



Issues to be Addressed

Mid-term Management Strategy



June 19, 2018

Recruit Holdings Co., Ltd.

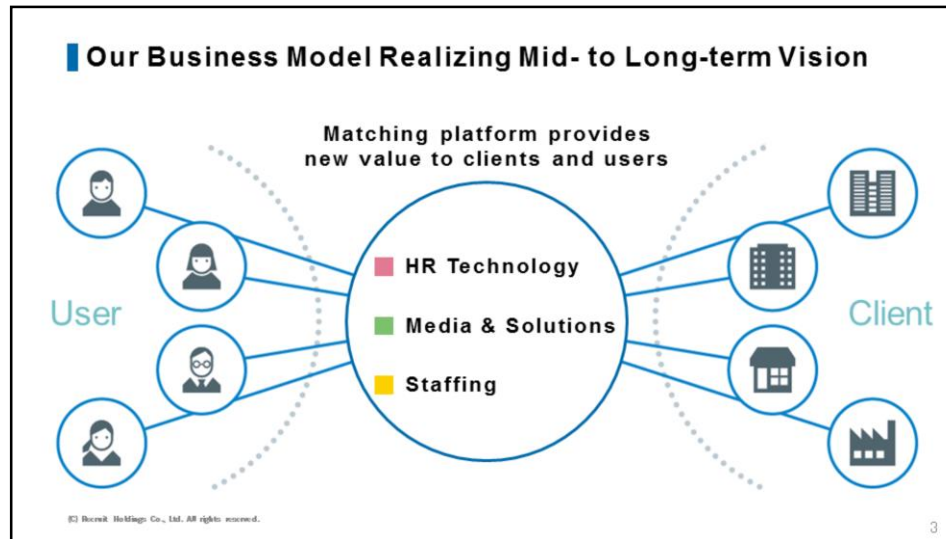
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In this presentation, I would like to provide an update on the progress we have made on our mid-term management strategy, for which we are in the final year of the targeted period.

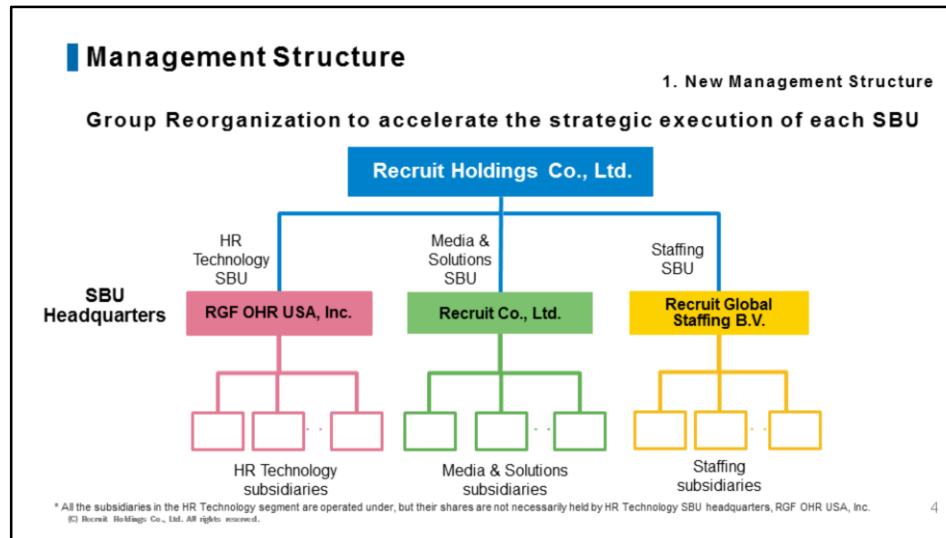
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Today, I will cover the five items shown on this slide.



Across all of our businesses, we aim to provide better services for both individual users and corporate clients with our unique business model of providing matching platforms, to eliminate inconvenience and dissatisfaction from societies and individuals around the world.



Here is our new organizational management structure.

As a result of the Group Reorganization, each Strategic Business Unit (“SBU”) Headquarters manages its businesses and day-to-day operations in accordance with its respective business strategy.

We have three SBUs;

- HR Technology SBU, which operates HR Technology related companies such as Indeed.
- Media & Solutions SBU, which operates companies in Marketing Solutions and HR Solutions both in Japan and globally.
- Staffing SBU, which operates companies in the Staffing business in Japan and Overseas.

