



Recruit Holdings Co., Ltd.
58th Ordinary General Meeting of
Shareholders



58th Fiscal Year Consolidated Operating Results

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I would like to explain Recruit Holdings' 58th fiscal year consolidated operating results.

Consolidated Operating Results

(JPY Bn, unless otherwise stated)

	57 th Fiscal Year	58 th Fiscal Year	
	Results	Results	YoY
Revenue	1,941.9	2,173.3	+11.9%
EBITDA	232.2	258.4	+11.3%
EBITDA margin	12.0%	11.9%	-0.1pt
Operating income	193.5	191.7	-0.9%
Profit attributable to owners of the parent	136.6	151.6	+11.0%
Adjusted EPS (JPY)	80.06	86.74	+8.3%

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This is the overview of Consolidated Statement of Profit or Loss for 58th fiscal year, FY2017.

Revenue was 2.17 trillion yen, an increase of 11.9%. EBITDA, our key performance indicator, was 258.4 billion yen, an increase of 11.3%.

Profit attributable to owners of the parent was 151.6 billion yen, an increase of 11.0%. Adjusted EPS was 86.74 yen, an increase of 8.3%.

Summary of Differences between Japanese GAAP and IFRS

Name of Accounts

Japanese GAAP	IFRS
Non-operating income, Non-operating expenses, Extraordinary income Extraordinary losses	Finance related <ul style="list-style-type: none"> • Finance income/Finance costs Others <ul style="list-style-type: none"> • Other operating income • Other operating expenses • Share of profit (loss) of associates and joint ventures
Net sales	Revenue
Ordinary income	Doesn't exist

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The group has adopted International Financial Reporting Standards (“IFRS”) from the beginning of the 58th Fiscal Year, FY2017. This is the summary of the difference in name of accounts.

Summary of Differences between Japanese GAAP and IFRS

Treatment of goodwill

Japanese GAAP	IFRS
Consider to recognize an impairment when there is an indicator	Subject to an impairment review each reporting period
Must be amortized within reasonable period	Not amortized

This is the summary of the difference in treatment of goodwill.

Reference

EBITDA

Operating income + depreciation and amortization ± other operating income/expenses

Adjusted profit

Profit attributable to owners of the parent ± adjustment items(excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

Adjusted EPS

Adjusted profit/(number of shares issued at the end of the period – number of treasury shares at the end of the period)

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EBITDA is calculated by adding back depreciation and amortization to operating income, and add or subtract other operating income/expenses.

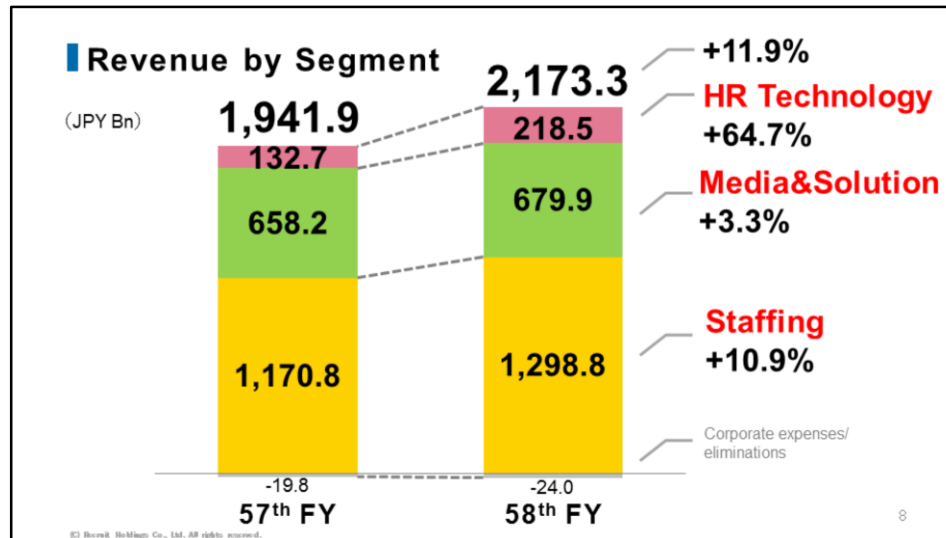
Adjusted profit is calculated by adding/subtracting adjustment items and tax reconciliation related to certain adjustment items to profit attributable to owners of the parent.

Adjusted EPS is calculated by dividing adjusted profit by number of shares issued at the end of the period minus number of treasury shares.



From here, I would like to talk about business overview of each segment.

