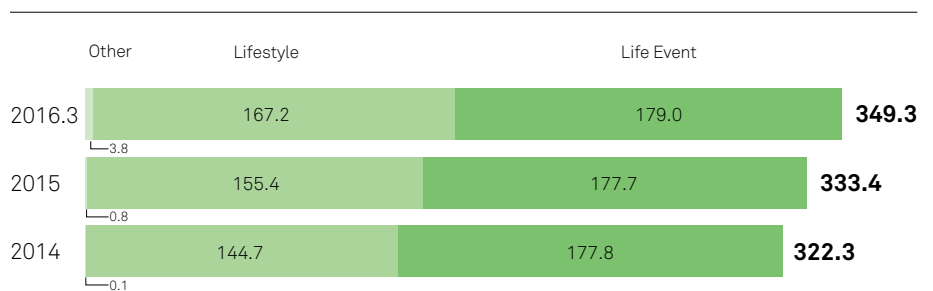


MARKETING MEDIA BUSINESS



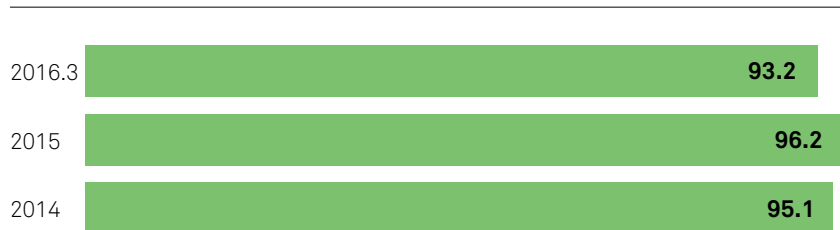
This segment consists of life event operations and lifestyle operations. In life event operations, we provide information on housing and real estate, bridal and others for people looking to make major life decisions on what house to buy or what type of wedding they want to have. In lifestyle operations, we provide information on lodging accommodation, restaurants, and beauty salons for people looking to make daily-life decisions, such as where to travel, eat or get their hair cut.

Net Sales (Billions of Yen)



Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)



Housing And Real Estate

Enhancing Brand Power Through Overwhelming Brand Awareness Among Users and Excellence in Proposals to Clients

Product Explanation

A Leading Brand Connecting Housing Needs and Clients

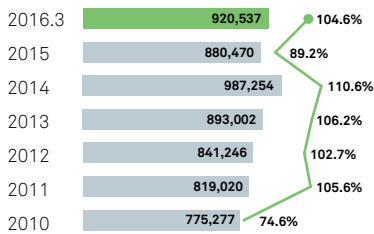
In our housing and real estate business, we provide a real estate and housing website and a free magazine under the SUUMO brand that meets the wide needs to lease, purchase, build, remodel and sell houses. In addition to property and real estate agent information, these media contain such content as various types of expertise articles and market trends such as area information and procedural manuals including user reviews. Additionally, we also operate a model home village displaying mainly houses from major housing builders, as well as provide other services such as a consultation counter service at brick-and-mortar locations.

Business Model

SUUMO users include individuals thinking about buying or leasing a house, while advertisers include developers, construction companies and local builders (offering new condominiums and single-family homes), property-leasing firms, brokers handling existing housing and remodelers. Primary earnings come from advertising fees by billing advertising clients for listing property information on the website or in publications. Additionally, at brick-and-mortar locations, we offer consulting services and charge clients success fees for brokering deals in a pay per performance model.

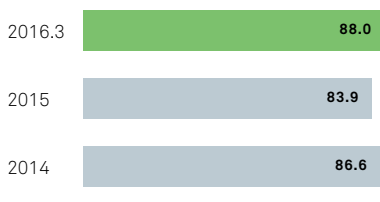


New Housing Construction Starts in Japan (Year-on-Year Growth Rate) [Number of houses, %]

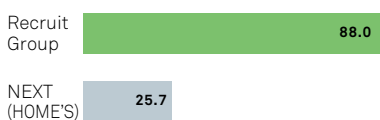


■ Number of Houses — Year-on-Year Growth Rate
Source: Ministry of Land, Infrastructure, Transport and Tourism, Housing Starts

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison [Billions of Yen]



* Figures for NEXT represent revenue, not net sales, because NEXT has adopted International Financial Reporting Standards (IFRS).

Market Environment

Emerged from a Downturn in New Housing Construction

New housing construction, one indicator of the state of the housing market, surged through fiscal 2013 as consumers rushed to close prior to the consumption tax hike. This increase, however, led to weak demand in fiscal 2014 and led to the first decrease in five years. In fiscal 2015, the number of new housing construction was 920,537, an increase of 4.6% from the prior year, however, still not attaining the level of fiscal 2013.

Business Overview

Retained Top Position in Japan and Increased Sales

Over the past few years, consumption tax hikes have had a major impact on business results. We have been responding to this by enhancing the quality and volume of our media content—moves that allowed the Recruit Group to maintain our overwhelming brand awareness among users and our leading position in the Japanese market.

In fiscal 2015, although condominium apartment division recorded sluggish net sales, independent housing division and leasing division recorded solid net sales due to efforts such as continuing to enhance the provision of solutions to clients and attracting users, resulting in net sales of 88 billion yen, a year-on-year increase of 4.9%.

Strategy Going Forward

Strengthening Client Relations for Sustained Growth

One of the Recruit Group's greatest strengths is the power of the SUUMO brand, which has high recognition among people searching for housing. We also rely on our ability to gather and analyze information on people looking for housing. This allows us to provide advertisers with excellent recommendations based on our deep understanding of their businesses, and sustain our solid client relationships.

Looking to the future, we will continue to enhance the convenience of our media and services that deliver even greater value and satisfaction for users in the real estate market. At the same time we aim to provide clients with not only an advertising framework, but also comprehensive sales promotion support, including management assistance and other services. Examples include product development, sales strategy consultation, promotion and other plans and support for campaign design—all of which are underpinned by analysis of the user needs in the housing market. Our goals are for clients to realize even greater returns on their advertising investments and for us to sustain growth in transaction value per client.

FAQ

Q: What is the state of the housing market environment?

A: We have seen a recovery from the downward trend that followed the surge in demand prior to the consumption tax hike.

In fiscal 2013 there was a surge in demand brought on by consumers rushing to close prior to a consumption tax hike in April 2014, but demand weakened in fiscal 2013 and fiscal 2014. Housing starts continued in an uncertain environment, but there were signs of a recovery from the decline in fiscal 2015 mainly due to continuing tax breaks on housing loans and policies such as the public-policy measure of a special exemption on the gift tax. When the next consumption tax rate hike occurs is a significant factor in determining the impact on the market environment in the future.

Q: What is Recruit's competitive superiority over its competitors?

A: The size of our sales and business portfolio are different from our competitors. We are maintaining our competitive superiority.

In the housing business, Recruit has assembled a portfolio including purchasing and leasing of new condominiums, existing properties and single-family homes, enabling us to support virtually all needs related to housing searches. Our competitors do not provide a full lineup of services as we do. Moreover, backed by the high brand recognition of SUUMO, Recruit has overwhelmingly high user appeal compared to our competitors. In addition, being familiar with client operation follow-through and comprehensive sales promotion activity support for clients, including following-up on their operations, we have built deep relationships with clients. Added to that, on a base of very high user traffic, we also have an abundance of technology and expertise, such as being able to instantly conduct simulations to provide the optimal information for users, and to be able to change content for each user.

These are the reasons why we maintain our competitive superiority over competitors.