Management Structure

1. New Management Structure

Accelerating SBU's business expansion and strengthening holding company functions

Strategic Business Unit ("SBU")

- ✓ Establishing SBU Headquarters
- ✓ Strengthening each SBU's management capability to accelerate execution of its own strategy and rapidly expand its businesses further

Recruit Holdings

- ✓ Strengthening holding company functions
- ✓ Highly efficient group management structure including governance, monitoring and financial data management systems of the group companies
- ✓ New Board structure with new Board Directors, subject to the approval at the Ordinary General Meeting of Shareholders

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This new structure enables each SBU Headquarters to manage and expand the operations and to execute transaction in accordance with its respective business more effectively.

Under this new structure, Recruit Holdings Co., Ltd. aims to increase its enterprise value on a long-term basis, and to enhance the monitoring system of the group companies through its governance and risk management structures. Also, we will introduce some of new Board Directors, subject to an approval at the Ordinary General Meeting of Shareholders today. We would like to further increase its shareholders value under the new Board structure.

Mid-term Business Segment Strategy

2. Mid-term Business Segment Strategy

HR Technology

- Expanding from job advertising into other HR related businesses
- Aim for high growth rate by contributing to efficiency of overall HR processes

Media & Solutions

- Strengthen business foundation further by expanding operational support services
- Stable revenue growth with high EBITDA margin

Staffing

- Promote the Unit Management leveraging a solid global economic environment
- Continue stable EBITDA growth on a global scale

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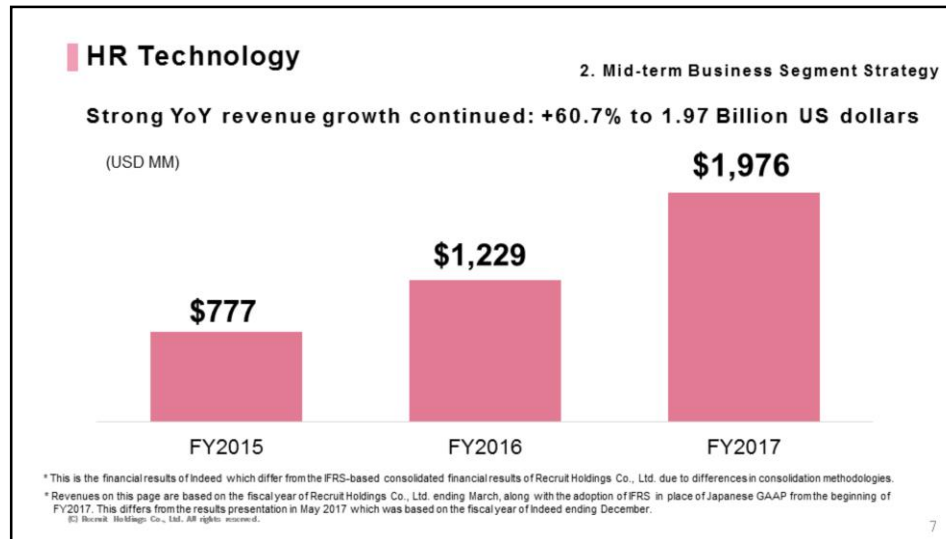
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Next, our mid-term strategy for each SBU.

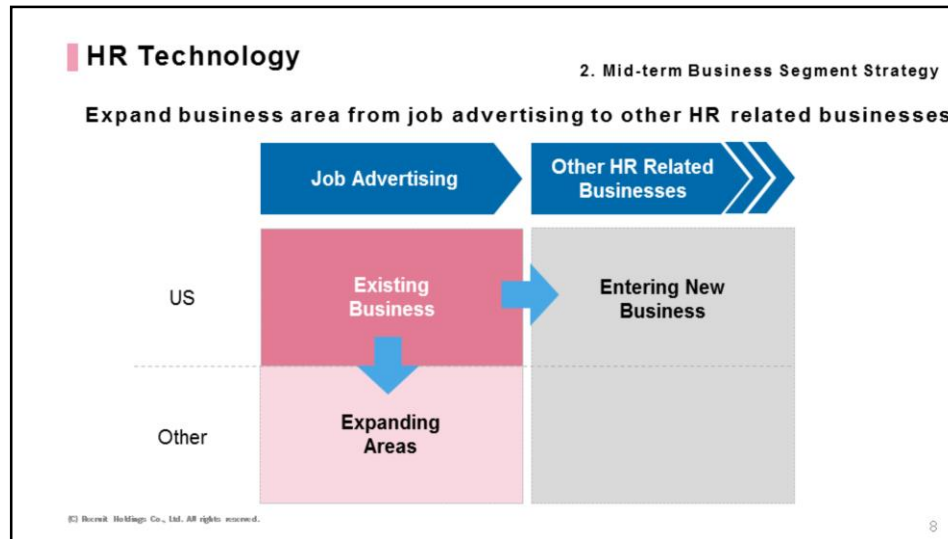
In HR technology, we will look for opportunities to expand into other HR related businesses beyond job advertising to contribute an enhancement of overall HR process efficiency, while continuing aggressive investments in our existing business for its future growth.