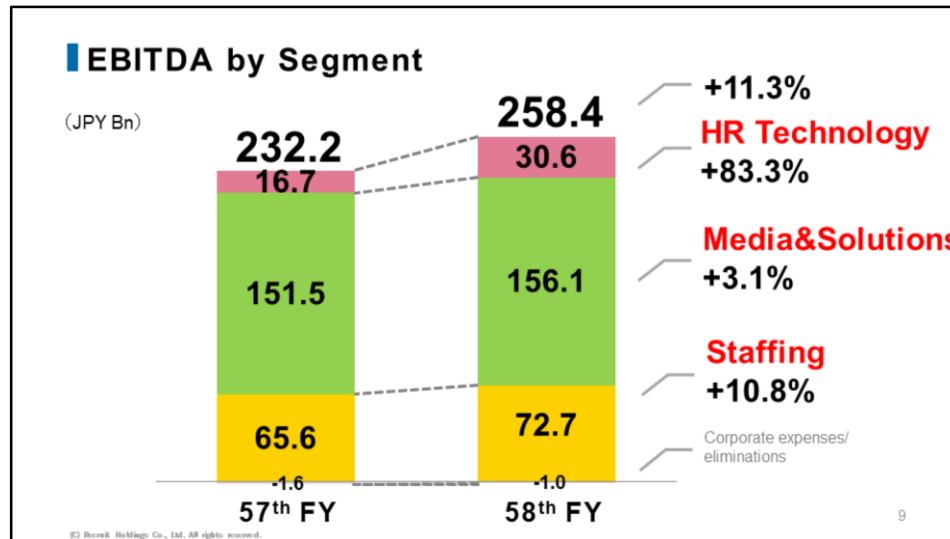
From 58th fiscal year, we changed our business segments to HR Technology segment, mainly consists of *Indeed*, Media & Solutions segment, mainly consists of marketing media and HR media in Japan, and Staffing segment, consists of staffing business both in Japan and overseas.



This is a revenue breakdown by business segments.

Revenue from all three segments recorded solid growth, resulting in 11.9% growth year on year to 2.17 trillion yen.

This was mainly due to continued growth of Staffing and HR Technology segments.



This is an EBITDA breakdown by business segments.
 EBITDA for all three segments increased, and recorded 11.3% growth year on year to 258.4 billion yen.



Results of Operations by Segment

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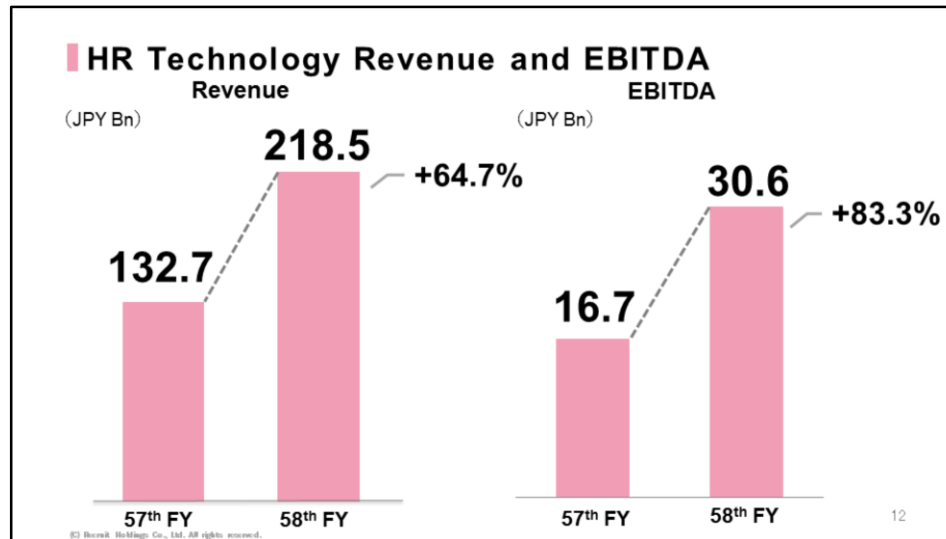
Now I would like to explain the results of operations for each segment.

HR Technology

HR Technology



HR Technology segment consists of *Indeed*, online job search engine and related businesses.
As of April 1 2018, RGF OHR USA Inc., 100% owned subsidiary, has become a Headquarter of the HR Technology segment.