Bridal

Bolstering Service Expansion According to Changes in the Times and Needs, Based on Industry Leading Brand Strength

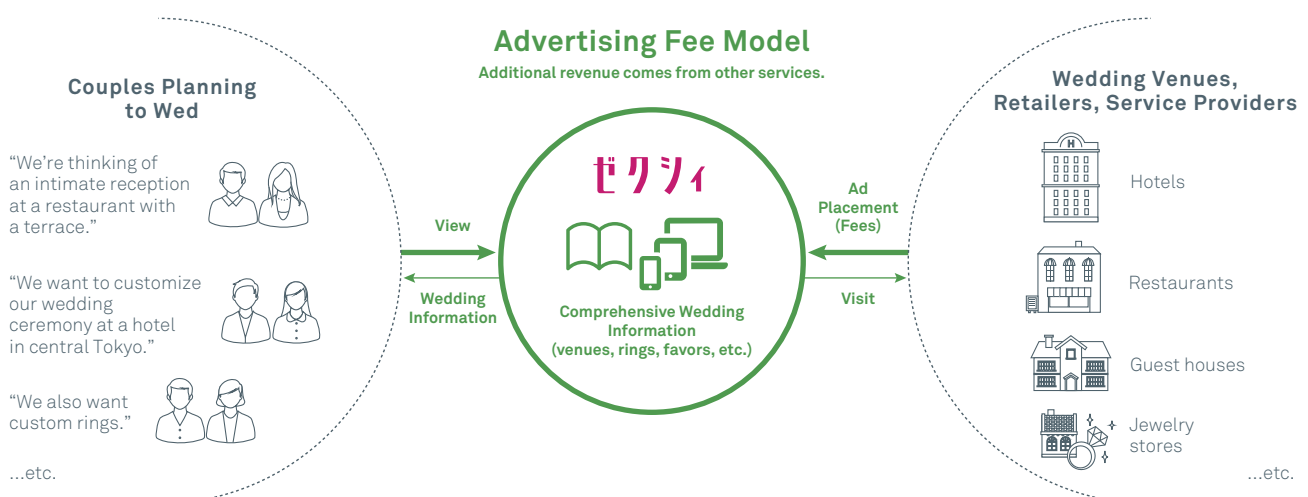
Product Explanation

Zexy Brand Meets Diverse Bridal Requirements

In the bridal field, Zexy is our brand for wedding-related information, delivered via a magazine and website, and through personal consulting. We also provide information on various styles of wedding venues, such as hotels, wedding halls, chapels and restaurants, as well as about bridal-related information including jewelry, dresses, gifts and receptions. Brochures of the venues and products can also be requested on demand. We also deliver basic knowledge and plans about marriage and propose new wedding styles. In addition to proposals about venues meeting customer's requests and conditions, the personal consultation counter also acts as an agent in setting up a variety of arrangements, including deciding on a venue.

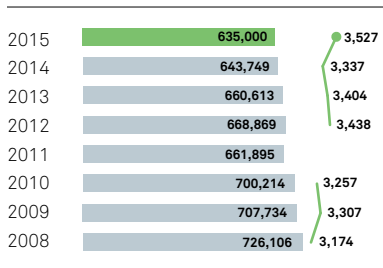
Business Model

Zexy's users are couples looking to marry and advertising clients are facilities that hold ceremonies, including wedding halls, hotels and restaurants, as well as bridal-related retailers of items such as jewelry and dresses, photography and video services and other businesses from a variety of services associated with weddings. The main business model is an advertising fee model with advertising clients billed for advertisements placed for venues, products and such like in the magazine or on the website. Our personal consulting service obtains earnings from venues and other clients when our assistance results in a couple saying, "I do."



Bridal Industry Trends in Japan

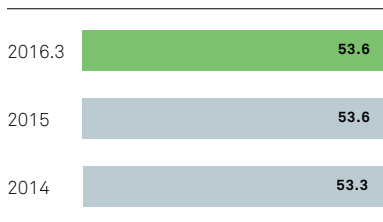
[Number of couples, thousands of yen]



■ Number of Marriages
 ● Average Amount of Spending for Wedding Parties
 Source: Ministry of Health, Labour and Welfare, Vital Statistics and Zexy Wedding Trend Research (2015)
 Note: Data is not available for 2011.

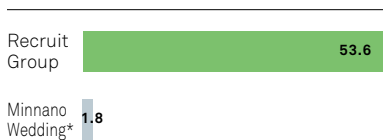
Annual Net Sales

[Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



* FYE Sep 2015

Market Environment

Despite a Downward Trend in Couples Marrying, Newlyweds Still Spend on Ceremonies

Japan's bridal industry can be assessed by two indicators: the annual number of couples marrying (couples marrying) and the per-couple spending on ceremonies, parties and other related items (spending on ceremony). There is a gradual decline in the number of couples marrying each year. This trend is forecast to continue going forward, but spending on ceremonies has continued to increase in recent years and remains at a high level. This has resulted in vigorous competition as companies vie to attract business by offering new venues, facilities, goods and services for memorable nuptials.

Business Overview

Leading Net Sales as a Pioneer in the Bridal Industry

As the pioneer of the Japanese bridal-magazine market, the Recruit Group—through our Zexy brand—is a leading source for bridal information. Our overwhelming brand awareness has helped us chalk up solid results in an industry where annual sales exceed 50 billion yen.

In fiscal 2015, despite a declining trend in the number of marrying couples in Japan, net sales remained stable at 53.6 billion yen, a year-on-year decrease of 0.0%, mainly due to increased needs for attracting customers of major wedding venue operator clients.

Strategy Going Forward

Further Enhancing User Satisfaction and Energizing the Market

The Recruit Group's strength in bridal media is mainly due to three factors: unrivaled brand power (i.e., most couples planning to wed mention Zexy as one of their sources for bridal information); leveraging this brand power to drive users to our advertising clients; and sales expertise that fosters robust client relationships.

Our desire to grow goes hand-in-hand with efforts such as improving the usability of our smart device apps and websites, and upgrading and expanding content. This will ultimately boost our formidable brand power and provide the means to further enhance ROI for advertising clients and sustain the Group's own growth.

One area we are eager to develop is matchmaking—targeting the large number of singles who have yet to find their significant other. While the annual number of couples marrying is mired in a downward trend, this market is large enough to warrant consideration. By helping to match interested singles with compatible partners, we can stimulate the bridal industry overall.

FAQ

Q: How is the bridal industry responding to the situation in Japan, where the population and birthrate are declining and the ratio of unmarried people is rising?

A: We forecast that the market will continue to remain flat.

In Japan the annual number of couples marrying has been on a downward trend, but in recent years there has been a tendency to spend larger amounts on weddings, receptions and parties. Spending remains at a high level due to bigger plans that meet diversified needs such as renting entire venues to have house weddings. We forecast that the state of the current market scale and environment will continue into the future.

Q: Competitors are delivering lower-priced models, so do you have a competitive edge?

A: We have a competitive edge due to high user reach and firm advertising client relations.

Zexy's competitive edge derives from the high degree of recognition it has as a brand. This competitive edge has facilitated our strong reach to users who actually take action, and to firm advertising client relationships due to sales staff and IT systems. We are of the understanding that this competitive edge will not be easily lost, so even if competitors are delivering lower-priced models, we do not regard these as a threat.

Travel

Attractive Travel Presentation Increases User Satisfaction, and Drives the Online Reservation Market

Product Explanation

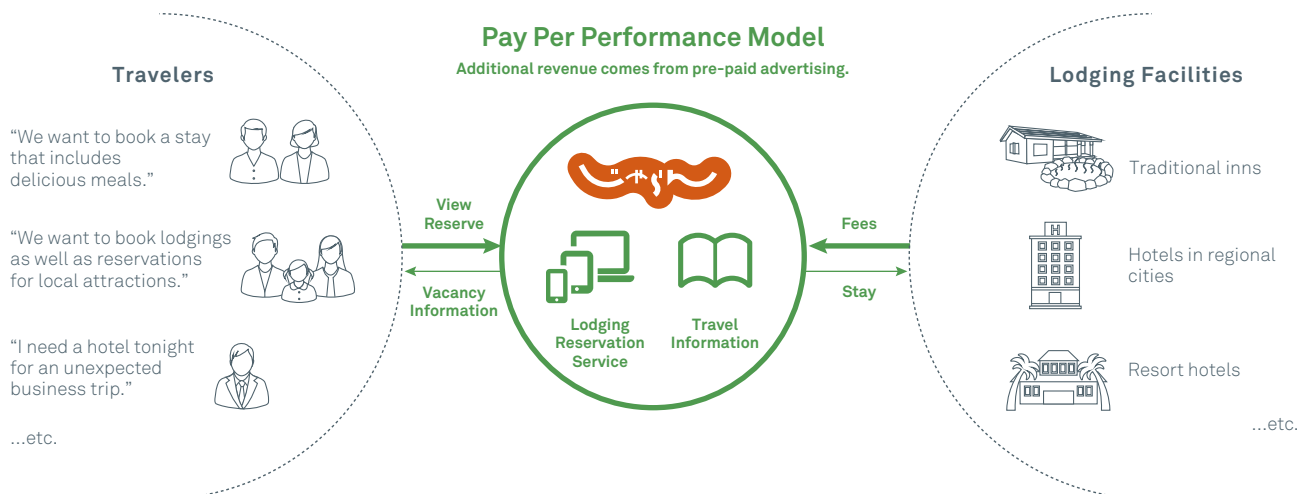
Pursue Convenience for Website and Publication Users

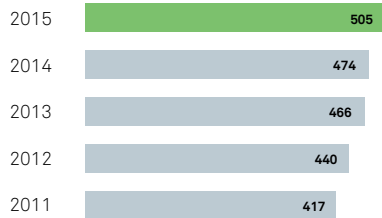
Jalan is our travel and leisure brand and provides one of Japan's largest hotel reservation websites and magazines. Jalan enables users to book their preferred lodging, hotel or original plan from among accommodation options throughout Japan. It provides season-based special-feature articles, lodging rankings based on user reviews, Jalan Pack, enabling freely selected combinations of accommodation and transportation (plane, bullet train or express train), package tours and tourism guides that allow comments to be posted about tourist spots. Through information obtained from sales staff all over Japan and gathered by local editorial staff, we provide attractive information of the greatest convenience for users.

