

Summary of Financial Results for Q2 FY2017

Recruit Holdings Co., Ltd.

Results for Q2 FY2017

■ Consolidated Earnings Summary

In the first half of FY2017, all three segments - HR Technology, Media & Solutions and Staffing achieved revenue and EBITDA increases. Revenue increased by 15.0% year-on-year to 1,063.0 billion yen. EBITDA grew 14.4% to 139.2 billion yen. HR Technology, which is our high growth segment, continued to achieve very strong revenue growth in the first half of FY2017, increasing 59.3% year-on-year on a US Dollar basis. Adjusted profit, which excludes extraordinary income and losses, was 80.6 billion yen, an increase of 11.1%, and Adjusted EPS grew by 11.1 % to 48.30 yen.

■ Financial Results Highlights by Segment *Q2 three-month results (July-September)

○HR Technology segment

Quarterly revenue in the HR technology segment was up by 75.8% year-on-year to 52.7 billion yen due to a combination of new customer acquisition and expanding spend per account. In US dollar terms, it achieved an increase of 60.1% year-on-year. EBITDA grew by 116.1% year-on-year to 8.4 billion yen. To support its revenue growth, the HR Technology segment continued to invest in its sales force and in marketing activities, the timing of which fluctuates throughout the year.

○Media & Solutions segment

Quarterly revenue in Media & Solutions was up by 3.5% year-on-year to 166.7 billion yen, mainly due to the solid trend we saw in the Beauty, Housing and the Real Estate businesses in the Marketing Solutions, and also due to the continued steady revenue growth in HR Solutions. Quarterly EBITDA was up 4.7% year-on-year to 39.0 billion yen.

<Marketing Solutions>

In the Beauty business, the number of clients increased and revenue achieved steady growth as a result of the further efforts to extend its reach to non-urban area salons. As a result, quarterly revenue increased 11.0% year-on-year to 15.7 billion yen.

In the Housing and Real Estate business, quarterly revenue increased 5.4% year-on-year to 25.1 billion yen. Despite a slowdown in the number of new construction starts of

condominium apartments, revenue in the independent housing and leasing divisions grew as a result of our sales initiatives to provide solutions to clients in addition to measures for attracting users.

In the Travel business, quarterly revenue decreased by 0.1% year-on-year to 16.9 billion yen. This was mainly due to the transfer of Yuko Yuko Corporation. We had one month of earnings contribution from the subsidiary in the second quarter of the previous fiscal year.

In the Dining business, quarterly revenue decreased 1.1% to 8.8 billion yen, since the restaurant industry has been facing difficulties especially because of a human resource shortage and some of our major clients were forced to tighten their sales promotion spending. In this challenging business environment, we focused our efforts into providing operating support to clients through Air Platform, and strengthened relationships with them as a result. The operating support service is reported on Other in the Marketing Media.

As a result, quarterly EBITDA in the Marketing Media increased by 8.1% year-on-year to 25.2 billion yen.

<HR Solutions>

In the HR Solutions, quarterly revenue up by 1.7% year-on-year to 68.7 billion yen under the favorable business environment. As a result, EBITDA also grew by 8.8% to 17.4 billion yen due primarily to the revenue growth and lower advertising expenses.

○Staffing segment

Quarterly revenue in the Staffing segment was up 8.2% year-on-year to 324.6 billion yen. Revenue increased in the domestic operation due to a solid market environment and we saw a positive impact of FX on revenue from the overseas operation. Quarterly segment EBITDA grew by 14.0% year-on-year to 20.1 billion yen due to the revenue increase.

<Domestic Staffing>

In Domestic Staffing, we focused on renewing existing employment contracts and increasing new employment contracts in an environment where the Staffing market expanded moderately as evidenced by an increasing number of active temporary workers. As a result, quarterly revenue achieved favorable growth, an increase of 10.4% year-on-year to 123.9 billion yen. EBITDA grew by 27.5% to 9.0 billion yen due to the revenue increase and productivity improvement.

<Overseas Staffing>

In Overseas Staffing, quarterly revenue increased 6.9% year-on-year to 200.6 billion yen. The currency fluctuation had a positive impact of 22.5 billion yen and excluding the impact, revenue decreased by 4.4%. We prioritized profitability in line with our Unit Management method, which resulted in lower revenue. Additionally, business with existing clients declined due to a challenging environment in some markets in the US. EBITDA increased by 4.8 % to 11.0 billion yen.

FY2017 Full-year Forecast

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We have achieved favorable results in the first half, but the full-year forecast for fiscal year 2017 has not changed because we will consider additional investment for the second half as needed.

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