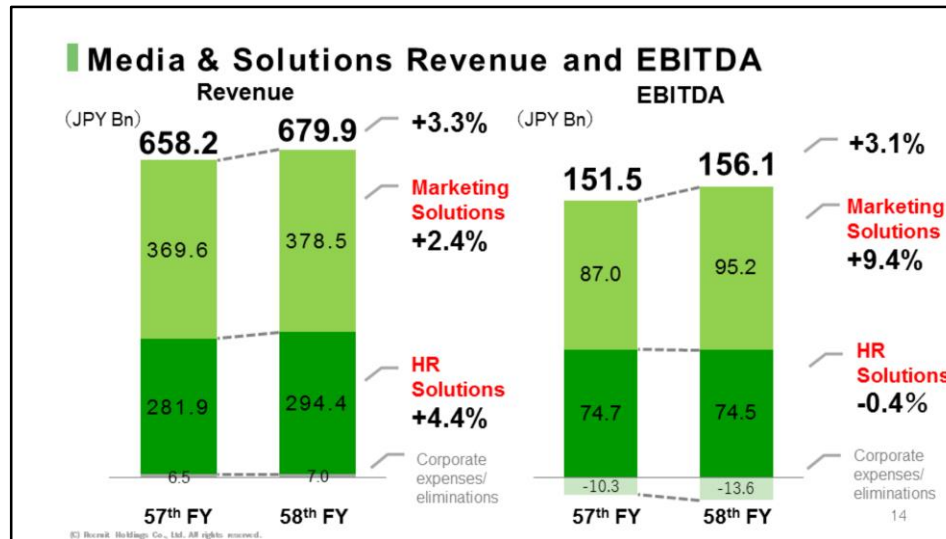
Revenue in the HR Technology segment was 218.5 billion yen, an increase of 64.7% year on year. Segment EBITDA was 30.6 billion yen, an increase of 83.3% year on year, largely in line with revenue growth.

Media & Solutions

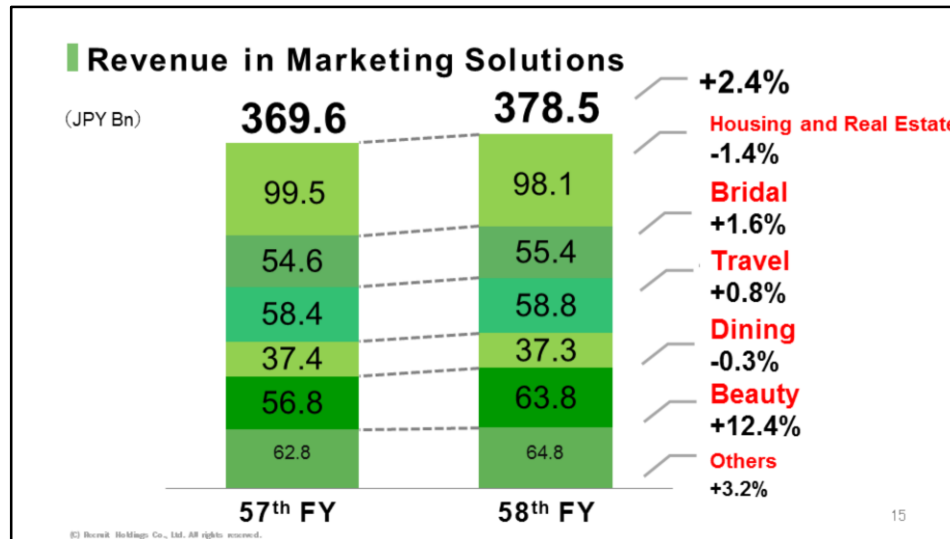


Media & Solutions segment consists of two operations; Marketing Solutions, which mainly offers solutions for clients' user attraction and their business operations, and HR Solutions, which provides a full-range of HR services, mainly supporting enterprise clients' recruiting activities.

As of April 1 2018, Recruit Co., Limited., 100% owned subsidiary, has become a Headquarter of the Media & Solutions segment.



Revenue in the Media & Solutions segment was 679.9 billion yen, an increase of 3.3% year on year. This was primary driven by favorable performance in the Beauty business in Marketing Solutions, and solid performance in HR Solutions in Japan. Segment EBITDA was 156.1 billion yen, an increase of 3.1%, mainly due to the increased profit in Marketing Solutions.



This is a revenue breakdown for Marketing Solutions.