In Media & Solutions, we will aim to achieve sustainable revenue growth while maintaining a strong EBITDA margin. We are focused on expanding the application services to our clients, that support and reduce their operational workload.

In the Staffing segment, we focus on a stable growth in EBITDA on a global scale through our unique management methodology, the Unit Management System.



I will explain the details of the HR technology segment. We continued to achieve strong revenue growth, expecting to achieve the FY2018 revenue objective of more than 2 billion US dollars almost one year ahead of schedule.



We look to expand into other HR related businesses beyond job advertising, and drive future growth by investing in R&D or through acquisitions to innovate recruiting and hiring processes.

HR Technology

2. Mid-term Business Segment Strategy

Announced potential acquisition of Glassdoor, Inc. operating one of the fastest growing jobs and recruiting sites in the world

Glassdoor, Inc.

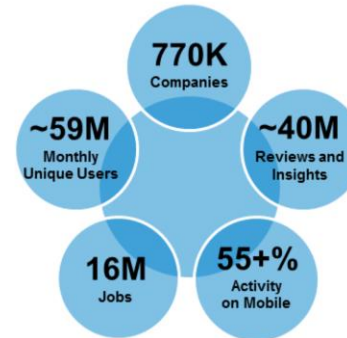
Headquarters: Mill Valley, California (USA)

Products : Employer branding solutions
Job advertising

Revenue : 171 million US dollars
(Fiscal Year ended in March 2018)

Employees : approximately 750

Established : June 2007



* Source: Glassdoor Management, Glassdoor Internal Data.
* Revenue based on unaudited financials, Unique Users as of January 2018.
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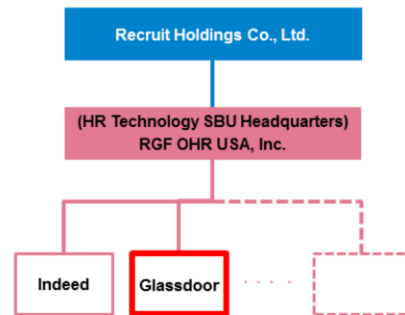
In the HR Technology segment, we announced planned acquisition of Glassdoor, Inc. (Glassdoor), headquartered in the United States on May 9, 2018. Glassdoor was founded in 2007, and currently has approximately 750 employees. The most remarkable feature of Glassdoor is its database of 40 million reviews and insights which has helped it to achieve a high profile as a company review site. The HR technology SBU will be strengthened by welcoming this trusted and well-known service. In addition, the transaction brings an experienced and outstanding team to our group for future success.

HR Technology

2. Mid-term Business Segment Strategy

Glassdoor, Inc. is planned to be operated under HR Technology SBU

Governance Structure Image

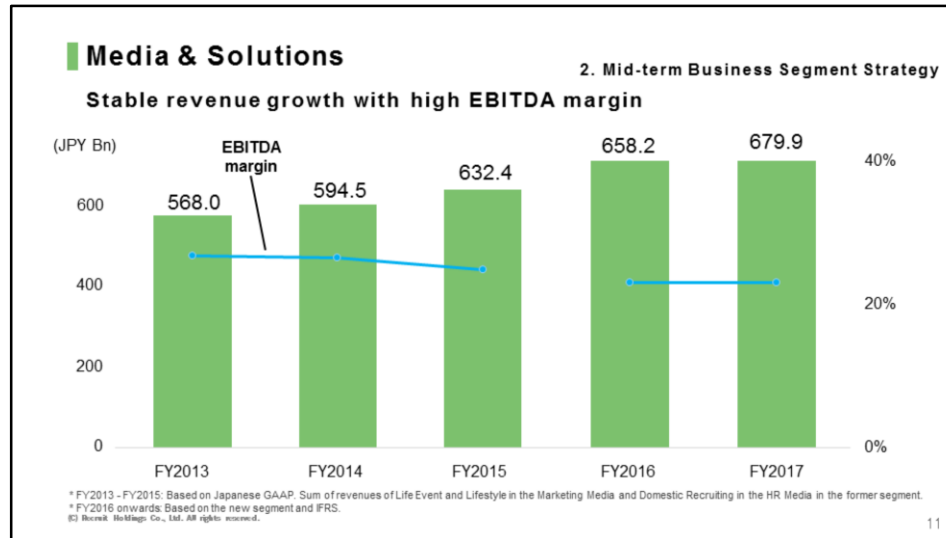


- ✓ Glassdoor is planned to be an operating company under the HR Technology segment as a sister company of Indeed.
- ✓ HR Technology segment to deliver broader value by leveraging the strengths of each operating company.