Business Model

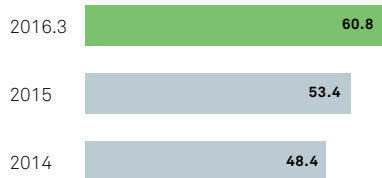
Users of the main service of Jalan.net are individuals looking for hotels and tourist spots, while advertising clients include operators of accommodation facilities such as hotels or ryokan inns, and of attractions at destinations.

Revenue from our travel-related media is generated from hotels, and inns booked through Jalan.net by pay per booking (based on room rates).



Total Guest Nights in Japan [Millions]

Source: Japan Tourism Agency, Statistical Survey on Overnight Travel

Annual Net Sales [Billions of Yen]

■ Market Environment

Record High Total of Guest Nights in Japan Due to Increase in Foreign Tourists

In 2015, the total guest nights in Japan hit a record high since surveys began mainly due to an increase in the total guest nights of foreign visitors, reflecting continued yen depreciation. The results have seen decreased room vacancies and a corresponding rise in room rates.

Amid such a business environment, the online travel reservation market is thriving, with further upward movement expected to continue for the foreseeable future.

■ Business Overview

Strong Performance Resulting from Growth in Total Number of Guest Nights Purchased Using Jalan

The online travel-reservation business in Japan has numerous agents acting as our rivals, but there is a favorable situation in the macro environment with the online travel reservation market expanding, rising lodging rates and a succession of national holidays. The Recruit Group has enjoyed solid growth here, due to our strength in the leisure market centering on couples and families.

In fiscal 2015, results were favorable due to joint development with clients of accommodation plans incorporating users' needs and advancing initiatives supporting both clients and users, which led to a rise in room rates as well as an increase in the total number of guest nights purchased for the Group's services. As a result, net sales were 60.8 billion yen, an increase of 13.8% year on year.

■ Strategy Going Forward

High Degree of Customer Satisfaction Among Both Advertising Clients and Users

The Recruit Group's strengths are brand recognition built up among domestic travelers by providing numerous types of useful contents through many years of collecting information about travel, as well as solid relationships with clients built up through solution-oriented sales activities connected to continued proposal-type sales.

To increase the number of reservations, we offer services that heighten satisfaction both for clients and users, leveraging our strengths; we respond rapidly to clients' requirements in such ways as providing measures for filling vacant rooms and competitive pricing; and, we draw up accommodation plans for business and leisure through user needs analyses based on a track record of service use. Recruit also keeps apace of market trends, using SEO and other means to attract customers while making the user interface/ experience more convenient and satisfying.

FAQ

Q: What initiatives are you taking regarding foreign tourists (inbound tourism)?

A: We already provide support in eight languages, including English.

Inbound tourism measures are an important theme, considering such matters as the 2020 Tokyo Olympic Games, we will continuously take initiatives, examining effective measures. Jalan.net is already being offered in eight languages: English, traditional Chinese, simplified Chinese, Korean, Thai, Bahasa Malaysia, Bahasa Indonesia and French.

Q: What are you doing to retain a competitive edge against competitors?

A: We have strong contact points with advertising clients to develop attractive plans for users.

Japanese online travel agents have adopted a pay per booking business model and shared information about accommodation vacancies (inventory) among many online travel agencies. Inventory and low pricing alone will not directly create a competitive edge. Consequently, whether a user actually makes a reservation becomes important, and to realize that, it is necessary to develop attractive plans for users. To develop attractive plans with clients, we need close contact with them, so Recruit's nationwide network of sales staff communicate daily with clients.

Recently, we launched a play and experience reservation service that lets users view information and reserve services for activities.

Dining

Supporting Client Operations and Helping to Enhance User Convenience Through the Air Series

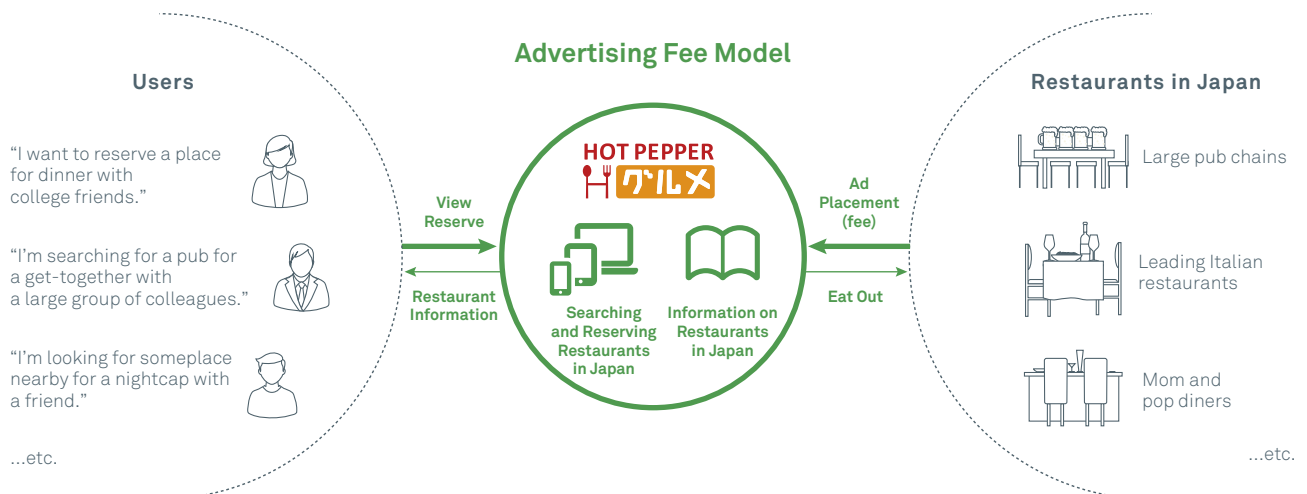
Product Explanation

Providing Various Functions Supporting the Restaurant Industry in Attracting Customers and Making Reservations

In the dining business we provide a website and a free magazine under the Hot Pepper Gourmet brand. The website contains restaurant descriptions, information of table availability and an online reservation service. In addition, the site offers a number of convenient features, such as restaurant reviews and a function for managing banquet and party attendees. The Hot Pepper free magazine is distributed mainly in large urban areas and attracts users with information and coupons for restaurants in areas categorized by train station or other features.

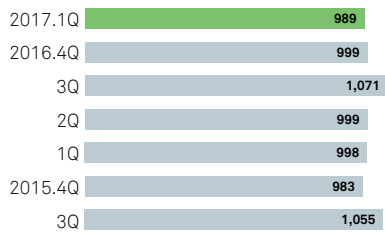
Business Model

Hot Pepper Gourmet users are individuals looking for a restaurant to eat out with friends, co-workers and family members, while our clients are restaurants all over Japan. The business model is an advertising fee model in which we charge clients fees for posting descriptions and coupons for their restaurants on the website and in the free magazine.



Trends in Dining Out Market in Japan*

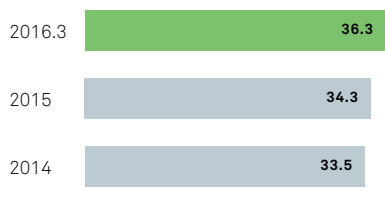
[Billions of Yen]



Note: Total amount of Tokyo metropolitan area, Kansai and Tokai markets
 Source: Hot Pepper Dining Market Research

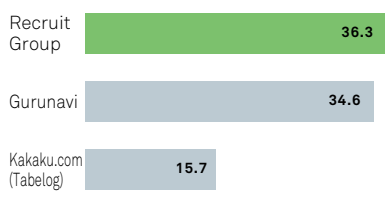
Annual Net Sales

[Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



Market Environment

The Restaurant Industry is Flat but the Market for Attracting Customers and Making Reservations Continues to Grow

Due to a sluggish economy and rising consumer concerns about saving money, growth in the restaurant industry has been flat, however there was mild growth for the four months from January to April 2016 centered on the Tokyo metropolitan area. As the country's population gradually declines over the long-term, so will the restaurant industry. Nevertheless, considering factors such as widespread Internet usage and increasingly sophisticated online reservation services, the market for attracting customers and reserving online should continue to grow.

