

## **Dear Shareholders:**

I am pleased to notify you of the 59th Ordinary General Meeting of Shareholders.

The Group previously established a mid-term management strategy for the three-year period beginning from the year ended March 31, 2017 to the year ending March 31, 2019, with a goal of a sustainable increase in its enterprise value. The fiscal year under review (April 1, 2018 to March 31, 2019) is the final year of the strategy, and during the year the Group's three SBUs (strategic business units) all recorded solid growth, achieving record-high consolidated revenue, EBITDA, and adjusted EPS, a key management target.

The Group believes that its accomplishments during the last three years have laid a solid foundation for its future as a global company. In the long-term, the Group aims to become a global leader in the HR matching industry by leveraging technology to improve matching efficiency for individual users and enterprise clients we serve in the HR and Marketing businesses.

To achieve its goal, the Group will maintain and strengthen its ability to generate profits by leveraging the respective strengths of each of the three SBUs, with the HR Technology segment serving as its main growth driver for the mid-term. The Group has set adjusted EBITDA (which excludes the impact of IFRS 16 being applied in FY2019) and adjusted EPS as management KPI for the mid-term.

All of the Group's employees have continued to create new value for our stakeholders by helping to directly address dissatisfactions, inconveniences, and other concerns in society and amongst our customers. The Group will strive to create new value through innovation by solving issues in Japan and around the world, while recognizing the importance of Environmental, Social, and Governance (ESG) perspectives, contributing to the Sustainable Development Goals (SDGs) adopted by the United Nations, and collaborating with various stakeholders.

Thank you for your continued understanding and support.

May 28, 2019

Masumi Minegishi  
President, Representative Director and CEO  
Recruit Holdings Co., Ltd.

# Recruit Group Management Philosophy

## Vision

Follow your heart

## Mission

Opportunities for Life.

Faster, simpler and closer to you.

## Values

WOW THE WORLD

BET ON PASSION

PRIORITIZE SOCIAL VALUE

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Securities code: 6098  
May 28, 2019

**To All Shareholders:**

Masumi Minegishi  
President and  
Representative Director  
Recruit Holdings Co., Ltd.  
8-4-17 Ginza, Chuo-ku,  
Tokyo Japan

## **CONVOCAION NOTICE OF THE 59TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 59th Ordinary General Meeting of Shareholders (the “Meeting”) of Recruit Holdings Co., Ltd. (the “Company”) for the year ended March 31, 2019 (“FY2018”). The meeting will be held as described below.

**If you are unable to attend the Meeting, you can exercise your voting rights either in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” described later and exercise your voting rights by 5:30 p.m., June 18, 2019 (Tuesday).**

Thank you very much for your cooperation.

- 1. Date and Time:** June 19, 2019 (Wednesday) at 10:00 a.m.  
(Reception for attendees opens at 9:00 a.m.)
- 2. Place:** B1 Hall, BELLESALLE Shiodome, Sumitomo Fudosan Shiodome Hama-rikyu Bldg.  
(Reception: B1)  
8-21-1 Ginza, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Report matters:**
    1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for FY2018
    2. The Non-consolidated Financial Statements for FY2018
  - Resolution matters:**
    - First proposal:** Election of Seven (7) Board Directors
    - Second proposal:** Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member
    - Third proposal:** Revision of Maximum Amount of Remuneration for Board Directors
    - Fourth proposal:** Determination of Amount and Terms of Stock Acquisition Rights as Stock Options for Board Directors (Excluding External Board Directors)
    - Fifth proposal:** Increase in Stated Capital by Reducing Reserves and Surplus
- 4. Instructions for Exercising Voting Rights**
  - (1) To vote in writing, please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return the Form to the Company by post to reach us by 5:30 p.m. on June 18, 2019 (Tuesday).
  - (2) To vote via the Internet, please review the “Exercise of Voting Rights via the Internet” (Japanese only) and register your approval or disapproval of the proposals by 5:30 p.m. on June 18, 2019 (Tuesday).
  - (3) If you vote more than once via the Internet, we will treat only the most recent vote as valid.

(4) If you vote both in writing and via the Internet, we will treat only the vote submitted via the Internet as valid.

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- When attending on the day, please present the enclosed Voting Form to the reception.
- In the case of attendance by proxy, a power of attorney is required in addition to the Voting Form. Please note the proxy must be one other shareholder having voting rights in the Company.
- Of the documents provided with the Convocation Notice of the Ordinary General Meeting of Shareholders, the “Consolidated Statements of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and the “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are made available on the Company’s website (<https://recruit-holdings.co.jp/ir/>) under laws and regulations and Article 15 of the Company’s Articles of Incorporation, and are not detailed in this Convocation Notice.  
Consolidated and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Independent Auditor comprise the statements specified in this Convocation Notice and the “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” posted on the Company’s above-mentioned website.
- Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements will be posted on the Company’s website (<https://recruit-holdings.co.jp/ir/>).
- We have provided photographs and graphs in the Convocation Notice for your reference.
- **Please note that no gift will be provided for attendees at the Meeting to maintain fairness between the attendees and those shareholders who cannot attend. We appreciate your understanding on this matter.**

## Notice on Dividends of Surplus

Based on a resolution at the General Meeting of Shareholders on June 26, 2014, the Company's Articles of Incorporation provides that the Board of Directors decides on the dividends of surplus, etc.

