SHL-JAPAN Ltd.

Year Ending September 2014

Non-consolidated Financial and Operating Results (Excerpt) for the Third Quarter Ended June 30, 2014 (J-GAAP basis)

August 11, 2014

Listed Company Name:	SHL-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code	4327	
URL:	http://www.shl.co.jp/	
Representative:	Manabu Nara, Managing Director	
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Date to submit the Quarterly Securities Report: August 14,2014

Date to start distributing dividends: —

The original disclosure in Japanese was released on July 29, 2014 at 16:10 (GMT+9)

1. Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first nine months of the year ending September 30, 2014 (October 1, 2013, through June 30, 2014), net sales of SHL-JAPAN Ltd. (the "Company") increased ¥98 million, or 6.0%, year over year to ¥1,729 million. By business segment, "Product sales" increased 11.0% to ¥914 million, "Consultancy sales" increased 0.9% to ¥782 million and "Training sales" increased 4.4% to ¥32 million. The increase in Product sales was primarily attributable to favorable sales of the "*GAB*," which is used for the screening of new graduates recruited for the main career track and for which the effect of launching new services was considerable. The increase in Consultancy sales mainly reflected favorable sales of "*Tamatebako,*" a Web assessment tool for the screening of new graduates.

The Company is confident that the increase in revenue for the nine-month period under review was mainly attributable to our aggressive marketing activities that fit well with customers' needs in view of the positive posture of corporations toward employment. The media has reported an increase in the informal job offer rate for new graduates this year, as well as a rise in the ratio of job offers to applicants and a projected increase in the informal job offer rate due to a considerable increase in the anticipated number of new graduates to be employed next year, against a backdrop of the improvement of economic trends and other positive signs.

Operating income for the nine-month period under review increased 2.1% year over year to ¥819 million. The cost of goods sold rose ¥54 million, or 29.6%, year over year to ¥238 million, and selling, general and administrative expenses increased ¥26 million, or 4.2% year over year, to ¥671 million. However, operating income increased ¥17 million year over year due to the increase in revenue. The increase in the cost of goods sold was primarily attributable to increases in subcontract

cost and the amortization cost for product masters of newly developed software associated with the provision of new services. The increase in selling, general and administrative expenses was mainly attributable to the year-over-year increases in rent due to increased floor space and in labor costs largely due to the expansion centered on sales personnel despite decreases in several account items such as research and development expenses.

Ordinary income for the nine-month period under review increased ¥14 million, or 1.8%, year over year to ¥819 million. Although non-operating expenses were as small as they were in the same period a year earlier, non-operating income decreased ¥2 million year over year. The decrease in non-operating income was mainly attributable to the recording of ¥2 million in gains on investments in a limited liability partnership for venture businesses for the same period a year earlier.

Income before income taxes for the nine-month period under review totaled ¥820 million (down 3.3% year over year). Income before income taxes decreased ¥27 million year over year, reflecting a year-over-year decrease of ¥50 million in extraordinary gains despite a year-over-year decrease of ¥8 million in extraordinary losses and an increase in ordinary income. The decrease in extraordinary gains was primarily due to the recording of ¥52 million in insurance income arising from the passing of a Director despite the recording of ¥1 million for the same period a year earlier as reversal of allowance for doubtful accounts for golf club memberships. The decrease in extraordinary losses was due to the recording of ¥7 million in Directors' retirement benefits and a ¥1 million in impairment loss for the same period a year earlier.

After taking into account income taxes—current, net income for the nine-month period under review decreased ¥18 million, or 3.6%, year over year to ¥502 million.

(2) Explanation about future prospects such as business forecasts

The operating results of the Company for the nine-month period under review have been favorable overall. However, we recognize that our performance could be affected to a certain degree in the fourth quarter of the year ending September 30, 2014 (July 1, 2014, through September 30, 2014), due to the industry's self-imposed controls regarding the employment of new graduates*, which will be implemented next year. Meanwhile, in the current fourth quarter, given the rising sense of a crunch in the labor market, aggressive employment activities to hire new graduates and experienced staff are expected to be reinforced among middle-ranking, and small and medium-sized companies.

Under such a business environment, we intend to continue enhancing our operating performance by speedily providing optimum services based on our precise analysis of corporate needs.

Under the recognition described above and based on our analysis of the operating results, financial position and other managerial administrative data for the nine-month period ended June 30, 2014, followed by our careful consideration of business forecasts, the Company is not at this time revising its financial forecast for the year ending September 30, 2014, which was released on October 25, 2013.

(Note)

* The industry has self-imposed controls regarding the employment of new graduates, under which industry groups agreed not to start the employment PR activity and 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 shall be allowed to start on and after March 1 and the screening activity on and after August 1, respectively, of the year just preceding the year of graduation or post-graduate completion for new graduates who will enter the corporations on and after fiscal 2016.

2. Significant subsequent event

The Company, at the Board of Directors meeting held on July 29, 2014, resolved matters concerning the purchase of treasury stock as described below, in accordance with the provision of Article 156 of the Companies Act, which is applied instead of the Article 165, Paragraph 3 of the said Act.

① Reason for the purchase of treasury stock

The Company intends to maintain a policy of quickly and flexibly conducting purchases of treasury stock with due consideration to the market environment and capital conditions as part of its profit distribution and capital policy. Taking into account this policy, the Company endeavors to ensure the return of profits to shareholders and the improvement of capital efficiency.

② Content of the purchase

Type of shares purchased	Common stock
Total number of purchasable shares	130,000 shares (upper limit) •4.19% of the total number of issued shares (excluding treasury stock)
Total acquisition value of the purchased shares	¥290,000 thousand (upper limit)
Period for purchase	From July 30, 2014 to March 24, 2015
Purchasing method	Market buying at the Tokyo Stock Exchange ① Buying on the ToSTNeT-3 (Tokyo Stock Exchange Trading NeTwork System) at 8:45 a.m. on July 30, 2014, at the closing price of July 29, 2014 ② Market buying on the auction market with the upper limit of the number of shares after deducting the number of shares to be purchased by the method from the total number of purchasable shares

Note: The number of shares in the table above shall not be revised. A part of or the whole of the intended purchase of shares may not be conducted depending on market trends.

(Note)

* Implementation status of quarterly review procedures

This financial results summary is not subject to quarterly review procedures under the Financial Instruments and Exchange Act, and the quarterly financial statement review procedures based on the Act were in progress at the time of the disclosure of these financial results.

* 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 guarantees as to their realization. Actual financial results may differ substantially from the forecasts due to various factors.

* 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, our sales have tended to be concentrated in the second quarter, during which screening for the employment of new graduates is often conducted by many corporate customers.