Business Overview

Performance was Favorable Due to an Increasing Number of Advertising Clients

The Recruit Group uses a proactive, high-value-added sales approach to build solid relationships, mainly with restaurant chains and other large players in the industry. This approach has increased net sales even as growth in the industry has remained flat. We are also strengthening relations with small- and medium-sized clients in such ways as by providing them with the Air Series.

In fiscal 2015, net sales were favorable due to an increase in the number of clients centered on small and medium-sized restaurants as a result of factors including enhanced contact with clients featuring the Air Series and continued strong growth in the number of online restaurant reservations booked through the Recruit Group's services. Following on from the previous fiscal year, this number was among the highest in the industry, reaching 37.29 million. As a result, net sales were 36.3 billion yen, a 6.0% increase year on year.

Strategy Going Forward

Further Enhancing Customer Satisfaction with the Air Series

For our restaurant clients, the strength of the Recruit Group includes advice encompassing menu development as well as marketing recommendations backed by sophisticated data analysis and our high-value-added sales, which are highly regarded and help build solid customer relationships.

Looking ahead, we realize that over 90% of restaurants are small- and medium-sized establishments. As a result, the Air Series is key to supporting operational services for small- and medium-sized companies and increasing user convenience. We will also maintain and enhance Recruit Group strengths to cultivate new clients and strengthen relationships, centering on small- and medium-sized companies. Furthermore, based on those solid relationships we aim to provide services with high customer satisfaction by improving return on investments (ROI), thereby achieving sustained growth.

FAQ

Q: What is the Air Series?

A: It is a service that aims to lighten the burden of clients' operations.

The Recruit Group's Air Series is a service that aims to lighten the burden of tasks and functions in each of our clients' operations. It provides a variety of functions that have been developed around client's operations—functions that are needed by companies and restaurants, including accounts, payment, order taking, reservations and waiting management, as well as sales analytics, customer management and inventory management. Data management can be cloud-based, enabling use with a smart device.

Q: What is your competitive edge over your rivals?

A: We have an early mover advantage in terms of our sales framework and online reservation services.

The Recruit Group's strengths are a sales framework that provides services for developing restaurant menus and consultation based on its familiarity with its clients' business flow and information about what users want, in addition to holding a competitive edge by having started an online reservation service. The two strengths enhance convenience for both clients and users. With online reservation services, we are overwhelmingly larger than other companies and believe that for advertising clients, we are an attractive media offering a high return on investment (ROI) and capabilities to drive users to our advertising clients.

Beauty

Creating a Beauty-Related Reservation Market through a Cloud-Based Reservation and Customer Management System

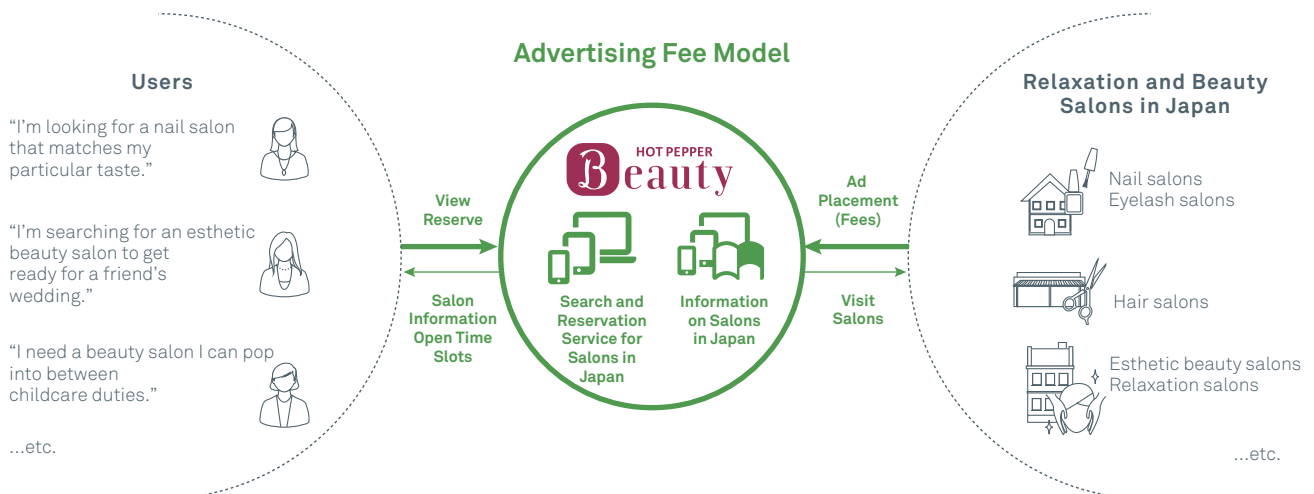
Product Explanation

Operating Japan's Largest Search and Reservation Beauty Website

Under the Hot Pepper Beauty brand, we provide Japan's largest search and reservation beauty website offering services to users of hair, relaxation, and beauty salons together with free magazines. Users can search through various types of feature articles or the date they want to visit, view hairstyle catalogs and obtain reviews shared by users, as well as make reservations using coupons. Information is available on a wide array of services, including hair, nails, eyelash extensions, chiropractic and massages through to esthetics. Coupon magazines are published monthly for four areas within the central Tokyo area (Shibuya & Ebisu, Shinjuku, Ikebukuro and Ginza).

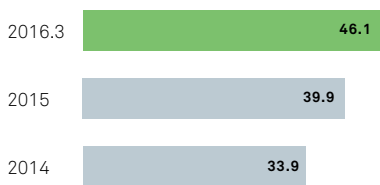
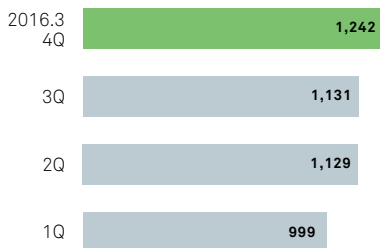
Business Model

Hot Pepper Beauty users are mainly men and women in their teens and 20s who want to receive a variety of beauty services, while clients are companies providing beauty-related services including salons for hair, nails, esthetics and relaxation. The business model is an advertising fee model and advertisers pay fees for information placed on our website and in our publications.



Hairdressing Market [Billions of Yen]

Source: Yano Research Institute Ltd., Hairdressing Market in Japan: Key Findings 2016 and Recruit's estimate (As of March 2016)

Annual Net Sales [Billions of Yen]**Number of Online Reservations via Hot Pepper Beauty** [Millions]

* Figures represent the number of reservations for each quarter

Market Environment**The Online Beauty Reservation Market is Expected to Expand**

While the overall hairdressing market trends around 2.0 trillion yen, the market for online salon-reservation services has continued to expand, driven not only by the Internet penetration, but also by Hot Pepper Beauty's online reservation service. Our own estimates reveal that the percentage of salon appointments made online has been rising since 2010, accounting for about 10% of the total in 2014, with room for further expansion.

Business Overview**Expanding Client Transactions through the Industry-Leading Effective Customer Attraction**

The Recruit Group started to provide its services as an industry pioneer. We gained an esteemed reputation among both salon users and operators due in part to our comprehensive online reservation services. Our sales lead the industry and the number of paid advertisers on Hot Pepper Beauty is steadily rising thanks to a solid user base as evidenced by unparalleled brand awareness and tremendous user reservations. Additionally, we enhanced the convenience of our SALON BOARD cloud-based support tool, and enabled visualization of stylists' availability to promote online reservations, which expanded steadily to 45.01 million.

In fiscal 2015, net sales were 46.1 billion yen, a year-on-year increase of 15.4%, as a result of expanded business with existing clients and acquisition of new clients.

Strategy Going Forward**Approach Broad Beauty-Related Areas for Continuous Growth**

The Recruit Group took advantage of our market pioneer position to build solid client and user bases. In addition to this strength, SALON BOARD enables clients to reduce their administrative burden and provides information about stylists' availability to promote online reservations. Because of this, we established an industry-leading position.

Looking ahead, we will increase client transactions by expanding the product lineup and enhancing the convenience of services for existing clients, while aiming for continuous growth through comprehensive sales activities to expand business, including attracting users and conducting sales promotion consulting for various clients who provide beauty-related services. We develop and add functions to enhance user convenience, aiming for expansion of the user base and an increase in the repeat usage rate.