Under the provisions in the Articles of Incorporation, the Board of Directors at its meeting on May 14, 2019, resolved on the payment of year-end dividends for FY2018 as follows.

1. Year-end dividend: 14.5 yen per share
2. Effective date and date of commencing payment: June 20, 2019 (Thursday)

For shareholders who have chosen to have dividends sent to bank accounts via direct deposit, or to have dividends allocated to securities company accounts in proportion to the number of shares held in respective accounts, we plan to send "Statements of Payments of Dividends" and "Confirmation of Designated Account for the Payment of Dividends" on June 19, 2019. We request that shareholders check these details at that time.

For any other shareholders not mentioned above, we plan to send "Dividend Receipts" and "Statements of Payments of Dividends" on June 19, 2019. You can collect the dividends at savings counters of nearby Japan Post Bank or post offices within the term for payment (June 20, 2019 to July 31, 2019).


## Reference Documents for the General Meeting of Shareholders


### First proposal: Election of Seven (7) Board Directors

The terms of office will expire for all six (6) Board Directors at the conclusion of the Meeting. Accordingly, the election of seven (7) Board Directors including two (2) External Board Directors is proposed on this occasion.



The candidates for Board Directors are as follows:


Candidate No.	Name	Position	Attributes of candidate	Attendance at meetings of the Board of Directors during FY2018
1	Masumi Minegishi	President and Representative Director	Reappointment	Participated in all 13 meetings
2	Shogo Ikeuchi	Board Director	Reappointment	Participated in all 13 meetings
3	Hisayuki Idekoba	-	New appointment	-
4	Keiichi Sagawa	Board Director	Reappointment	Participated in all 13 meetings
5	Rony Kahan	Board Director	Reappointment	Participated in all 8 meetings
6	Naoki Izumiya	External Board Director	Reappointment, External, Independent	Participated in all 8 meetings
7	Hiroki Totoki	External Board Director	Reappointment, External, Independent	Participated in 7 out of 8 meetings


Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
1	 <p data-bbox="331 651 501 703">Masumi Minegishi (January 24, 1964)</p> <p data-bbox="347 725 485 757">Reappointment</p>	<p data-bbox="544 248 1166 1016">           April 1987 Joined the Company            April 2003 Corporate Executive Officer in charge of Information and Editing Department, IMC Division Company            April 2004 Managing Corporate Executive Officer in charge of Important Strategy Control at G-IMC Strategic Business Unit, Housing Division Company and IMC Division Company            *G-IMC: Group Integrated Marketing Communication (current Sales Promotion Business)            June 2009 Board Director and Managing Corporate Executive Officer in charge of Business Development, Corporate Planning and Housing            April 2010 Board Director and Managing Corporate Executive Officer in charge of Customer Action Platform Strategic Business Unit, Business Development, Corporate Planning and Housing            *Customer Action Platform referring to the travel, dining, beauty, education, and other lifestyle business categories            April 2011 Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Strategy Office, IMC, Business Development, Corporate Planning and Human Resources            April 2012 President, Representative Director and CEO (at present)            (Significant concurrent positions)            Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)         </p>	995,002 shares
<p data-bbox="316 1032 1347 1146">           Reasons for being selected as a candidate for Board Director:            Mr. Masumi Minegishi was appointed as CEO of the Recruit Group (the “Group”) in 2012 and oversees the business of the entire Group while making the most of his strong leadership. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and thus believes that he is the right person for the post of Board Director.         </p>			


Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
2	 Shogo Ikeuchi (June 6, 1962) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>	April 1988 Joined the Company April 2005 Corporate Executive Officer in charge of Corporate Planning Office and Corporate Strategy Office June 2012 Board Director and Corporate Executive Officer in charge of Asia at Global Headquarters, Corporate Planning and Human Resources Support October 2012 Board Director and Corporate Executive Officer in charge of Global Headquarters, Corporate Planning, R&D and Human Resources April 2013 Board Director and Managing Corporate Executive Officer in charge of Medium- to Long-Term Strategy, International Business, R&D, Corporate Planning and Human Resources April 2014 Board Director and Managing Corporate Executive Officer in charge of International Business and R&D April 2015 Board Director and Managing Corporate Executive Officer in charge of R&D, Corporate Planning and Human Resources April 2016 Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning, Human Resources and R&D April 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning and Human Resources May 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning (CSO) and Human Resources (CHRO) April 2019 Board Director and Senior Managing Corporate Executive Officer in charge of Human Resources and General Affairs (CHRO) (at present)	997,066 shares
Reasons for being selected as a candidate for Board Director: Mr. Shogo Ikeuchi has amassed a wealth of experience and knowledge through his diverse duties, primarily in the areas of corporate planning, human resources, international business strategy, and R&D. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and appointed him as Board Director of the Company in 2012. The Company believes that he continues to be the right person for the post of Board Director.			



