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Feb 14, 2023

## Non-consolidated Financial Results for the Three Months Ended December 31, 2022 (Under Japanese GAAP)

Company name: SHL-JAPAN Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4327  
 URL: <http://www.shl.co.jp/>  
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 Scheduled date to file quarterly securities report: Feb 14, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None  
 The original disclosure in Japanese was released on January 31, 2023 at 15:15 (GMT+9)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated financial results for the three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

|                    | Net sales       |     | Operating profit |     | Ordinary profit |     | Profit          |     |
|--------------------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|-----|
|                    | Millions of yen | %   | Millions of yen  | %   | Millions of yen | %   | Millions of yen | %   |
| Three months ended |                 |     |                  |     |                 |     |                 |     |
| Dec 31, 2022       | 655             | 9.6 | 222              | 2.0 | 222             | 1.8 | 153             | 1.9 |
| Dec 31, 2021       | 597             | —   | 218              | —   | 218             | —   | 150             | —   |

|                    | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
|                    | Yen                      | Yen                        |
| Three months ended |                          |                            |
| Dec 31, 2022       | 25.62                    | —                          |
| Dec 31, 2021       | 25.14                    | —                          |

As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., have been applied since the beginning of the fiscal year ended September 30, 2022, the figures provided for the fiscal year ended September 30, 2022, are figures to which said accounting standards have been applied. The rates of increase or decrease compared with the same period of the previous fiscal year are not provided.

#### (2) Non-consolidated financial position

|              | Total assets    | Net assets      | Equity-to-asset ratio |
|--------------|-----------------|-----------------|-----------------------|
|              | Millions of yen | Millions of yen | %                     |
| As of        |                 |                 |                       |
| Dec 31, 2022 | 6,664           | 5,583           | 83.8                  |
| Sep 30, 2022 | 7,028           | 5,808           | 82.7                  |

Reference: Equity  
 As of Dec 31, 2022: ¥5,583 million  
 As of Sep 30, 2022: ¥5,808 million

## 2. Cash dividends

|  | Annual dividends per share |                    |                   |                 |        |
|--|----------------------------|--------------------|-------------------|-----------------|--------|
|  | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total  |
|  | Yen                        | Yen                | Yen               | Yen             | Yen    |
| Fiscal year ended<br>Sep 30, 2022                | —                          | 43.00              | —                 | 62.00           | 105.00 |
| Fiscal year ended<br>Sep 30, 2023                | —                          |                    |                   |                 |        |
| Fiscal year ending<br>Sep 30, 2023<br>(Forecast) |                            | 45.00              | —                 | 45.00           | 90.00  |

(Note) Revisions to recent dividends forecast: None

The year-end dividend for the fiscal year ended September 2022 includes a special dividend of ¥15.00.

## 3. Non-Consolidated Forecast for the Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)

|                                   | Net sales       |     | Operating profit |     | Ordinary profit |     | Profit          |     | Basic earnings per share |
|-----------------------------------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|-----|--------------------------|
|                                   | Millions of yen | %   | Millions of yen  | %   | Millions of yen | %   | Millions of yen | %   | yen                      |
| Fiscal year ended<br>Sep 30, 2023 | 3,602           | 4.0 | 1,603            | 3.0 | 1,602           | 3.0 | 1,106           | 3.8 | 184.78                   |

(Note) Revisions to recent business forecast: None

Basic earnings per share have been calculated based on the average number of shares outstanding (5,989,996 shares) for the year ending September 30, 2023, which was calculated taking into account the number of treasury shares held.

### \* Notes

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

|                    |                  |
|--------------------|------------------|
| As of Dec 31, 2022 | 6,141,158 shares |
| As of Sep 30, 2022 | 6,141,158 shares |

- (ii) Number of treasury shares at the end of the period

|                    |                |
|--------------------|----------------|
| As of Dec 31, 2022 | 151,162 shares |
| As of Sep 30, 2022 | 151,162 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

|                                 |                  |
|---------------------------------|------------------|
| Three months ended Dec 31, 2022 | 5,989,996 shares |
| Three months ended Dec 31, 2021 | 5,990,128 shares |

\* 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.

## Qualitative information regarding the quarterly settlement of accounts

### (1) Overview of operating results

During the first three months of the year ending September 30, 2023 (from October 1, 2022 to December 31, 2022), net sales of SHL-JAPAN Ltd. (the “Company”) were ¥655 million (up 9.6% year on year), a year-on-year increase of ¥57 million. By business segment, “Product sales” were ¥429 million (up 16.4% year on year), “Consultancy sales” were ¥207 million (down 0.5% year on year), and “Training sales” were ¥18 million (down 9.4% year on year).

