Acquisition of Hotspring
- Online Beauty Reservation Service Provider in Europe -
In preparing these materials, Recruit Holdings Co., Ltd. relies upon and assumes the accuracy and completeness of all available information. However, we make no representations or warranties of any kind, express or implied, about the completeness and accuracy.

This presentation also contains forward-looking statements. Actual results, performance and achievements are subject to various risks and uncertainties. Accordingly, actual results may differ significantly from those expressed or implied by forward-looking statements. Readers are cautioned against placing undue reliance on forward-looking statements.

Third parties are not permitted to use and/or disclose this document and the contents herein for any other purpose without the prior written consent of Recruit Holdings Co., Ltd.
Table of Contents

1. Highlights of the transaction
2. Overseas strategy for Marketing Media business
3. About Hotspring
   3-1. Company overview
   3-2. Business model
   3-4. Beauty market in Europe
   3-5. Positioning in beauty booking market
   3-6. Competitive advantages
4. Growth strategies
5. Acquisition cost and impact to Consolidated Financial Results
Appendix
1. Transaction highlights
1. Highlights of the transaction

- This is the **first milestone of the overseas expansion in beauty sector**

- In Europe, Hotspring is already **No.1 in # of listed salons/UVs/# of reservations**
  →European online beauty reservation market is a promising market **which is expected to grow significantly going forward**

- **Acceleration of Value-up** by transferring our knowhow
  →Transferring “Organizational management knowhow” and “CRM(Customer Relationship Management) knowhow”
2. Overseas strategy for Marketing Media business
## 2. Overseas strategy for Marketing Media business

- Given accumulated knowhow through domestic businesses and market sizes, we are targeting overseas expansion in housing and real estate, travel, dining, and beauty verticals.
- We are pursuing expansion of business in cooperation with excellent partners in each country.

### <Current status of business expansion>

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
</table>
| **Housing and Real Estate** | ![MOVOTO](image)  
(100% acquisition/Phase1)  
Real estate information service in the US  | ---                                       | ---                                       |
| **Travel** | ![tripping](image)  
(Minority investment/Phase1)  
Largest search site for holiday let data stocks  | ![trip.me](image)  
(Minority investment/Phase1)  
One of the largest OTA site in English/German-speaking countries  | ![mytour.vn](image)  
(Minority investment/Phase1)  
Travel reservation service in Vietnam  |
| **Dining**  | ![Quandoo](image)  
(100% acquisition/Phase2)  
Largest class dining online reservation service in Europe  | ---                                       | ---                                       |
| **Beauty**  | ![wahanda](image)  
(Subsidiarization/Phase2)  
Largest beauty salon online reservation service in Europe  | ---                                       | ---                                       |

### Phase 1: Minority investment/Feasibility evaluation
- **Travel**
  - **Europe**: One of the largest OTA site in English/German-speaking countries
  - **Asia**: Travel reservation service in Vietnam

### Phase 2: Large-sized acquisition/accelerating expansion
- **Travel**
  - **Europe**: One of the largest OTA site in English/German-speaking countries
  - **Asia**: Travel reservation service in Vietnam

(C) Recruit Holdings Co., Ltd. All rights reserved.
3. Overview of Hotspring
3-1. Company overview (1/2)

- Headquartered in London, Hotspring is an operator of Wahanda, an online beauty reservation site
- Starting reservation services in 2012, it is already No.1 in # of listed salons, UVs and # of reservations

Company Overview

<table>
<thead>
<tr>
<th>Company</th>
<th>Hotspring Ventures Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Online beauty booking service</td>
</tr>
<tr>
<td>Established</td>
<td>February 2008</td>
</tr>
<tr>
<td>Headquarters</td>
<td>London (UK)</td>
</tr>
<tr>
<td>Listed/Private</td>
<td>Private</td>
</tr>
<tr>
<td>Sales</td>
<td>£4.30million (FY2014)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>£▲6.30million (FY2014)</td>
</tr>
<tr>
<td>Headcount</td>
<td>Approx. 130</td>
</tr>
<tr>
<td>Countries</td>
<td>5</td>
</tr>
</tbody>
</table>
### Management team with abundant management/execution experiences in the reservation business in Europe