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	 Hisayuki Idekoba (April 22, 1975) <b>New appointment</b>	April 1999 Joined the Company April 2012 Corporate Executive Officer in charge of R&D and Asia Job Board at Global Headquarters September 2012 Chairman of Indeed, Inc. October 2013 CEO & President of Indeed, Inc. October 2015 CEO of Indeed, Inc. April 2016 Managing Corporate Executive Officer in charge of Global Online HR Business (current HR Technology Business) January 2018 Senior Managing Corporate Executive Officer in charge of Operation (COO) Director and CEO of RGF OHR USA, Inc. (at present) Director and Chairman of Recruit Global Staffing B.V. (at present) April 2018 Director of Recruit Co., Ltd. (at present) April 2019 Senior Managing Corporate Executive Officer in charge of Corporate Planning (CSO), Administration (CRO) and Operation (COO) (at present) Director of Indeed, Inc. (at present) (Significant concurrent positions) Director of Indeed, Inc. Director and CEO of RGF OHR USA, Inc. Director of Recruit Co., Ltd. Director and Chairman of Recruit Global Staffing B.V.	226,084 shares
Reasons for being selected as a candidate for Board Director: Mr. Hisayuki Idekoba was appointed as Executive Officer of the Company in 2012 and has driven the growth of many businesses through the use of technology. In recent years, he has spearheaded the steady growth of Indeed and the globalization of the Group, amassing a wealth of experience and knowledge. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and thus believes that he is the right person for the post of Board Director.			
4	 Keiichi Sagawa (March 7, 1966) <b>Reappointment</b>	April 1988 Joined the Company April 2006 Corporate Executive Officer in charge of Corporate Strategy Office June 2011 Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance April 2013 Board Director and Managing Corporate Executive Officer in charge of Administration April 2016 Board Director and Senior Managing Corporate Executive Officer in charge of Finance April 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance and Administration May 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) and Administration (CRO) April 2019 Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) (at present)	754,333 shares
Reasons for being selected as a candidate for Board Director: Mr. Keiichi Sagawa has amassed a wealth of experience and knowledge through his diverse duties, primarily in the areas of accounting, finance, legal affairs, corporate communication, and corporate strategy. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and appointed him as Board Director of the Company in 2011. The Company believes that he continues to be the right person for the post of Board Director.			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
5	 Rony Kahan (November 26, 1967) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>	August 1998 Co-Founder of jobsinthemoney.com, Inc. November 2004 Co-Founder, President & Chairman of Indeed, Inc. September 2012 CEO of Indeed, Inc. October 2013 Chairman of Indeed Inc. (at present) April 2018 Director and Chairman of RGF OHR USA, Inc. (at present) June 2018 Board Director (at present) (Significant concurrent positions) Chairman of Indeed, Inc. Director and Chairman of RGF OHR USA, Inc.	45,000 shares
Reasons for being selected as a candidate for Board Director: Mr. Rony Kahan is a co-founder of Indeed, Inc., a subsidiary of the Recruit Group. The Company believes his extensive track record of innovation and his deep expertise and broad relationships in the HR technology industry will help the Company to further accelerate the global expansion of its HR technology business, and therefore appointed him as Board Director of the Company in 2018. The Company believes that he continues to be the right person for the post of Board Director.			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
6	 <p>Naoki Izumiya (August 9, 1948)</p> <p>Reappointment External Independent</p>	<p>April 1972 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)</p> <p>March 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters, ditto</p> <p>October 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters, ditto</p> <p>September 2001 Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch, ditto</p> <p>March 2003 Director, ditto</p> <p>March 2004 Managing Director, ditto</p> <p>March 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Sales &amp; Marketing Headquarters for Alcoholic Beverages, ditto</p> <p>March 2009 Senior Managing Director, Senior Managing Corporate Officer, ditto</p> <p>March 2010 President and Representative Director, ditto</p> <p>March 2014 President and Representative Director, CEO, ditto</p> <p>March 2016 Chairman and Representative Director, CEO, ditto</p> <p>March 2018 Chairman and Representative Director, ditto</p> <p>June 2018 Board Director of the Company (at present)</p> <p>March 2019 Chairman of the Board of Asahi Group Holdings, Ltd. (at present)</p> <p>(Significant concurrent positions) Chairman of the Board of Asahi Group Holdings, Ltd. External Board Director of OBAYASHI CORPORATION</p>	292 shares
<p>Reasons for being selected as a candidate for External Board Director: Mr. Naoki Izumiya has a strong background in advanced PR branding strategies, a track record of cultivating management talent, and extensive experience enhancing enterprise value through aggressive acquisition of overseas companies and creation of synergies through those acquisitions. Accordingly, the Company has judged that he would be able to fulfill an appropriate role by performing his duties, such as providing advice about overall management and supervising the execution of business, and therefore appointed him as Board Director of the Company in 2018. The Company believes that he continues to be the right person for the post of External Board Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
7	 <p>Hiroki Totoki (July 17, 1964)</p> <p>Reappointment External Independent</p>	<p>April 1987 Joined Sony Corporation</p> <p>February 2002 Representative Director of Sony Bank Incorporated</p> <p>June 2005 Director, Corporate Executive Officer and Senior Managing Director of Sony Communication Network Corporation (currently Sony Network Communications Inc.)</p> <p>April 2012 Representative Director, Corporate Executive Officer and Senior Managing Director of So-net Entertainment Corporation (currently Sony Network Communications Inc.)</p> <p>April 2013 Representative Director, Corporate Executive Officer, Deputy President and CFO of So-net Entertainment Corporation</p> <p>December 2013 SVP, Corporate Executive of Sony Corporation</p> <p>November 2014 Group Executive of Sony Corporation, President &amp; CEO of Sony Mobile Communications Inc.</p> <p>April 2016 EVP, Corporate Executive Officer of Sony Corporation, President and Representative Director of So-net Corporation (currently Sony Network Communications Inc.)</p> <p>June 2017 EVP, Corporate Executive Officer, CSO of Sony Corporation</p> <p>April 2018 Representative Corporate Executive Officer, EVP, CFO of Sony Corporation (at present)</p> <p>June 2018 Representative Corporate Executive Officer, Senior Executive Vice President, CFO of Sony Corporation (at present)</p> <p>Board Director of the Company (at present)</p> <p>(Significant concurrent positions) Representative Corporate Executive Officer, Senior Executive Vice President, CFO of Sony Corporation</p>	585 shares
<p>Reasons for being selected as a candidate for External Board Director: Mr. Hiroki Totoki has deep insight cultivated through management of a global manufacturing company and experience of leading new business development projects in the Internet field. Accordingly, the Company has judged that he would be able to fulfil an appropriate role by performing his duties, such as providing advice about overall management and supervising the execution of business, and therefore appointed him as Board Director of the Company in 2018. The Company believes that he continues to be the right person for the post of External Board Director.</p>			