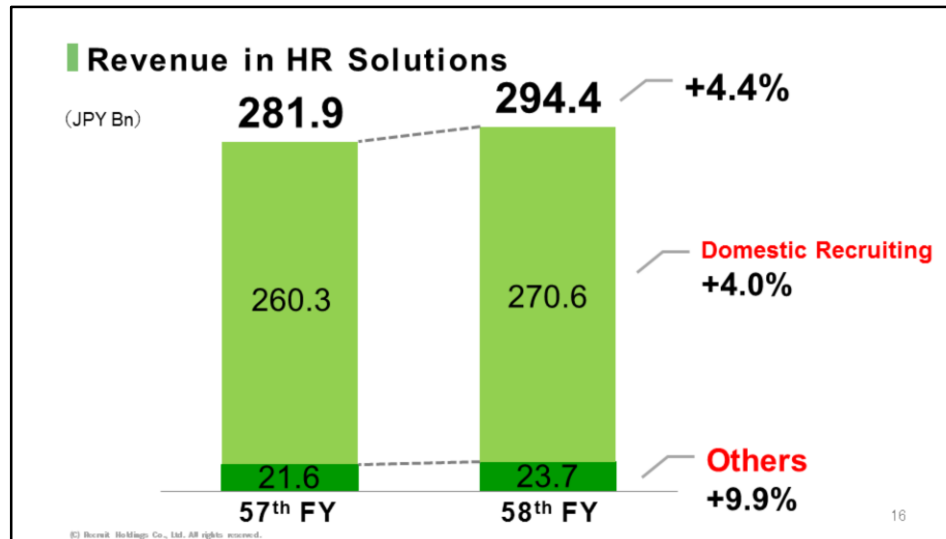
In the Housing and Real Estate subsegment, revenue in the independent housing and leasing divisions grew, while the condominium apartment market in Japan experienced a slowdown as evidenced by slower growth in the number of new construction starts. The sale of subsidiary during the third quarter of FY2017 also negatively impacted the revenue growth. As a result, revenue decreased by 1.4% year on year.

The Bridal subsegment focused on responding to the high demand by major wedding venue operators to attract marrying couples, thus recorded solid growth of 1.6% year on year.

In the Travel subsegment, while the number of hotel guests booked through its online reservation platform increased, the revenue growth rate was negatively impacted by the absence of a one-time revenue increase resulting from the sale of a subsidiary in the second quarter of FY2016, resulting in the revenue growth of 0.8% year on year.

In the Dining subsegment, a few large clients were forced to limit their spending on sales promotion in FY2017 as dining and restaurant operators continued to face a challenging environment mainly due to the workforce shortage in Japan. Meanwhile, the subsegment focused on strengthening its relationship with clients by offering operational solutions such as *Air Platform*, cloud-based operational support services. Revenue decreased 0.3% year on year.

In the Beauty subsegment, the number of online beauty salon reservations made through its platform, *Hot Pepper Beauty*, continued to show solid growth due to an increased number of *SALON BOARD* service adoption by beauty salon clients and its improved usability. Number of clients in regional and suburban cities also increased, and resulted in solid growth of 12.4% year on year.



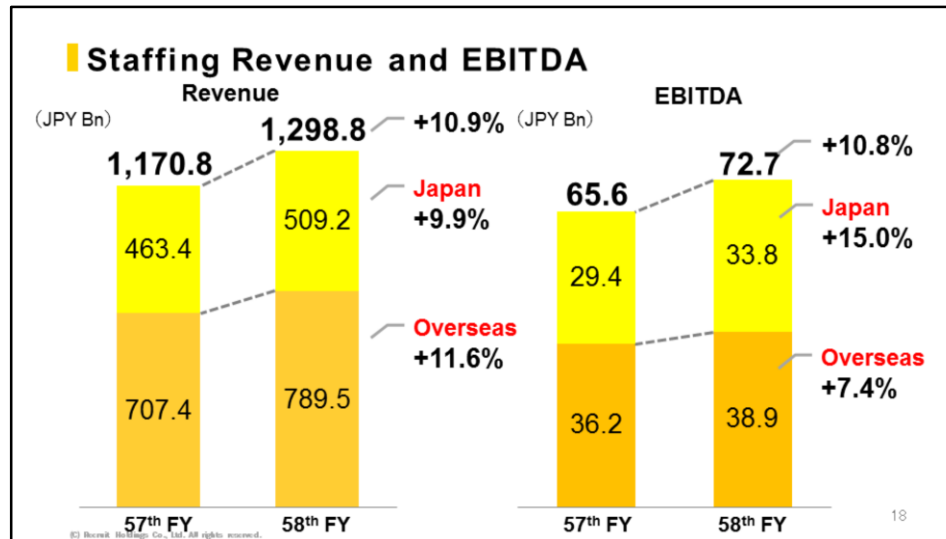
This is a revenue breakdown for HR Solutions.

The Japanese labor market remained extremely tight, as evidenced by the rising number of job-offers to applicants ratio and of job advertisements. In this environment, both full-time and part-time recruitment divisions achieved solid growth by enhancing their brand values, strengthening user attractiveness, and reinforcing their sales structure. As a result, revenue increased by 4.0% year on year. Others subsegment includes HR development business in Japan and placement service in Asia. Revenue recorded a strong growth of 9.9% year on year.