FAQ

Q: What features of SALON BOARD are so highly regarded?

A: SALON BOARD streamlines operations and enables users to make reservations anytime.

SALON BOARD is a cloud-based reservation and customer management system provided to clients free of charge that can be used on both PCs and smart devices. In the past, individual salons mostly took reservations by phone and managed them on paper. Today operations have been streamlined, and users are able to make reservations anytime by viewing availabilities online at SALON BOARD, our Hot Pepper Beauty service. Centralized management of all reservations—even for those received by phone or in person—is possible using Recruit Group services, which ultimately lessens the administrative burden and helps expand the customer base. We aim to offer clients even greater convenience through functions for their accounting and sales-management operations that link to Air REGI.

Q: Why have you been able to maintain growth with high net sales?

A: Because we have no powerful competitors and are an online reservation pioneer that provides clients with the industry's leading results.

The online beauty reservation market accounted for less than 1% of all reservations in 2011, however by 2014 this had expanded to about 10%. Through our Hot Pepper Beauty service we provide clients with the advantages of being the industry-leading online reservation service, and we have continued to expand. Our services also cover a wide array of fields, including hair and nail salons, and we believe there is still considerable room for growth.

HR MEDIA BUSINESS



In this segment, we provide services that offer employment information to job seekers both in Japan and overseas. In Japan, we provide information on finding employment (company information) for new graduates, and recruiting services for mid-career and part-time job seekers. We also operate a global job-search website.

Net Sales (Billions of Yen)

	Other	Overseas Recruiting	Domestic Recruiting	
2016.3	21.9	84.3	255.9	359.2
2015	19.2	46.1	239.8	302.7
2014	16.3	24.9	226.5	266.9

Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)

2016.3	88.0
2015	78.0
2014	73.6



Domestic Recruiting

Maintaining Sustainable Growth with an Unrivalled, Industry-Leading Brand and Strengths in Our Original Business

Product Description

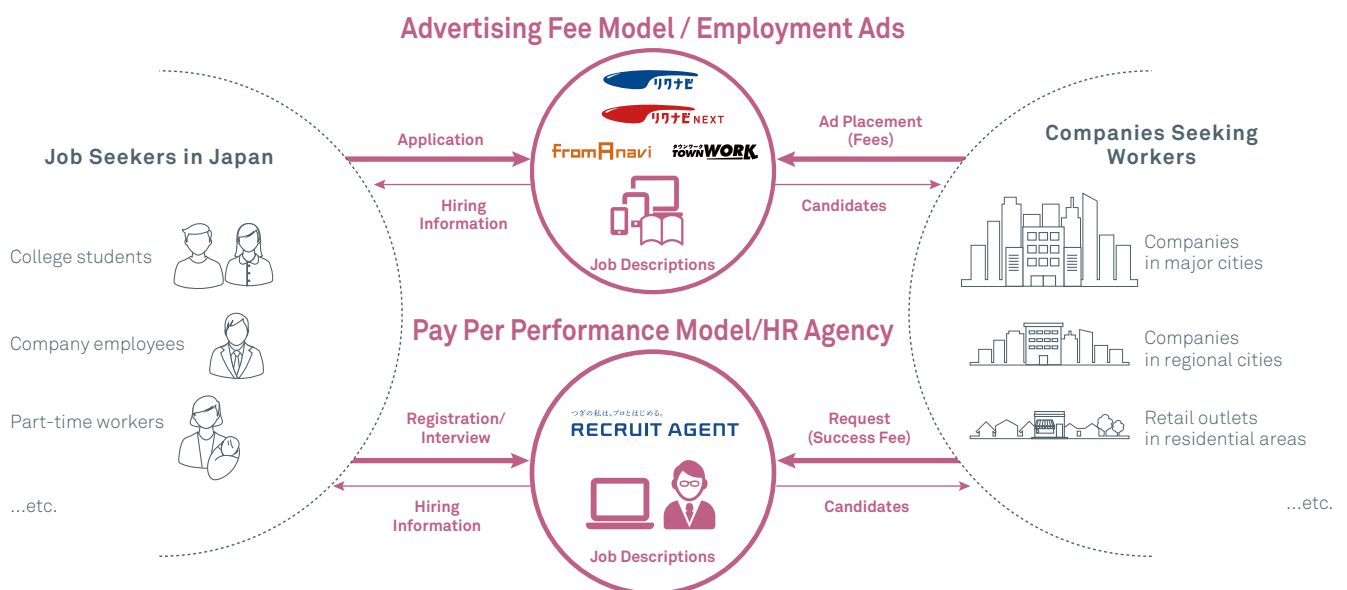
A Top Brand that Responds to a Wide Range of Needs in the Recruiting Market

Our domestic recruiting services respond to a wide range of needs among job seekers throughout Japan using brands such as Rikunabi and Rikunabi NEXT, RECRUIT AGENT, TOWNWORK and From A navi, under which we provide websites and free magazines, and connect companies with interested candidates.

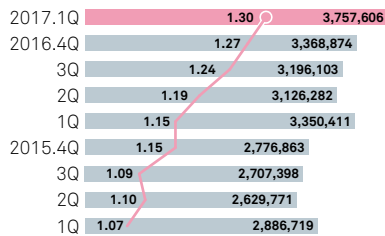
For full-time jobs, our services include providing information on websites for new graduates and people who want to change jobs, as well as connecting companies with interested candidates. For part-time recruitment, we provide Japan's largest free job magazines and online job-search resources.

Business Model

Our domestic recruiting segment provides a full lineup of services. Users are all types of job seekers in Japan and advertising clients are various types of companies with job offerings. Domestic recruiting has two main revenue streams: one from fees per recruitment ads posted in our media on PCs and smartphone applications; the other from success-fees earned as a placement agency.



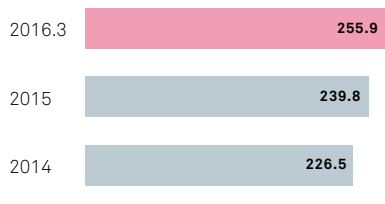
Numbers of Recruitment Ads / Ratio of Job Offers to Applicants in Japan [Numbers/Rate]



■ Number of Recruitment Advertisements
● Effective Ratio of Job Offers to Applicants

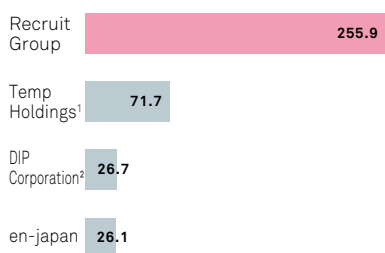
Source: Zenkoku Kyujin Joho Kyokai, Number of Recruitment Advertising Research and Japanese Ministry of Health, Labour and Welfare, General Employment Placement Situation
Note: Ratios of job offers to applicants are figures as of the last month of each quarter.

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



1. Sales of recruiting segment including Intelligence
2. FYE Feb 2015

Market Environment

The Recruiting Market Will Continue to Expand Along With Recovering Corporate Results

Key indicators of employment trends in Japan include the number of recruitment ads and the ratio of job offers to applicants, both of which are affected by the economy. The financial crisis of 2008 caused the recruitment market to shrink, however, followed by an upturn in the economy that has resulted in continued strong interest for recruitment. As a result, the average ratio of job offers to job applicants in fiscal 2015 was around 1.30, remaining stable at a high level, and with the number of ads for April through June 2015 at 3,757,606, up 12.2% year-on-year, the market is showing expansion.

Business Overview

Net Sales Remain the Highest in the Industry Amid a Robust Employment Environment

As a pioneer in recruitment advertising, we provide services that are geared to both job seekers and employers; our net sales maintain the leading position in the industry.

In fiscal 2015, the employment environment continued to be robust, reflecting the continued high-level ratio of job offers to applicants and the increased number of recruitment advertisements. In this environment, the Group carried out measures such as attracting users and reinforcing the sales operations with favorable results mainly regarding job advertisements for mid-career recruitment and part-time and temporary workers. As a result, net sales recorded ¥255.9 billion, a year-on-year increase of 6.7%.

Strategy Going Forward

Enhancing ROI by Leveraging IT and Further Strengthening the Sales Structure

Our strength in the recruitment field is strong brand recognition, which makes it easy to connect with job seekers, and solid relationships with advertising clients covered by business bases all over Japan. That strength has reinforced the view among both job seekers and employers that Recruit is the go-to company for recruitment. Our services are highly rated by users and advertising clients. Looking ahead, we will leverage the expertise in new market development we have acquired from our original business to evolve our services in step with changes in the business environment.