- (Notes)
- Each candidate does not have any special interest in the Company.
  - The above number of shares held by each candidate is as of March 31, 2019, including a stake in the Recruit Group Officer Stock Ownership Association and a stake in American Depositary Receipt (ADR).
  - Mr. Rony Kahan is currently a Non-Executive Director of the Company. If the reappointment of Mr. Rony Kahan is approved, he will continue to serve as a Non-Executive Director.
  - Messrs. Naoki Izumiya and Hiroki Totoki are candidates for External Board Directors. Currently, they are both External Board Directors of the Company and their terms of office as External Board Directors will be one (1) year at the conclusion of the Meeting.
  - The Company has entered into agreements with Messrs. Rony Kahan, Naoki Izumiya and Hiroki Totoki to limit their liability to compensate damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities for damages under the agreements will be the minimum liability amount provided by applicable laws and regulations. If the reappointment of each of them is approved as proposed, the agreements will be continued.
  - Messrs. Naoki Izumiya and Hiroki Totoki meet both the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Company. Although the Company has transactions with Asahi Group Holdings, Ltd., at which Mr. Izumiya serves as Chairman of the Board, the transaction amount in FY2018 was minimal, accounting for less than 1% of consolidated revenue of Asahi Group Holdings, Ltd. and the Group, respectively. Additionally, although the Company has transactions with Sony Corporation, at which Mr. Totoki serves as Representative Corporate Executive Officer, the transaction amount in FY2018 was minimal, accounting for less than 1% of consolidated net sales and operating revenue of Sony Corporation and consolidated revenue of the Group, respectively. Accordingly, these relationships are deemed not to affect their independence.
  - The Company has reported Messrs. Naoki Izumiya and Hiroki Totoki to the Tokyo Stock Exchange as Independent Board Directors as specified by the Tokyo Stock Exchange. If they are reappointed as proposed, they will continue to serve as Independent Board Directors.


**Second proposal: Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member**

The terms of office of Audit & Supervisory Board Member Mr. Hiroki Inoue will expire at the conclusion of the Meeting. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed on this occasion.


The Company proposes to elect a Substitute Audit & Supervisory Board Member in preparation for the case in which the number of Audit & Supervisory Board Members would fall below the statutory minimum. Up until the time the elected Substitute Audit & Supervisory Board Member assumes the post, the Board of Directors shall be allowed to resolve to cancel the validity of the Substitute Audit & Supervisory Board Member's election with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board has consented to the proposal.