“Product sales” increased by ¥60 million year on year. This is primarily due to the strong sales of the Web tests of general abilities “C-GAB plus” (on-site test/ Web test with online monitoring) and “Web GAB” and the Web test of abilities for computer-related jobs “Web CAB.” “Consultancy sales” remained almost unchanged from the same period of the previous fiscal year. This is primarily due to the sluggish sales of customized versions of Web tests despite strong sales of various agency services for assessment. “Training sales” decreased by ¥1 million year on year primarily due to a decrease in orders of in-house seminars.

Operating profit for the three-month period under review was ¥222 million (up 2.0% year on year). Cost of goods sold was ¥89 million (up 28.6% year on year), a year-on-year increase of ¥19 million, while selling, general and administrative expenses were ¥343 million (up 10.8% year on year), a year-on-year increase of ¥33 million, and operating profit increased by ¥4 million year on year thanks to an increase in revenue. An increase in cost of goods sold was primarily attributable to an increase in labor costs due to organizational restructuring and an increase in outsourcing expenses due to an increase in orders received, and an increase in selling, general and administrative expenses was primarily attributable to an increase in support costs for royalty and customers.

Ordinary profit for the three-month period under review was ¥222 million (up 1.8% year on year). This is almost equal to operating profit because both non-operating income and non-operating expenses were small as in the same period of the previous fiscal year, leading to a year-on-year increase of ¥3 million.

Profit before income taxes for the three-month period under review was ¥222 million (up 1.8% year on year), a year-on-year increase of ¥3 million, which is equal to ordinary profit because no extraordinary gains or extraordinary losses were recorded as in the same period of the previous fiscal year.

As a result of deducting income taxes from the above figure, profit for the three-month period under review was ¥153 million (up 1.9% year on year), a year-on-year increase of ¥2 million.

<Reference 1: Sales by business segment>

|             | Fiscal 2022     |                 | Fiscal 2023     |                 | Rate of increase<br>(decrease) |
|-------------|-----------------|-----------------|-----------------|-----------------|--------------------------------|
|             | Millions of Yen | Component ratio | Millions of Yen | Component ratio |                                |
| Product     | 368             | 61.7            | 429             | 65.5            | 16.4                           |
| Consultancy | 208             | 34.9            | 207             | 31.7            | △0.5                           |
| Training    | 20              | 3.4             | 18              | 2.8             | △9.4                           |
| Total       | 597             | 100.0           | 655             | 100.0           | 9.6                            |

<Reference 2: Sales by quarterly basis>

|             | First Quarter   | Second Quarter  | Third Quarter   | Year-End        | Annual          |
|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|             | Millions of Yen |
| Fiscal 2023 | 655             | —               | —               | —               | —               |
| Fiscal 2022 | 597             | 1,120           | 1,063           | 681             | 3,463           |
| Fiscal 2021 | 472             | 1,375           | 969             | 482             | 3,300           |

\*Note 1:As the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., since the beginning of the fiscal year ended September 30, 2022, the figures provided for the fiscal year ending September 30, 2023 and the fiscal year ended September 30, 2022 are figures to which said accounting standards have been applied. The figures provided for the fiscal year ended September 30, 2021 are actual figures to which these accounting standards are not applied.

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. In recent years, sales have tended to concentrate in the second and third quarters of the fiscal year.

(2) Projected performance

During the year under review, amid the growing expectation of recession due to the worldwide inflation and increases in interest rates, Japan is entering into life after COVID-19 as the government officially decided to downgrade COVID-19, which is now classified as equivalent to category two, to category five, the same grouping as seasonal flu, on May 8. On the other hand, the motivation of companies to hire new employees has remained strong with an eye to such moves, and the recruitment and screening activities of companies took place even earlier than before, particularly among firms that are offering internships, as reported in the media that the rate of new graduates who are set to graduate in 2024 and have already received job offers was 14.9%, up 1.4 percentage point year on year, and that the rate of students experiencing the recruitment and screening processes was 51.1%, up 1.9 percentage point year on year, exceeding 50% for the first time. In this environment, the Company intends to continue to implement thorough measures to prevent the spread of COVID-19 to ensure the health and safety of our employees and business associates, and to enhance its business performance by swiftly providing optimum 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 three-month period under review, no changes have been made to the financial results forecast for the year ending September 30, 2023, which was released on October 31, 2022.

(3) Others (Important contractor for business management)

The Company provides human resources assessment services mainly to domestic companies by being licensed by SHL Group Limited. The current licensing agreement, which is the evidence of the licensing, will expire on March 31, 2023, and has not been renewed at the moment.