Staffing



Staffing segment consists of Japan operation, such as Recruit Staffing and STAFF SERVICE group, and Overseas operations, such as Staffmark Holdings, Inc. in North America, Recruit Global Staffing B.V. in Europe, and Chandler Macleod Group Limited. in Australia. As of April 1 2018, Recruit Global Staffing B.V., 100% owned subsidiary, has become a Headquarter of the Staffing segment.



The Japanese staffing market continues to expand as evidenced by the continued increase in the number of active agency workers. In this environment, the Japan operations focused on extending existing staffing contracts and increasing number of new staffing contracts. As a result, revenue from Japan operation increased 9.9% to 509.2 billion yen.

Revenue from Overseas operations increased 11.6% year on year to 789.5 billion yen. This was mainly due to the full year contribution of Recruit Global Staffing B.V., which started to be consolidated in the middle of FY2016 and the positive impact of foreign exchange rate movements.

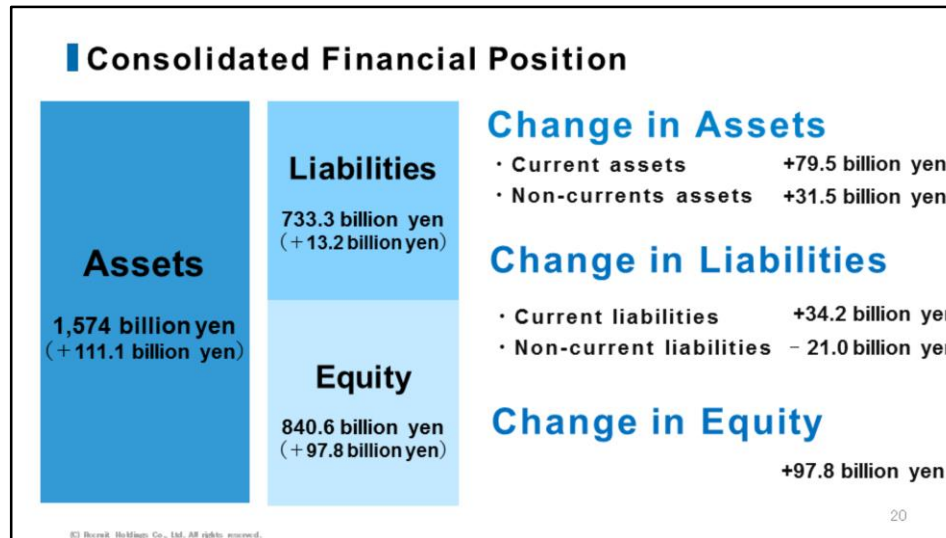
As a result, revenue in the Staffing segment increased by 10.9% year on year to 1.29 trillion yen, and EBITDA increased by 10.8% year on year to 72.7 billion yen.



Consolidated Balance Sheet

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Next, I would like to explain the Consolidated Balance Sheet as of the end of 58th fiscal year.



Total assets increased by 111.1 billion yen to 1.57 trillion yen, total liabilities increased by 13.2 billion yen to 733.3 billion yen, and total equity increased by 97.8 billion yen to 840.6 billion yen.

Current assets increased by 79.5 billion yen, mainly due to an increase in cash and cash equivalents of 34.6 billion yen. Non-current assets increased by 31.5 billion yen, primarily due to an increase of goodwill of 9.6 billion yen, mainly denominated in foreign currencies.

Current liabilities increased by 34.2 billion yen, mainly due to an increase in trade and other payables of 30.2 billion. Non-current liabilities decreased by 21.0 billion, mainly due to a decrease in bonds and borrowings of 27.6 billion yen.

Total equity increased by 97.8 billion yen, mainly due to an increase in retained earnings of 97.2 billion yen, resulting from the recording of profit attributable to owners of the parent.



Year-end dividend for 58th Fiscal Year

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Finally, I would like to explain the year-end dividend for 58th fiscal year.



Year-end dividend for 58th Fiscal Year 12 yen per share

Dividend Policy

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

Total Dividend Payout

- ✓ 20.0 billion yen

Our core dividend policy is to provide a stable and sustainable return to shareholders and we sets a consolidated payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses. To declare dividends twice a year is also our basic policy. Our article of incorporation states that cash dividends are resolved by meetings of the board of directors. Meeting of the board of directors on May 15, 2018 resolved that year-end dividend for 58th fiscal year to be 12 yen per share and total dividend payout to be 20.0 billion yen.