The candidates for Audit & Supervisory Board Member and Substitute Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)	Number of shares of the Company held
1	 <p>Hiroki Inoue (December 12, 1963)</p> <p>Reappointment External</p>	<p>April 1990 Admitted to bar (Dai-ichi Tokyo Bar Association) Joined Nagashima &amp; Ohno (currently Nagashima Ohno &amp; Tsunematsu)</p> <p>July 1996 Nagashima &amp; Ohno, ASEAN Office, Singapore</p> <p>January 1998 Partner of Nagashima &amp; Ohno</p> <p>January 2000 Partner of Nagashima Ohno &amp; Tsunematsu</p> <p>January 2015 Managing Partner of Nagashima Ohno &amp; Tsunematsu (at present)</p> <p>June 2015 Audit &amp; Supervisory Board Member of the Company (at present)</p> <p>(Significant concurrent positions) Managing Partner of Nagashima Ohno &amp; Tsunematsu</p>	0 shares
<p>Reasons for being selected as a candidate for External Audit &amp; Supervisory Board Member: Mr. Hiroki Inoue has developed expertise as a lawyer for many years and is very familiar with corporate management. For him to utilize his abundant experience for supervising the management of the Company, the Company appointed him as External Audit &amp; Supervisory Board Member in 2015. The Company believes that he continues to be the right person for the post of External Audit &amp; Supervisory Board Member. For this reason, the Company has concluded that Mr. Inoue, though having never been involved in corporate management, would appropriately serve as External Audit &amp; Supervisory Board Member.</p>			

- (Notes)
1. Mr. Hiroki Inoue does not have any special interest in the Company.
  2. Mr. Hiroki Inoue is a candidate for External Audit & Supervisory Board Member. Currently, Mr. Hiroki Inoue is External Audit & Supervisory Board Member of the Company and his term of office as Audit & Supervisory Board Member will be four (4) years at the conclusion of the Meeting.
  3. The Company has entered into an agreement with Mr. Hiroki Inoue to limit his liability to compensate damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is the minimum liability amount provided by applicable laws and regulations. If his reappointment is approved as proposed, the agreement will be continued.
  4. Mr. Hiroki Inoue meets the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Company. Although the Company has transactions with Nagashima Ohno & Tsunematsu, to which Mr. Inoue belongs, the transaction amount in FY2018 was minimal, accounting for less than 1% of net sales of Nagashima Ohno & Tsunematsu and less than 1% of consolidated revenue of the Group. Accordingly, the above relationship is deemed not to affect his independence.

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)	Number of shares of the Company held
2	 Asa Shinkawa (February 17, 1965) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Substitute External Audit &amp; Supervisory Board Member</div>	April 1991 Registered at Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada (current Nishimura & Asahi) April 1997 Assigned to Arnold & Porter, Washington, D.C. January 1998 Registered as Attorney in New York State, USA January 2001 Partner, Nishimura & Partners (current Nishimura & Asahi) (at present) (Significant concurrent positions) Partner, Nishimura & Asahi	0 shares
Reasons for being selected as a candidate for Substitute External Audit & Supervisory Board Member: Ms. Asa Shinkawa has developed expertise as a lawyer for many years and is very familiar with corporate management, and the Company anticipates that she will utilize her abundant experience for supervising the management of the Company, and so proposes to elect her as a Substitute Audit & Supervisory Board Member. For this reason, the Company has concluded that Ms. Shinkawa, though having never been involved in corporate management, would appropriately serve as External Audit & Supervisory Board Member.			

- (Notes)
- Ms. Asa Shinkawa does not have any special interest in the Company.
  - Ms. Asa Shinkawa is a candidate for Substitute External Audit & Supervisory Board Member.
  - If Ms. Asa Shinkawa is elected as External Audit & Supervisory Board Member, the Company plans to enter into an agreement with Ms. Asa Shinkawa to the effect that the liability to compensate damages under Article 423, Paragraph 1 of the Companies Act is limited. It is planned that the maximum amount of liability for damages under the agreement will be the minimum liability amount provided by applicable laws and regulations.
  - Ms. Asa Shinkawa meets the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Company. Although the Company has transactions with Nishimura & Partners, to which Ms. Asa Shinkawa belongs, the transaction amount in FY2018 was minimal, accounting for less than 1% of net sales of Nishimura & Partners and less than 1% of consolidated revenue of the Group. Accordingly, the above relationship is deemed not to affect her independence.

(Reference)

Nomination Policy etc. of Board Directors of the Company

1. Role of the Board of Directors

In order to increase enterprise value over the medium to long term, the Company's Board of Directors is responsible for (i) deciding basic management policies, (ii) performing management oversight, (iii) making executive decisions that could significantly impact the Group, and (iv) deciding matters subject to exclusive Board discretion, as provided in laws and regulations.

2. Board Size and Composition

As the Company experiences rapid change in its businesses, operational regions, enterprise clients, individual users and employee base, the Company believes that ensuring Board diversity increases the quality of Board discussions and is indispensable to promoting innovation necessary for the long-term growth of the Group.

The Company believes that it must ensure an appropriate Board size that enables quality Board discussions. For this reason, the Company's policy is to limit the number of Board Directors to no more than eleven.

3. Nomination Policy of Board Directors

The Company nominates candidates for Board Directors from a large potential candidate pool in order to ensure candidate diversity, based on skills, leadership, background, judgment, personality, insight, and experience and selects those found to be most capable of fulfilling the duties and responsibilities of a Board Director.

In proposing the reappointment of an incumbent Board Director, the Company considers the person's term in office, performance and contribution to the Board of Directors, in addition to the above factors.