For full-time recruitment, we are aiming to be an attractive media for both users and clients through further enhancement of our sales structures and improving the quality of ad responses by applying big-data analytics to tailor search results according to each job seeker. For part-time recruitment, we aim to attract more job seekers via television ads, outdoor advertising and other channels as well as by expanding SEO efforts. We will enhance the user interface and experience as well as by developing user-driven apps for smart devices to enhance convenience, while further strengthening our sales structures will enhance our power to send users to advertising clients.

FAQ

Q: Why is your growth slower than competitors? Are you losing your competitive edge?

A: During the phase where the ratio of job offers to job applicants is rising, there is a tendency to use multiple job-posting media and services so we are not losing our competitive edge.

As a feature of the domestic recruiting advertisement market when the economy improves and there is an environment where the job offers to applicants ratio goes up, recruitment becomes more difficult because clients take time to employ human resources that satisfy their requirements in terms of both quality and quantity. As a result, media and services that had previously been comparatively underused see growth in the rate of their services use. In addition, as Recruit's net sales are larger than our competitors, there are times when the rate of growth appears to be low. Our understanding is that Recruit's net sales are growing steadily and that we have not lost our competitive edge.

Q: Other companies are ending their involvement in printed media, why are you continuing? Wouldn't it be better to stop involvement in inefficient businesses?

A: There are many cases of user behavior being generated by printed media, so it is an indispensable media for conducting our efficient business operations.

Recruit's media is not only printed, but also includes web media for PCs and smartphones. The important thing is to advertise job offers in media that match user behavior and to maximize our clients' returns on their advertising expenditures (ROI). We continue to publish printed media because we recognize that there are still a certain number of users who favor this medium for gathering information.

Overseas recruiting

Overwhelming Presence in the US, Indeed Will Now Spread Globally

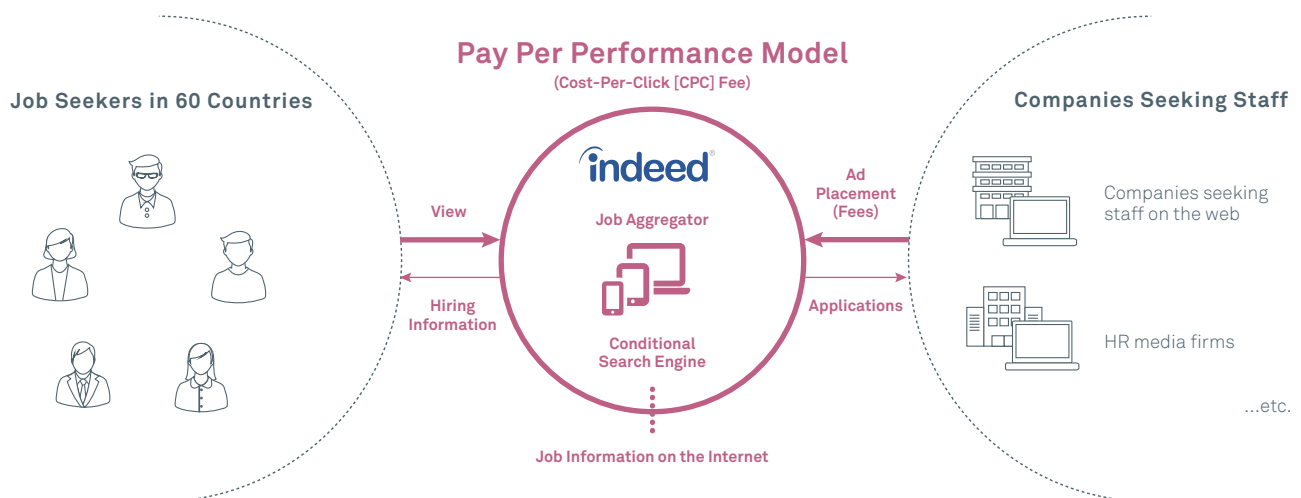
Product Description

An HR Recruitment Site in 60 Countries and 28 Languages

Our US subsidiary since 2012, Indeed has been leading the overseas recruiting business and developing the Indeed job aggregator for job seekers. Using a proprietary search algorithm, Indeed aggregates job information from across the web and delivers comprehensive results to job seekers free of charge. Already available in 60 countries and 28 languages and with about 200 million unique visitors monthly, Indeed is fast becoming a global platform for job searches and HR recruiting.

Business Model

Indeed's users are individual job seekers and its clients are business operators with all types of human resource recruitment needs or recruitment site operators expecting to capture customers from Indeed. Indeed's fee structure is click-based. When a job seeker searches Indeed, ads linked to search terms automatically appear with the hits. Advertisers are billed every time a job seeker clicks on their ads.



US GDP (Real) Growth Results and Forecast

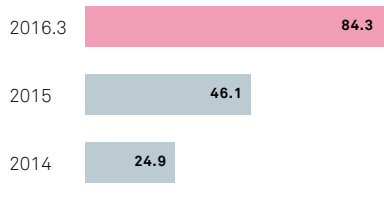
[Billions of USD]



Source: International Monetary Fund, World Economic Outlook Database

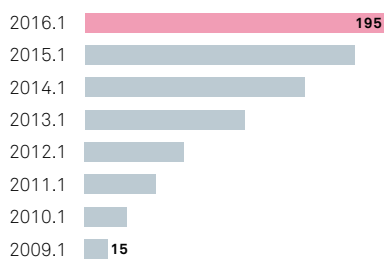
Annual Net Sales

[Billions of Yen]



Monthly Unique Visitors

[Millions]



Source: Google Analytics

Market Environment

Promising US Market for Online HR Media

The online HR-advertising market in the US—where Indeed is monetizing its services—grows at compound annual rates approximating GDP growth rate. The US economy is continuing with mild growth, driven by consumer spending. This trend is expected to continue and the US online HR media market has potential for more growth.

Business Overview

Enormous Growth through Expansion of Users and Clients

By combining outstanding technical prowess with sales and marketing know-how developed by the Recruit Group in Japan, Indeed quickly experienced enormous growth, becoming a huge player in the US market as regards sales and unique visitors.

For fiscal 2015, the number of users increased steadily due mainly to efforts to promote brand awareness of Indeed.com, not only in the US, which is currently the center of the business, but in other countries as well. In addition, net sales were favorable with continued growth in utilization of the Group's services by small- and medium-sized clients in the US. As a result, net sales were ¥84.3 billion, a year-on-year increase of 83.1%.

Strategy Going Forward

Expand Monetization and Business Domain Globally

Indeed has a strength in providing most efficient and effective HR advertisements around the world with proprietary search algorithm and tailoring technologies developed by its engineers' global level technological expertise.

Indeed is aggressively trying to boost earnings outside the US, where monetization is on the rise. Moving ahead, we will continue to invest in the brand to acquire users with a concentration on mature markets and proactively invest to capture various types of customers in addition to expanding business domains with client contact to strengthen the sales structure.

Furthermore, looking toward HR operations in the medium- to long-term future, we think there is growth potential for Indeed in wider domains outside of the HR recruitment advertising business that Indeed currently provides. While positioning Indeed's advanced technical capability and the core of our initiatives, we will also actively expand business domains, including M&A.

FAQ

Q: What factors are behind the continued growth of Indeed's net sales?

A: Backed by advanced technological capabilities, we can provide low-cost recruitment ads with high investment efficiency.

Even when compared with global standards, Indeed has advanced technological capabilities, achieved by the proprietary search algorithm created by Indeed's engineers and our ability to tailor advertising to the needs of users and job seekers. This in turn enabled us to provide clients with recruitment advertisements that are highly efficient investments. Because we have realized low-cost advertising service, use of the service by small- and medium-sized clients has expanded steadily.

Q: How long will the growth investment in Indeed continue?

A: We consider the upcoming three years to be an investment phase. In those three years we aim to increase Indeed's net sales by at least double.

For the next three years, we will not pursue earnings growth, but rather expand our business scale and position the period as an investment phase. Currently, most of our earnings are coming from the US, so in addition to advertising promotions outside the US for full monetization and investing to capture customers, we will also proactively expand business domains, including through M&A. While making these types of investments, we aim to at least double Indeed's net sales in the next three years.

STAFFING BUSINESS



We provide staffing services in Japan and overseas. Overseas, we have built up our staffing operations mainly in North America, Europe and Australia through acquired subsidiaries.