* All the subsidiaries in the HR Technology segment are operated under, but their shares are not necessarily held by HR Technology SBU headquarters, RGF OHR USA, Inc.
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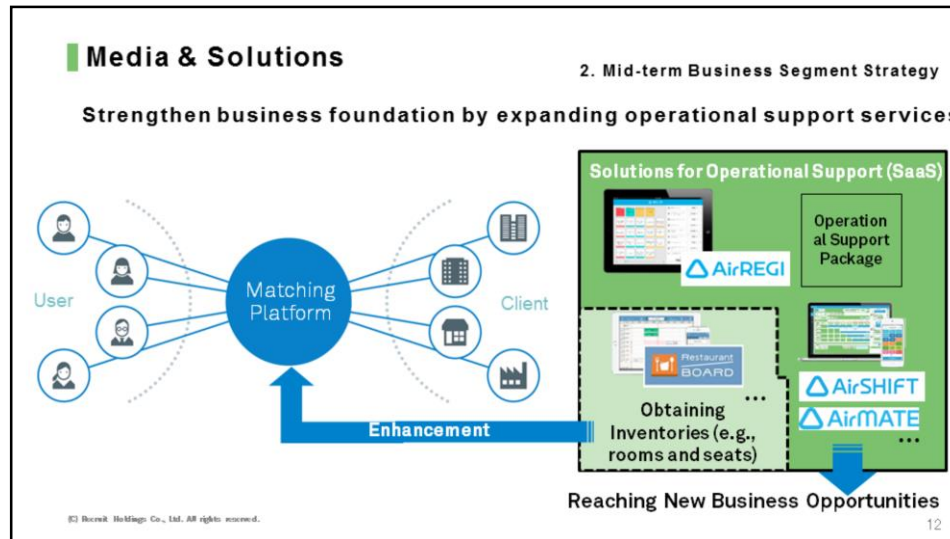
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Our governance structure after the potential acquisition of Glassdoor.
Glassdoor, together with Indeed, is planned to operate under the HR Technology SBU.



Media & Solutions business has achieved stable revenue growth by strengthening existing businesses and creating new businesses.

We expect to maintain EBITDA margin within a range of 20% to 25%, including the impact of any additional future investment in new businesses.

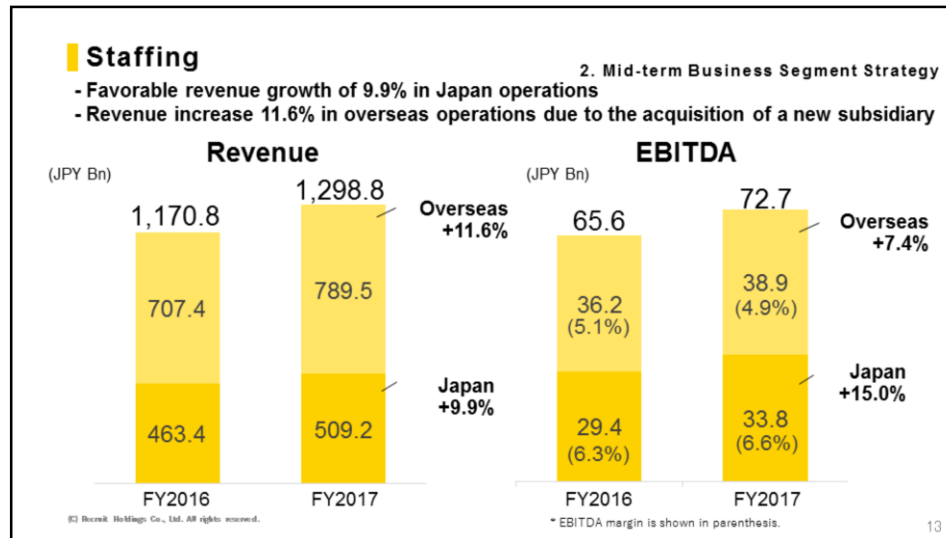


In Media & Solutions, we provide matching platforms connecting corporate clients and individual users to a number of industry verticals, and offer operational support services to corporate clients.

As it is important for us to offer appropriate and sufficient volume of information provided by business clients to a number of individual users in our matching platforms, we focus on continuously refining and enhancing matching platforms.