The Board of Directors of the Company believes it has a strong need to increase its membership diversity, including gender. Consequently, the Board of Directors, in selecting those candidates found most capable, is committed to

including at least one female Board Director candidate among Director candidates to be nominated at the General Meeting of Shareholders to be held by June 2021.

#### 4. Nomination Process of Board Directors of the Company

The nomination of Board Director candidates is deliberated each year in the Nomination Committee, which is chaired by an External Board Director who is also an Independent Board Director; the Committee consists mainly of External Board Directors and External Audit & Supervisory Board Members. The nominations are then decided by the Board of Directors, who, to ensure appropriateness and fairness of the nomination process, are expected to give sincere consideration to the Nomination Committee recommendations.

In an effort to promote the nomination of female Board Director candidates going forward, the Company is committed to including qualified female candidates in the nomination pool considered by the Nomination Committee.

#### ■ The Independence Criteria of Board Directors/Audit & Supervisory Board Members of the Company

When selecting Independent Board Directors/Audit & Supervisory Board Members, the Company's policy is, in principle, to select candidates who meet not only the independence criteria prescribed by financial instruments exchanges, but all the following criteria as well:

- (a) If the candidate or the corporation for which the candidate executes business is a shareholder of the Company, the proportion of voting rights held by that person is no more than 10%.
- (b) In transactions during the most recent fiscal year, sales to the candidate or the corporation to which the candidate belongs amounted to less than 1% of the Group's consolidated revenue.

### **Third proposal: Revision of Maximum Amount of Remuneration for Board Directors**

Cash remuneration for Board Directors of the Company was resolved at the 31st Ordinary General Meeting of Shareholders held in June 1991 to be no more than 50 million yen per month, and currently the Company pays a fixed remuneration and a short-term incentive within such limit. However, in order for the Group to continue to achieve further growth and evolution on a global scale going forward, the Company requests approval to revise the remuneration limit.

Since 2012, the Group has been making full-fledged and proactive efforts to expand its business in the global market. As a result, the percentage of overseas sales to total sales has increased from approximately 3% in the year ended March 31, 2012 to approximately 46% in the year ended March 31, 2019. The Group believes that, in order to continue enhancing its corporate value, it will need to address the crucial management tasks of establishing a business that will serve as a platform on the global market, and developing into a globally scalable business. To this end, the Group recognizes that it is essential that it continues to attract outstanding management talent who possess abundant insight and experience relating to the global market. At the same time, it is a current reality that the level of managerial remuneration in global companies is higher than in the Company and other Japanese companies. The Group believes that in order to overcome rival global companies also in respect of the hiring of management talent, and to have the flexibility to secure outstanding management talent, it will become essential to bring the remuneration levels of the Company closer to those of a global company over the medium to long term.

For these reasons, and after comprehensively taking into account considerations such as the remuneration levels at domestic and foreign companies in similar industries and of similar scale, as well as the composition of the Board Directors of the Company, the Company requests the approval of a proposal to set the maximum amount of monetary remuneration for Board Directors at 1,400 million yen per year (of which 100 million yen pertains to External Board Directors).

If the First Proposal is approved and adopted, the number of the Board Directors who may receive the monetary remuneration will be seven (of which two pertains to External Board Directors).

The Company's basic policy regarding remuneration for Board Directors (excluding External Board Directors) is to increase the ratio of performance-linked remuneration. Remuneration for External Board Directors, on the other hand, consists only of fixed remuneration, in principle.

This Proposal has been submitted taking into account the results of deliberations by the Remuneration Committee. This committee is chaired by an External Board Director, and a majority of its members are External Board Directors and External Audit & Supervisory Board Members.



**Fourth proposal: Determination of Amount and Terms of Stock Acquisition Rights as Stock Options for Board Directors (Excluding External Board Directors)**

Since 2016, the Company has implemented a stock incentive plan using the structure of a Board Incentive Plan (the “BIP Trust”) for Board Directors, Corporate Executive Officers and Corporate Officers as a long-term incentive plan, and the change in a part of that plan was approved at the 58th Ordinary General Meeting of Shareholders held on June 19, 2018. Separately from that stock incentive plan, this proposal is submitted to request the approval of the issuance of stock acquisition rights as stock options within the limit of 700 million yen per year as remuneration for Board Directors (excluding External Board Directors; the same applies in this proposal).

If the First Proposal is approved and adopted, the number of the Board Directors (excluding External Board Directors) who may receive an allotment of the stock acquisition rights will be five.

1. Purpose to Introduce Stock Options (Stock Acquisition Rights) for Board Directors

The Company has implemented a stock incentive plan using the structure of a Board Incentive Plan for Board Directors, and has designed a remuneration system which is linked to mid to long term corporate value. In addition, the Company intends to introduce a stock option plan as remuneration which can be realized only when the stock price increases for the purpose of encouraging the commitment to stock price appreciation and corporate value expansion, as well as sharing the advantages and risks of stock price fluctuations with shareholders.

The amount of remuneration and detailed terms with respect to the stock acquisition rights as stock options are determined based on the status of the performance of duties and contributions by Board Directors. In view of the above, the Company considers that the issuance of stock acquisition rights as stock options is appropriate as remuneration for Board Directors.