<table>
<thead>
<tr>
<th>Lopo Champalimaud</th>
<th>Klaus Nyengaard</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Co-Founder, CEO)</td>
<td>(Chairman)</td>
</tr>
<tr>
<td>・Founded Fulcrum Analytics (online research service)</td>
<td>・JustEat (World’s No.1 delivery order site) CEO</td>
</tr>
<tr>
<td>・Lastminute.com (last-minute reservation site) Managing Director</td>
<td></td>
</tr>
<tr>
<td>・Livebookings (online restaurant reservation site) Director</td>
<td></td>
</tr>
<tr>
<td>・Founded Hotspring (2008)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chris Wood</th>
<th>Simon Lambert</th>
<th>Giorgio Ponticelli</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Chief Commercial Officer)</td>
<td>(Chief Technology Officer)</td>
<td>(MD, International)</td>
</tr>
<tr>
<td>・Hilton International Director of Brands</td>
<td>・Lastminute.com (last-minute reservation site) Head of Development</td>
<td>・JustEat (World’s No.1 delivery order site) Business Development Director</td>
</tr>
<tr>
<td>・Toptable (online restaurant reservation site) Managing Director</td>
<td>・moo (UK’s No.1 EC site for stationery) CTO</td>
<td></td>
</tr>
</tbody>
</table>
3-2. Business model

- Operator of online reservation site, offering reservation management system for free to beauty and nail salons
- Clients (stores) are charged fees for reservations made by users via the site

Users

Search
Reservation/Payment

Users pay for services to Hotspring at booking

Clients (Beauty/Nail Salons, etc.)

Booking site operated by Hotspring

Payment

Registration of time slots available for reservation

Clients are paid the amount, net of fees

Reservation management system offered for free

Reflecting time slots available for booking

(Reservation Management System)

「Salon Connect」

- Net sales of £4.3 million and negative EBITDA of £6.3 million
- Expanding footprint, # of listed salons dramatically increased in 12 months

**Net sales/EBITDA**

-Reported Negative EBITDA as a result of accelerating expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (£ million)</th>
<th>EBITDA (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>2.8</td>
<td>-2.4</td>
</tr>
<tr>
<td>FY2014</td>
<td>4.3</td>
<td>-6.3</td>
</tr>
</tbody>
</table>

**# of listed salons**

-8,300 salons, up Approx. 150% YoY in FY2014

※Approx. 12,000 salons as of April 2015
3-4. Beauty market in Europe

Online beauty reservation market in Europe is expected to grow significantly.

% of online reservation in Travel/Beauty Sectors

- US Travel
- Europe Travel
- Japan Travel (※accommodation only)
- Japan Beauty
- Europe Beauty

※Source:
- US Travel/Europe Travel: PhoCusWright
- Japan Travel/Japan Beauty: Recruit estimates based on actual performance
- European Beauty: Recruit estimates based on questionnaire survey (UK/France/Germany/Spain/Italy)
3-5. Positioning in beauty reservation market

- No.1 position in Europe based on # of listed salons, UVs and reservations
- Enjoying a wide lead over competitors in knowhow and speed of multinational expansions

<table>
<thead>
<tr>
<th>Company</th>
<th>Established</th>
<th>Countries</th>
<th># of Salons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotspring</td>
<td>2008 (2012 for reservation)</td>
<td>UK/Germany/Lithuania/Switzerland/Austria</td>
<td>12,000</td>
</tr>
<tr>
<td>Company A</td>
<td>2013</td>
<td>Netherlands/Germany</td>
<td>2,000</td>
</tr>
<tr>
<td>Company B</td>
<td>2010</td>
<td>France</td>
<td>1,000</td>
</tr>
<tr>
<td>Company C</td>
<td>2012</td>
<td>Spain</td>
<td>700</td>
</tr>
<tr>
<td>Company D</td>
<td>2014</td>
<td>Italy</td>
<td>---</td>
</tr>
<tr>
<td><strong>(Reference)</strong></td>
<td><strong>---</strong></td>
<td><strong>Japan</strong></td>
<td><strong>47,049</strong></td>
</tr>
</tbody>
</table>

※Source: Ernst & Young, April 2015 survey
※1: As of March 2015

※Recruit beauty business
3-6. Competitive advantages

- Excellent marketing capabilities on the back of abundant knowledge of booking services
- Highly convenient reservation management system (available for free), which helps reduce client workload