On the other hand, we focus on expanding our application services to support day-to-day operations at small and mid-sized companies which comprise the majority of our clients. These services enable us to help clients reduce their operating workload and focus on their primary business.

Through these activities, we aim to drive sustainable growth and maintain our profitability by expanding revenue from both new and existing clients.



In the Staffing business, Japan operations revenue grew 9.9%, and EBITDA increased 15.0% year on year, supported by a favorable market environment.

In the overseas operations, revenue increased 11.6%, mainly due to the full year contribution of USG People B.V. headquartered in the Netherlands, which started to be consolidated in June 2016. EBITDA increased 7.4%, at a slower growth rate than revenue, mainly resulting from a decrease in transactions with existing clients due to the challenging business environment in some industries in the United States.

In Japan, demand for agency workers remains solid supported by a favorable market environment with a steady economic environment and workforce shortage due to a declining birthrate. In the overseas operations, demand for agency workers remains steady, against a backdrop of a strong economic environment in the United States, and a steady economic environment in Europe which has recovered from the economic crisis. We continue to focus on stable EBITDA growth based on our unique management methodology, the Unit Management System.

FY2018 Consolidated Financial Forecasts

3. FY2018 Consolidated Financial Forecasts

| (JPY Bn, unless otherwise stated) | FY2017 | FY2018 | |
|-----------------------------------|----------------|---------------------|---------------|
| | Full-year | Full-year Forecasts | YoY Change |
| Revenue | 2,173.3 | 2,302.0 | +5.9% |
| EBITDA | 258.4 | 285.0 | +10.3% |
| EBITDA margin (%) | 11.9% | 12.4% | +0.5pt |
| Adjusted profit | 144.9 | 170.0 | +17.3% |
| Adjusted EPS (JPY) | 86.74 | 101.76 | +17.3% |

* Assumed foreign exchange rates for FY2018: JPY 106 per US dollar, JPY 131 per Euro, JPY 84 per Australian dollar.

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Here are the FY2018 full-year financial forecasts.

Consolidated revenue is expected to increase 5.9% to 2 trillion 302 billion yen year on year, mainly due to the anticipated high growth of the HR Technology segment.

EBITDA is expected to increase 10.3% to 285 billion yen compared to the previous fiscal year, due to the continued high growth in HR technology as well as sustainable growth in the Media & Solutions segment.

Both adjusted profit and adjusted EPS are expected to increase 17.3% year on year.

■ Key Management Target

Adjusted EPS: 3-year CAGR of high single-digit (FY2016 -18)

■ Capital Efficiency

ROE: Basic policy is to maintain approximately 15%

Next, our financial policy.

We set a high single-digit CAGR for adjusted EPS over the three years from FY2016 as a key management target. We expect the CAGR target to be achieved in FY2018 as planned, as our 3-year CAGR is expected to be 13.5% from FY2016 to FY2018, derived from the adjusted EPS forecast for FY2018, the final year of the targeted period. For capital efficiency, we achieved ROE of 19.3% in FY2017, exceeding the 15% set in our basic policy. We intend to maintain ROE of approximately 15% continuously.

Payout ratio (announced on February 13, 2017)

30% of profit attributable to owners of the parent excluding non-recurring income/losses

Dividend increase

Annual dividend forecast for FY2018 is expected to be 27 yen per share

(Interim dividend : 13.5 yen / Year-end dividend : 13.5 yen)

I will now explain our shareholder returns.

As announced on February 13, 2017, we revised our dividend ratio to 30% of profit attributable to owners of the parent excluding non-recurring income/losses, to strengthen our shareholder returns further.

As a result, annual dividend forecast for FY2018 is expected to be 27 yen per share, an increase of 4 yen per share compared to FY2017.

■ Sustainability Activities

5. Sustainability activities

■ What is Sustainability activities?

Activities aiming sustainable value creation for society, not only through business, but also through social contribution activities, and creation of diversified internal organizations.

■ Three guiding principles

1. Contributing to society through our business
2. Meeting society's expectations
3. Fulfilling our responsibilities as a corporate citizen

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Lastly, I will explain our sustainability activities.

We proceed with our sustainability activities under the three guiding principles, targeting sustainable value creation not only through business activities, but also through the overall contribution to society and creation of diversified internal organizations.

Today, I will show a video to introduce some of the sustainability activities we engaged in during the past few years.

(Video) approximately 6 min.

We continuously aim to increase our enterprise value by contributing to societies through our business, and by proactively conducting sustainability activities.

That concludes my presentation. Thank you for your attention.

Disclaimer

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