

Summary of Financial Results for Q1 FY2016

Recruit Holdings Co., Ltd.

Results for Q1 FY2016

We introduce three topics for Q1 FY2016.

First, we revised our financial forecast for this fiscal year. As we announced on July 27, we made an upward revision. Net sales increase 15.2% year-on-year to ¥1830 billion, and EBITDA grow 10.3% year-on-year to ¥223.0 billion, mainly due to the impact from consolidation of USG People which contribution is to start from the third quarter in FY2016. Net income attributable to owners of the parent rise 14.7% year-on-year as well to 74 billion yen, owing to extraordinary income arising from the transfer of Yuko Yuko, a wholly owned subsidiary of Recruit Holdings.

Under the strategy of selection and focus, we transferred the subsidiaries while acquiring new assets through M&A. We will promote the mid- to long-term growth strategy with such portfolio management in the future. Regarding the stock transfer, we revised net sales and EBITDA full-year forecast for existing business.

Second topic is financial results for the first quarter. We achieved favorable results with a good start. Details are explained later.

Third topic is about the International Financial Reporting Standards (IFRS) adoption which we have announced before. We aim to adopt IFRS in FY2017.

The first quarter financial results are as follow.

■ Consolidated Earnings Summary

In the first quarter, all major three segments trended favorably, achieving the increase of net sales and EBITDA. As a result, net sales grew by 18.4 year-on-year to ¥407.5 billion, EBITDA rose 11.7% year-on-year to ¥55.5 billion. Operating income up 8.6% year-on-year to 32.7 billion yen. Net income attributable to owners of the parent recorded 17.4 billion yen, a decrease of 21.8% year-on-year, due to

¥7.1 billion extraordinary income in FY2015, arose from sale of investment securities.

■ Marketing Media

Both Life Event and Lifestyle operations' sales trended favorably. Net sales increased by 10.7% year-on-year to ¥ 90.6 billion yen. EBITDA grew 12.3% year-on-year to ¥ 26.7 billion yen.

Life Event Operation:

The housing and real estate division trended favorably. It was due to the rising customer-acquisition needs of major developers of condominium apartment division in Tokyo metropolitan area, which marked sluggish trend in the previous fiscal year, in addition to the continuous favorable trend in independent housing and leasing division. In a custom-build housing related business, net sales increased reflecting a temporary impact from a change of the sales report time. It was changed to report at contract from report at construction start.

The impact from the change is counted at about a half of the sales growth in the housing and real estate division.

Lifestyle Operation:

In the Travel business, net sales increased by 6.8% year-on-year, as a result of the room rate and guest nights growth. Both recorded low single-digit growth rate year-on-year. The growth rate became moderate compared to that of the previous fiscal year. Main reasons are that holidays are less than the same period in the previous fiscal year, and hotels' room occupancy ratio rise, which had grown reflecting the inbound tourism surge in recent years, became moderate.

In the Dining business, paying clients at the end of this quarter achieved a 13.6% increase year-on-year, due to the steady acquisition of small- and medium-sized clients. In the Beauty business, net sales grew 23.7% year-on-year, owing to the increasing transaction with existing clients and acquisition of new clients.

The main reason of the decline in the 'Other' division was transfer of some

businesses which was included in the 'Lifestyle Other' in the previous fiscal year. We transferred *Akasugu*, a magazine for maternity and nursing parents, and *Keiko to Manabu*, a learning service for working people, to the 'Life Event Other' from this fiscal year.

Online reservations' growth:

The Dining business achieved 9.63 million, and the Beauty business recorded 13.88 million. Both of them recorded high growth and increased more than 30% year-on-year.

In the Air Series promotion that we focus on as a small- and medium-sized enterprises' business support, the number of Air REGI accounts recorded 244 thousand at the end of the first quarter. In addition to increase the number, we promote the other operational support services in the series as well. Through the measures, we aim to make a surplus in the next three to five years.

In the educational related businesses, the number of paying subscribers for high school student course showed a 60% increase year-on-year, and achieved 215 thousand. For high school student course, we already achieved a surplus in the single fiscal year, FY2015. For the Study Sapuri, including the services for elementary and middle school student courses, we aim to make them profitable in the next three to five years.

For overseas business progress, Quandoo continued to grow as shown in the number of clients' restaurants increased to 14,899 at the end of March. In Treatwell, together with the integration of the brands' name, we did measures such as the termination of contracts of the clients who did not login the service for a long time, those led a temporary decrease in the number, however, after that, it turned to rise, and achieved 20,572 at the end of March. Both Quandoo and Treatwell aim to increase the available restaurants and salons, however, regarding they have achieved acquisitions of a certain number of clients, we will pursue the quality for the future. We will focus on the acquisition of user-capturing clients. At the same time, we will focus on the strategy to increase actual online reservations through

each service media as well.

■ HR Media

Net sales increased by 19.1% year-on-year to ¥95.6 billion, as a result of favorable trend both in domestic and overseas HR businesses. EBITDA grew 4.6% year-on-year to 22.3 billion yen, reflecting two investment measures: 1) the effect of Domestic investment in operating system and brand enhancement, 2) in overseas HR business, that is Indeed, we continued the user-acquisition investment outside of the US aiming further growth over the mid- to long-term.

In the Domestic Recruiting business, a favorable market condition and net sales continued, seen as the Effective Ratio of Job Offers to Job Seekers in June which was highly stable at a level of 1.37.

In the Overseas Recruiting business, net sales rose significantly by 63.6%, owing to the increase of small- and medium-sized clients.

The negative impact from the foreign exchange fluctuation was ¥1 billion, and deducting it, net sales growth rate was 69.8%. Unique visitors in March, 2016 recorded 190 million and continued to rise year-on-year.

We will continue investments for user-base enhancement including UV increase measures. In addition to that, we will focus on measures to strengthen the client base in the regions where we hold solid user bases, such as establishing local companies and increasing sales reps.

■ Staffing

Net sales increased by 21.7% year-on-year to ¥224.2 billion. It was due to domestic business' favorable trend and contributions from acquired subsidiaries started from the beginning of this fiscal year (the contribution in FY2015 was not a full-year because they were consolidated during the term). EBITDA grew 13.7% to ¥11.9 billion, mainly because the improved efficient operation in overseas existing

subsidiaries, in addition to net sales increase.

In the Domestic Staffing business, net sales trended favorably with a two-digit growth, reflected measures to increase the number of registered workers of our services amid solid business environment.

In the Overseas Staffing business, net sales achieved 112.5 billion yen, an increase of 34.3% year-on-year, benefited from contribution of new subsidiaries, Peoplebank, Chandler, Atterro, which contribution started from the beginning of this fiscal year. The negative impact from the foreign exchange fluctuation was ¥ 79 billion. Deducting the impact, net sales increased by 43.8%. Other impact that arising from the difference of the consolidation period between FY2015 and FY2016 was ¥ 35.2 billion. Please note that some of the figure is management accounting basis. As a result, net sales of three US companies, CSI, Staffmark, Advantage, which are acquired before, increased by 1% USD basis.

Disclaimer

In preparing these materials, Recruit Holdings Co., Ltd. relies upon and assumes the accuracy and completeness of all available information. However, we make no representations or warranties of any kind or implied, about the completeness and accuracy. This presentation also contains forward-looking statements. Actual results, performance and achievements are subject to various risks and uncertainties. Accordingly, actual results may differ significantly from those expressed or implied by forward-looking statements. Readers are cautioned against placing undue reliance on forward-looking statements. Third parties are not permitted to use and/or disclose this document and the contents herein for any other purpose without the prior written consent of Recruit Holdings Co., Ltd.