: None

The year-end dividend for the fiscal year ending September 2020 includes a special dividend of ¥20.00.

### 3. Non-Consolidated Forecast for the Year Ending September 30, 2021 (October 1, 2020 to September 30, 2021)

|             | 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 2021 | 3,100           | 4.6 | 1,394            | 0.2 | 1,393           | 0.1 | 961             | 0.1 | 160.52               |

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (5,990,152 shares) for the year ending September 30, 2021, which was calculated taking into account the number of shares issued during the first quarter of the year ending September 30, 2021 through 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, 2021              | 6,141,158 | As of Sep 30, 2020              | 6,141,158 |
| (ii) Number of treasury shares                               | As of Mar 31, 2021              | 151,006   | As of Sep 30, 2020              | 151,006   |
| (iii) Average Number of shares outstanding                   | First six months of Fiscal 2021 | 5,990,152 | First six months of Fiscal 2020 | 5,990,186 |

\* 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, 2021 (October 1, 2020, through March 31, 2021), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥209 million, or 12.8%, year over year to ¥1,848 million. By business segment, “Product sales” increased 20.4% to ¥1,197 million, “Consultancy sales” decreased 0.5% to ¥597 million, and “Training sales” increased 20.4% to ¥54 million.

“Product sales” increased ¥203 million compared with the same period of the previous fiscal year. This was primarily attributable to the favorable sales of “WebGAB,” Web test of general abilities, “C-GAB plus (hall test/online monitored Web test),” and “WebCAB,” Web test of computer aptitude. Meanwhile, “Consultancy sales” decreased ¥2 million compared with the same period of the previous fiscal year. This was primarily due to the unfavorable sales of customized versions of multiple choice tests and analysis assessment projects, despite favorable sales of “TAMATEBAKO” Web test and customized versions of Web tests. “Training sales” increased ¥9 million compared with the same period of the previous fiscal year, primarily owing to a rise in orders received for in-house seminars.

In the first six months of the year ending September 30, 2021, despite continued concerns over the spread of the novel coronavirus, screening activities by companies seeking to hire new graduates began earlier compared with previous years, especially for internship participants, as evidenced by media reports which stated that as of April 1 there was a record rate of early unofficial job offers made to new graduates who are set to graduate next spring since the surveys began, as the “Views on the Schedules for Finding Jobs and Hiring Activities,” which are current rules for finding jobs (PR activities to start on or after March 1, screening activities to start on or after June 1), become a mere formality. In this environment, the Company believes that it was able to achieve an increase in net sales by gaining support from its customers for services with low risks of the “Three Cs” (Closed spaces, Crowded places, and Close-contact settings) or services that can avoid those risks, mainly online assessment tools.

Operating income for the six-month period under review increased 12.4% year over year to ¥966 million. Although the cost of goods sold increased ¥38 million, or 23.0%, year over year to ¥205 million and selling, general and administrative expenses increased ¥64 million, or 10.5%, year over year to ¥676 million, operating income increased ¥106 million year over year thanks to the increase in net sales. With regard to the cost of goods sold, the increase was mainly attributable to increases in labor costs and subcontracting costs resulting from an increase of orders received for hall tests and online monitored Web tests, despite a decrease in cost of question booklets for multiple choice tests and other goods. The primary factors for the increase in selling, general and administrative expenses were increases in royalties and labor expenses mainly due to the increased number of staff in the sales department.

Ordinary income for the six-month period under review increased ¥105 million, or 12.3%, year over year to ¥965 million 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 as in the same period of the previous fiscal year, and increased ¥105 million, or 12.3%, year over year to ¥965 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 ¥79 million, or 13.5%, year over year to ¥665 million.

<Reference 1: Sales by business segment>

|             | First six months of Fiscal 2020 |                 | First six months of Fiscal 2021 |                 | Rate of increase<br>(decrease) |
|-------------|---------------------------------|-----------------|---------------------------------|-----------------|--------------------------------|
|             | Millions of Yen                 | Component ratio | Millions of Yen                 | Component ratio |                                |
| Product     | 994                             | 60.7            | 1,197                           | 64.8            | 20.4                           |
| Consultancy | 600                             | 36.6            | 597                             | 32.3            | △0.5                           |
| Training    | 44                              | 2.7             | 54                              | 2.9             | 20.4                           |
| Total       | 1,639                           | 100.0           | 1,848                           | 100.0           | 12.8                           |

<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 2019 | 345             | 1,190           | 938             | 439             | 2,914           |
| Fiscal 2020 | 405             | 1,233           | 845             | 479             | 2,964           |
| Fiscal 2021 | 472             | 1,375           | —               | —               | —               |

\*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, there are hopeful signs such as the beginning of vaccination for the novel coronavirus. On the other hand, a state of emergency was declared in some areas following the resurgence of the spread of the novel coronavirus, and the containment of concerns about the spread still remains unforeseeable. Although the Company cannot deny the fact that economic trends are uncertain due to the impact of these factors, some media reports have stated that motivation for hiring is strong among companies that consider the balance of employee composition by age, must address labor shortage, and bolster human resources apt for digital transformation (DX). The Company projects that screening activities mainly by such companies seeking to hire new graduates and mid-career personnel who can become immediate assets will be carried out while proactively taking measures necessary to avoid risks of the "Three Cs." In this environment, the Company intends to enhance its operating performance by swiftly providing its optimum assessment services based on a 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 financial results forecast for the year ending September 30, 2021, which was released on October 30, 2020.