# of Listed Salons in London

Rapidly increasing in # of listed salons

<table>
<thead>
<tr>
<th>Functions Available (Example)</th>
<th>Company A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reservation Management</td>
<td>Booking /Schedule management</td>
</tr>
<tr>
<td></td>
<td>Booking/Work schedule management</td>
</tr>
<tr>
<td></td>
<td>Booking data output</td>
</tr>
<tr>
<td>Customer Management</td>
<td>User information management</td>
</tr>
<tr>
<td>Message Transmission</td>
<td>Blast messaging</td>
</tr>
<tr>
<td>Salon Direct</td>
<td>Link to its own webpage</td>
</tr>
<tr>
<td></td>
<td>Link to SNS</td>
</tr>
<tr>
<td>Sales Register</td>
<td>Calculation</td>
</tr>
<tr>
<td>Discount offer</td>
<td>Automatic discount offer</td>
</tr>
<tr>
<td>Site Listing Management</td>
<td>Editing of information posted</td>
</tr>
<tr>
<td></td>
<td>Responding to word-of-mouth</td>
</tr>
</tbody>
</table>

※Recruit survey
4. Growth strategies
4. Growth strategies

Mid to Long-term vision
- To become the clear No.1 European online beauty platform (# of bookings)

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Acquisition of listed beauty salons</th>
<th>Acquisition of new user</th>
<th>Improving in repeating ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acquiring listed salons with highly productive sales force based on cloud-based reservation management system</td>
<td>Acquiring new users by utilizing SEO/SEM</td>
<td>Improving in repeating ratio by utilizing CRM</td>
</tr>
</tbody>
</table>

Value added by Recruit

- Organizational Management Knowhow
- User marketing Knowhow (SEO/SEM/ Promotion etc.)
- CRM Knowhow
5. Acquisition cost and impact to Consolidated Financial Results
Total acquisition cost: JPY21.0Bn

- Acquisition price: JPY 20.4Bn (Appx. GBP112.5mm) ※JPY181.55/GBP
- Advisory fees and other related costs: JPY0.6Bn

Impact: Insignificant impact to financial results in FY2014
(Consolidation to Recruit’s financial statements will occur from FY2015)

Financial arrangements: Cash in hand (partly generated by the IPO)
Financial Policies

**Key management index:** EBITDA
Mid to high single digit growth each period at existing businesses

**Growth investments:** investment capability of JPY700 billion in the medium term

**Leverage:** effectively use debt financing while maintain sound credit (relevant to A rating from domestic rating agency)

**Capital efficiency:** Adjusted ROE*1 maintain around 15%

**Payout ratio:** Around 25% of adjusted net income*2

---

*1: Amortization of goodwill was added back into net income
*2: Adjusted net income = Net income + Amortization of goodwill
Appendix
Mid to Long-term vision

Be the No.1 in Global HR and Marketing Media Business by approximately 2030

Be the No.1 in Global HR Business by approximately 2020

**Sustainable growth in domestic business**

- **Strong client base**
  No. market 1 share net sales) in major services

- **IT strategies**
  Acquire new clients by leveraging IT technologies

**Further growth in overseas business**

- **Improve profitability at subsidiaries**
  Enhance value by providing our operating knowhow

- **M&A strategies**
  Expand and enhance business foundation through M&A
Policies for M&A Strategies

1. "2-Phase Approach" for Global Expansion
   - **Phase 1**
     - Feasibility evaluation
     - Small-size acquisitions / minority investments etc.
   - **Phase 2**
     - Global expansion through acquisitions
     - Maximizing value of acquired companies

2. Disciplined Investment Criteria
   - Implementing appropriate hurdle rate when making investment decisions
Overseas M&A track record

**Phase 1**

- Minority investment / Feasibility evaluation

**Phase 2**

- M&A / Global expansion

**Staffing**

- The CSI Companies
  - Acquired in 2010

- Advantage Resourcing
  - Acquired in 2011

- Anteo
  - Acquired in 2013

- Peoplebank
  - Acquired in 2015

**HR Media**

- Good Job Creations
  - Acquired in 2009

- Bó Lè Associates
  - Minority Investment in 2010

- NuGrid Consulting
  - Acquired in 2013

- Indeed
  - Acquired in 2012

- Mobolt
  - Acquired in 2014

**Marketing Media**

- Movoto
  - Acquired in 2013

- Tripping
  - Minority Investment in 2014

- Wongnai
  - Acquired in 2015

- Trip.me
  - Minority Investment in 2014

- Quandoo
  - Acquired in 2015

- Wahanda
  - Acquired in 2015

(C) Recruit Holdings Co., Ltd. All rights reserved.