Net Sales (Billions of Yen)

	Domestic Staffing	Overseas Staffing	
2016.3	414.1	475.8	890.0
2015	389.5	285.6	675.2
2014	358.6	253.8	612.4

Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)

2016.3	49.6
2015	40.7
2014	34.7



Domestic Staffing

Our Unit Management Method Raises Productivity and Maintains World-Class EBITDA Margins

Product Description

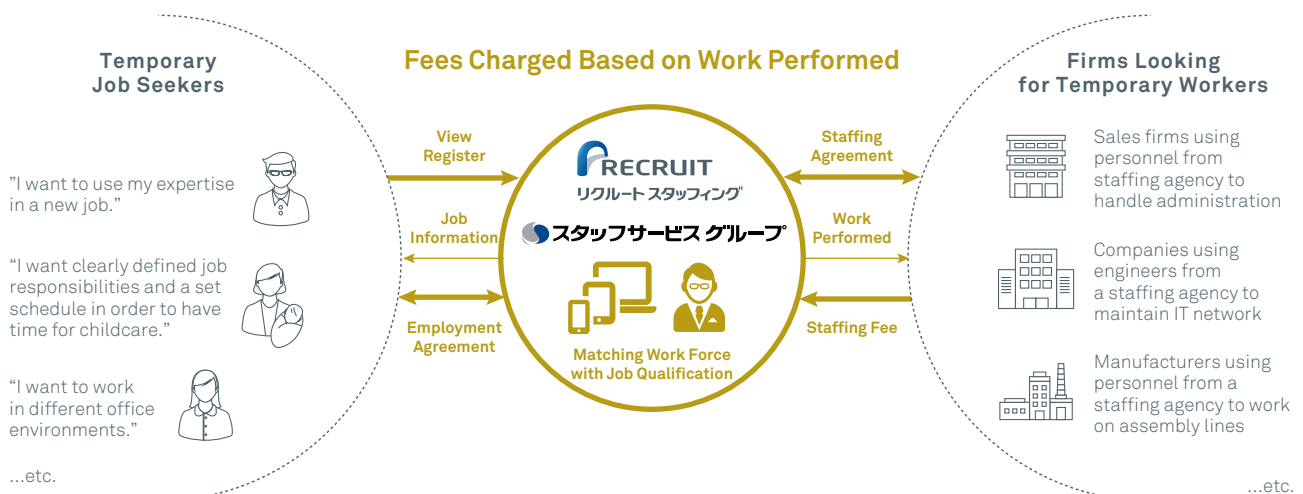
Broad Client Base Covering All of Japan from Small and Medium-Sized to Large Companies and Small Towns to Large Cities

Recruit Staffing and Staff Service Holdings provide our domestic staffing services.

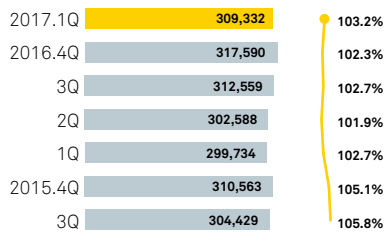
Combined, these firms cover every job in any field, and for every type of client. Recruit Staffing has a relatively strong presence in large companies in urban areas, specializing in staffing after careful assessment of clients' needs and requirements. Staff Service Holdings has a strong presence in small- and medium-sized clients nationwide, specializing in staffing with prompt response to clients' needs.

Business Model

Recruit's staffing service users are individuals seeking to work in temporary roles and clients are companies looking to recruit temporary workers. Recruit ascertains the needs of both parties and then dispatches users to clients. Business models for staffing are similar worldwide, staffing companies charge their client a work-based fee. Because accounting standards require that compensation for outsourced personnel be recorded as both sales and sales costs, EBITDA margins are low. However, by applying Recruit's original cost control method, which will be explained in detail later, and when calculated based on gross income, EBITDA margins are on par with those of other marketing and HR-media segments.



Average Number of Active Agency Workers
in Japan Year-on-Year Growth Rate [People/ %]



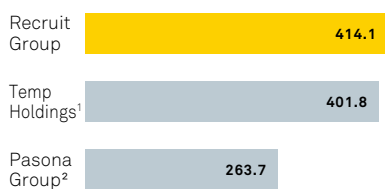
■ Active Agency Workers — Year-on-Year Growth Rate
Source: Japan Staffing Services Association, Staffing Service Survey

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



1. Sales of Staffing and BPO Segments
2. May 2016

Market Environment

The Domestic Staffing Market Continues Its Mild Upward Trend

The staffing industry in Japan must comply with the Worker Dispatching Act and keep abreast of revisions to the legislation. Still, this kind of work type is popular enough in Japan, so the staffing business's performance is mirroring changes in macroeconomic factors such as GDP. The number of people working through staffing agencies has increased over 100% year-on-year for the 10 most recent quarters.

Business Overview

Net Sales Increased Due to Maintaining Existing Staffing Contracts and Gaining New Ones

Recruit Group's operation focuses on productivity and efficiency using unit management, an original cost control method. Measures based on the method allow us to maintain a leading position in Japan in terms of net sales and world-class EBITDA margins.

In fiscal 2015, the staffing market continued to enjoy a moderate expansion trend as evidenced by the continued increase in the number of active agency workers. Under this environment, results were favorable mainly in the administrative and IT divisions in the Tokyo metropolitan area and engineering division, due to factors including strengthening of the sales operations in the Tokyo metropolitan area as well as focusing on the extension of existing staffing contracts and an increase in the number of new staffing contracts. As a result, net sales were 414.1 billion yen, a year-on-year increase of 6.3%.

Strategy Going Forward

Aiming for Continued Improvement in Productivity through Unit Management

The Group's strengths are that we possess efficient business management know-how, unit management—a method for cost management which enables us to achieve a high EBITDA margin—and that we possess the high brand capability of providing a full lineup of human resources services, including the HR media business.

Unit management is dividing the sales organization into small-scale units, each of which is entrusted to a manager delegated with authority, and that has set objectives related to EBITDA targets and margins to enhance motivation on the business frontline and continue to improve productivity for the entire organization. Improvements in productivity among the entire organization or individual units are shared throughout the whole organization to retain a high degree of transparency. This system enables enhanced human resource training, retention and adaptability to changing business environments.

Looking ahead, aims include expanding the number of new staffing contracts through acquisition of newly registered users, optimization of user-capture costs and enhanced matching accuracy. Furthermore, we are solidifying relationships with existing clients and expanding our client base. We also aim to promote unit management that enhances sustained productivity, and utilize expertise cultivated in the HR-media field and marketing field to promote user response among registered staffing members who are not actively seeking jobs.

FAQ

Q: What impact will the revised Worker Dispatching Act have?

A: We think there will be no negative impact on our performance.

Regardless of the revisions to the law, we think it is important to develop and enhance temporary workers' skills. We have therefore taken steps such as holding seminars for members to acquire qualifications and opening a career advice center. Consequently, recent revisions to the law will not have a negative impact on Recruit's business performance.

Overseas Staffing

Promoting Unit Management Incorporation and Acquisitions to Expand Results in Mature Countries

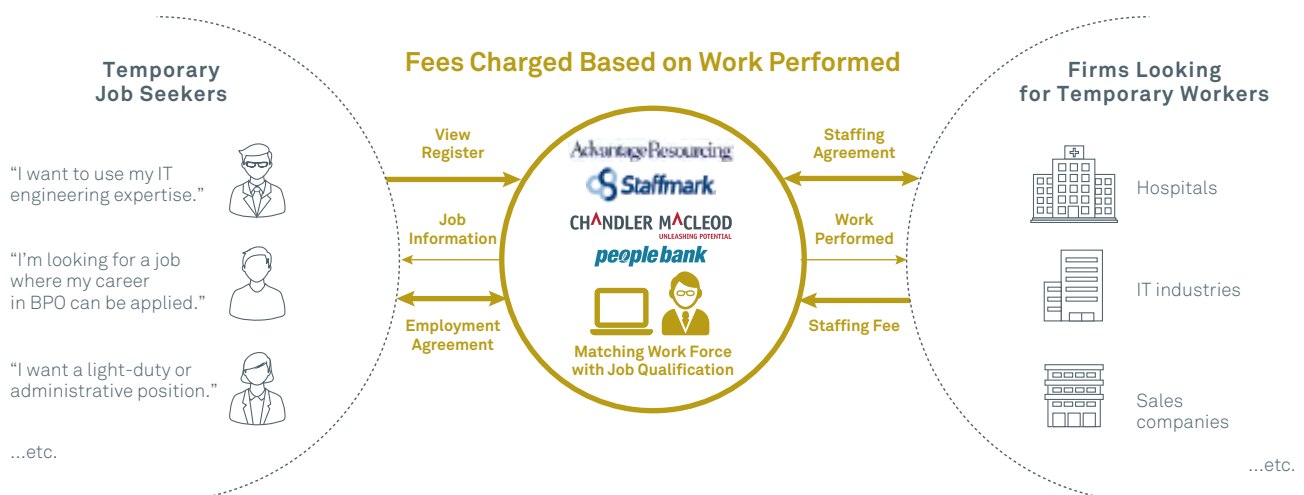
Product Description

Developing Business through Local Brands Mainly in the US, UK and Australia

Since 2010, in our overseas staffing business, we have developed the business in the US, UK and Australia by purchasing overseas staffing companies; we operate them maintaining their brand names. In North America, we operate under the brand names CSI, Staffmark, Advantage and Atterro, while in Australia we have two brands: Peoplebank and Chandler Macleod. In addition, in December 2015 we concluded a deal with European staffing agency USG People and have since successfully completed the takeover bid. Once the process of making it into a subsidiary is complete, the USG People brand will be added the Advantage brand used in the UK as part of our European operations.