This proposal to introduce the stock option plan has been submitted taking into account the results of deliberations by the Remuneration Committee. This committee is chaired by an External Board Director, and a majority of its members are External Board Directors and External Audit & Supervisory Board Members.

2. Details of Stock Options (Stock Acquisition Rights) for Board Directors

(1) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights to be issued within one year from the Company’s Ordinary General Meeting of Shareholders for each business year is 9,000.

(2) Class and Number of Shares to be Acquired upon Exercise of Stock Acquisition Rights

The class of shares to be acquired upon exercise of the stock acquisition rights shall be common stock of the Company, and the number of shares to be acquired upon exercise of one stock acquisition right (the “Number of Shares”) shall be 100 shares; provided, however, that if the Company carries out a stock split (including gratis allotment of common stock of the Company; the same applies hereinafter with respect to a stock split) or stock consolidation after the allotment date of the stock acquisition rights (the “Allotment Date”), the Number of Shares will be adjusted in accordance with the following formula, and any fraction less than one share resulting from the adjustment shall be rounded down to the nearest whole share.

$$\text{Number of Shares before adjustment} = \text{Number of Shares after adjustment} \times \text{Ratio of stock split / consolidation}$$

If after the Allotment Date, the Company carries out a merger or company split, or any unavoidable circumstances that require an adjustment of the Number of Shares otherwise occur, the Company may adjust the Number of Shares to a reasonable extent.

(3) Amount to be Paid in for Stock Acquisition Rights

No cash payment is required to receive stock acquisition rights.

(4) Amount of Assets to be Contributed upon Exercise of Stock Acquisition Rights

The amount of assets to be contributed upon exercise of one stock acquisition right shall be the amount calculated by multiplying the amount per share of the assets to be contributed upon exercise of the stock acquisition rights (the “Exercise Price”) by the Number of Shares.

The Exercise Price shall be the closing price of the Company’s shares of common stock in regular trading on the Tokyo Stock Exchange on the Allotment Date (or, if there are no transactions in relation to the Company’s shares on such date, the closing price on the trading day immediately before the Allotment Date).

If the Company carries out a stock split or stock consolidation after the Allotment Date, the Exercise Price will be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split / consolidation}}$$

In addition to the above, if after the Allotment Date, the Company carries out a merger or company split, or an event that requires an adjustment of the Exercise Price otherwise occurs, the Company may appropriately adjust the Exercise Price to a reasonable extent.

(5) Exercise Period of Stock Acquisition Rights

The exercise period shall be determined by the Company's Board of Directors within a period of up to ten years from the Allotment Date.

(6) Conditions of Exercise of Stock Acquisition Rights

- (i) If a holder of the stock acquisition rights (the "Stock Option Holder") loses all of his or her status as a board director and/or a corporate executive officer of the Company, such Stock Option Holder may exercise the stock acquisition rights only for the period up to the earlier of the day that is three years from the date of the retirement or the last day of the exercise period of the stock acquisition rights.
- (ii) Other conditions will be determined by the Company's Board of Directors.

(7) Restrictions on Assignment of Stock Acquisition Rights

Assignment of the stock acquisition rights requires approval of the Company's Board of Directors.

(8) Other Terms of Stock Acquisition Rights

Other matters relating to the stock acquisition rights will be determined by the Company's Board of Directors.

For Reference

1. If this proposal is approved, the Company plans to also introduce a similar stock option plan for Corporate Executive Officers who do not concurrently serve as Board Directors of the Company.
2. The allotment agreement to be executed with the person who receives an allotment of the stock acquisition rights will provide for a limit on the number of the stock acquisition rights that may be exercised for a certain period of time so that the plan may fully function as an incentive for stock price appreciation and corporate value enhancement.

Reference: Description of New Remuneration Plan for Board Directors of the Company

If the Third Proposal and the Fourth Proposal are approved and adopted as proposed, the full picture of the compensation plan for Board Directors of the Company will be as follows:

1. Board Directors (Excluding External Board Directors)

The remuneration consists of the following four components:

		Performance-based indicator	Description of payment method
Fixed remuneration		None	Board Directors will receive a base amount in cash.
Short-term incentive		Individual performance assessments for each fiscal year Level of achievement of consolidated performance for each fiscal year	Board Directors will receive an amount reflecting the performance-based indicator to a base amount in cash.
Long-term incentive	BIP Trust	Level of achievement of consolidated performance for each fiscal year	Shares of the Company in the amount equal to an amount reflecting the performance-based indicator to a base amount will be purchased from the market, maintained in a trust account, and delivered upon the Board Director's resignation.
	Stock options	None	Stock options equivalent to a base amount will be allotted. After the lapse of a certain period of time designated by the Board of Directors, the Board Directors will be able to acquire shares in the Company at the closing price thereof as of the allotment date by exercising the stock options (remuneration can be realized only when the stock price increases).

Note 1: The Third Proposal is a request for the approval of the revisions to the maximum amounts of the *fixed remuneration* and the *short-term incentive* described above.