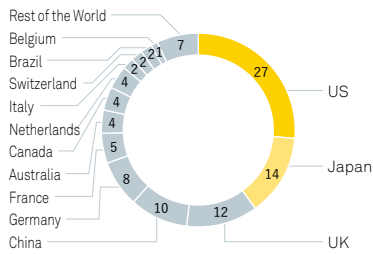
Business Model

Given the similarity of global staffing models, Recruit's overseas subsidiaries have adopted our unit management method. This proven technique helps them optimize their own management and sets them on a path toward even greater EBITDA and EBITDA margins. Improvements have been noted at CSI, Staffmark and Advantage, where unit management has had time to take effect. We have made steady progress in post-merger integration (PMI) toward profit improvement at Peoplebank, Chandler Macleod and Atterro, which were made into subsidiaries during the previous fiscal year, and developed as projected before they were made into subsidiaries.



Global Staffing Markets

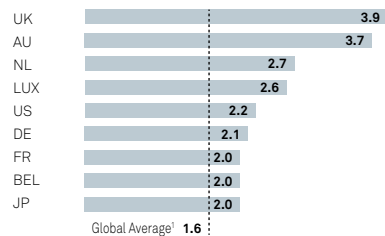
[%]



Source: Ciett Economic Report 2016

Penetration Rate of Staffing Services

[%]

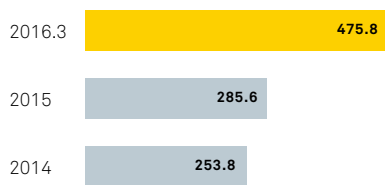


Source: Ciett Economic Report 2016

1. The above ranking does not include China due to the lack of statistical data

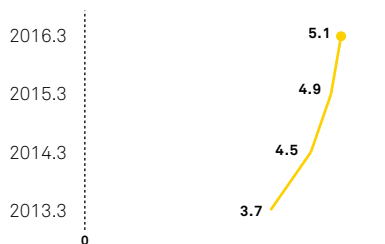
Annual Net Sales

[Billions of Yen]



EBITDA Margin of Existing Overseas Companies

[%]



* Total EBITDA for CSI, Staffmark and Advantage Resourcing

Market Environment

High Penetration Rate of Staffing Services in Mature Economies' Labor Markets

The world staffing market is worth about 40 trillion yen, of which matured economies account for approximately 70%. Similar to Japan, overseas staffing markets reflect the performance of the macro economy and track changes in GDP. In the global market, the staffing service penetration rate recorded an average of 1.6%. In mature economies, the rate exceeds 2.0%.

Business Overview

Improving EBITDA Margins with Our Unit Management Method

The Recruit Group is using M&A to expand its overseas staffing business, introducing unit management to each new subsidiary. Our success in this area is evident in steady improvement of EBITDA and EBITDA margins.

In fiscal 2015, the staffing markets in North America, Europe and Australia, where the Group mainly operates its businesses, continue to enjoy a moderate expansion trend. Net sales were favorable, reflecting the impact of yen depreciation and other factors, while earnings of three subsidiaries; Peoplebank and Chandler Macleod, both of which operate in Australia, etc.; and Atterro, which operates in the United States; newly contributed to results of the segment from fiscal 2015. As a result, net sales in the Overseas Staffing operations were ¥475.8 billion, a year-on-year increase of 66.6%. Moreover, CSI, Staffmark, and Advantage had operated separately until fiscal 2015, but in fiscal 2016 their EBITDA margin was 5.1%, showing a steady transition to the unit management method.

Strategy Going Forward

Efficient Operation of Subsidiaries and Business Base Expansion through Acquisitions

Looking ahead, we plan to incorporate Recruit's strength of unit management into companies that have been made into subsidiaries and promote efficient business operations, thereby improving EBITDA and the EBITDA margin to achieve further growth in the overseas staffing field. When we acquire a company, its operations are left to local management, who have the best knowledge of local business conditions. Recruit staffs key positions with its own personnel including executives and employees in charge of implementing the unit management.

We are also considering the expansion of the business base through acquisitions. We do not prioritize areas in mature economies, and candidates for acquisition are examined to find out if these companies can improve their EBITDA margin as a member of the Recruit Group, even from a very low starting point.

FAQ

Q: What is the market environment like in the US, UK and Australia, the main markets for your business?

A: The US and UK are sound. In Australia, the impact of the Chinese economy is being closely observed, but this will not affect the PMI of our subsidiaries.

Global staffing markets fundamentally move relative to the GDP of each country, so the market environments in the US and UK are sound. In Australia, the recovery of the GDP growth rate is accelerating, but we are conscious of the influence the Chinese economy has on the Australian economy, and the Chinese economy's outlook is uncertain. However, in Recruit's overseas staffing business, we have prioritized EBITDA and EBITDA margin, so we do not think there will be a significant impact on the PMI process conducted immediately after acquisition.

Q: Why did you buy USG People?

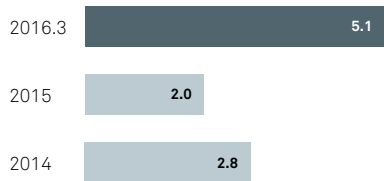
A: Because we judged that we could achieve further growth in an attractive market by incorporating unit management

The European market accounts for about 30% of the global staffing market, which makes it an extremely attractive market. The penetration rate of staffing services, which is the ratio of the workforce comprised of people working for staffing services, is above the global average in each individual European country, so this is a market in which dispatch working is firmly established. While having a reasonable level of sales and low EBITDA margin, we judged that it would be possible to improve its EBITDA and EBITDA margin by incorporating our unit management.

Other Businesses

Promoting Cross-Use Among Dedicated Platforms for Effective User Acquisition

Annual Net Sales [Billions of Yen]



Note: Segment net sales includes net sales and transfers between segments.

EBITDA [Billions of Yen]



Business Overview

Promoting Investment for Growth

Since fiscal 2012 this segment has been charged with expenses related to ID unification information collected while providing services, resulting in a negative EBITDA. During fiscal 2015, EBITDA was in the red by 11.8 billion yen versus a negative 11.2 billion yen during the previous fiscal year.

Strategy Going Forward

ID Unification Aiming to Further Strengthen Competitive Capabilities

The Recruit Group provides services for events that generally occur only a few times in a person's lifetime, and for events that are routine. Until now information gathered while providing services for these events has been managed exclusively on platforms specific to each service.

Each of these platforms leads its respective field in numbers of users. However, we are ensuring that users have more options for utilizing points earned through purchases by unifying user IDs and by partnering with Loyalty Marketing, Inc., operator of the Ponta point system. These steps will allow us to analyze the buying patterns of users with the goal of providing them with more targeted information. Our payoffs will be realized through the efficient acquisition of new users, higher repeat rates for existing users, greater rates of cross-usage, optimized user-capture costs and enhanced competitiveness for each platform.

ID unification has already been completed for the Recruit Group's main users in December 2014, and we converted Recruit points into Ponta points in February 2016. Users are able to convert Ponta points for use at brick-and-mortar stores into Recruit points for use in purchasing our web-based services and vice versa.

ID unification enables greater cross-use among various dedicated platforms and the rate of such cross-use users is increasing. For example, a user of Zexy could make travel reservations through Jalan.net. Our sales promotions activities have also enabled effective user-capture.