Note 2: The Fourth Proposal is a request for the approval of the adoption of the stock options described above.

Note 3: The base amount described above will be determined according to each component of the remuneration and based on the duties and roles of each of the Board Directors.

2. External Board Directors

External Board Directors will receive only the fixed remuneration in cash.

In order to secure outstanding management talent globally, if the talent is hired according to the standards of a market in which hiring practices or laws and regulations are significantly different to those of Japan, the Company may apply a remuneration scheme that differs to that described above.

#### **Fifth proposal: Increase in Stated Capital by Reducing Reserves and Surplus**

In order to further enhance financial flexibility by strengthening the Company's capital base towards mid-to-long-term business development and expansion, the Company proposes to (i) reduce legal capital surplus and increase stated capital by the same amount in accordance with Article 448, Paragraph 1 of the Companies Act and (ii) reduce surplus and increase stated capital by the same amount in accordance with Article 450, Paragraph 1 of the Companies Act as follows. As a result, stated capital of the Company will be 40 billion yen.

- (1) Reserve item to be reduced and the amount  
Legal capital surplus      6,716,389,419 yen
- (2) Surplus item to be reduced and the amount  
Other capital surplus      23,283,610,581 yen
- (3) Increase in stated capital  
Stated capital              30,000,000,000 yen
- (4) Effective date of reduction in reserves and surplus and increase in stated capital  
June 20, 2019

(Appendix)

## **Business Report**

(April 1, 2018 - March 31, 2019)

### 1. Overview of the Group

#### (1) Business for the Year Ended March 31, 2019 (“FY2018”)

#### *Consolidated Financial Results for FY2018*

##### *Results of Operations*

	FY2017	FY2018	Variance	% change
<i>(In billions of yen)</i>				
Revenue <sup>1</sup>	2,173.3	2,310.7	137.3	6.3
HR Technology	218.5	326.9	108.3	49.6
Media & Solutions	679.9	721.4	41.4	6.1
Staffing	1,298.8	1,290.2	(8.5)	-0.7
Operating income	191.7	223.0	31.2	16.3
Profit before tax	199.2	239.8	40.5	20.4
Profit for the year (period)	152.3	175.3	23.0	15.1
Profit attributable to owners of the parent	151.6	174.2	22.6	14.9
 <i>Management Key Performance Indicators</i>				
<i>(In billions of yen, unless otherwise stated)</i>				
EBITDA <sup>1</sup>	258.4	293.2	34.8	13.5
HR Technology	30.6	47.4	16.8	55.0
Media & Solutions <sup>2</sup>	156.1	172.4	16.2	10.4
Staffing <sup>2</sup>	72.7	82.9	10.2	14.1
Earnings per share				
– Adjusted (yen)	86.74	107.10	20.36	23.5
<i>Average exchange rate during the period (yen)</i>				
US dollar	110.85	110.92	0.07	0.1
Euro	129.66	128.44	(1.22)	-0.9
Australian dollar	85.77	80.96	(4.81)	-5.6
<i>Exchange rate effects on revenue<sup>3,4</sup> (In billions of yen)</i>				
Consolidated	56.5	(12.4)	-	-
Staffing segment: Overseas	47.6	(12.7)	-	-

<sup>1</sup> The sum of the three segments does not correspond with consolidated revenue and EBITDA due to Eliminations and Adjustments, such as intra-group transactions.

<sup>2</sup> The treatment of cost allocations in intra-group transactions was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA for FY2018.

<sup>3</sup> The amount is calculated by: (revenue for the current period in foreign currency) x (foreign exchange rate applied for the reporting period - the rate applied for the same period of the previous year)

<sup>4</sup> Monthly average exchange rates are applied to the HR Technology segment.

## **Overview**

Recruit Holdings' consolidated revenue for FY2018 was 2.31 trillion yen, an increase of 6.3% from the previous fiscal year. This was due to growth, primarily in the HR Technology and Media & Solutions segments. The exchange rate movements negatively impacted consolidated revenue for FY2018 by 12.4 billion yen.

Consolidated operating income for FY2018 was 223.0 billion yen, an increase of 16.3% year on year. All three segments, HR Technology, Media & Solutions, and Staffing, contributed positively to the increase in operating income.

Profit before tax for FY2018 was 239.8 billion yen, an increase of 20.4% year on year, primarily due to the increase in operating income and share of profit of associates and joint ventures.

Profit for the year in FY2018 was 175.3 billion yen, an increase of 15.1% year on year, and profit attributable to owners of the parent in FY2018 was 174.2 billion yen, an increase of 14.9% year on year.

## **Management Key Performance Indicators**

Consolidated EBITDA for FY2018 was 293.2 billion yen, an increase of 13.5% year on year, mainly resulting from EBITDA growth in all three segments: HR Technology, Media & Solutions, and Staffing.

Adjusted EPS for FY2018 was 107.10 yen, an increase of 23.5% year on year. Profit available for dividends for FY2018 was 162.3 billion yen, an increase of 23.2% year on year. To display the Company's underlying earnings capability from operations more accurately, all profits and losses associated with the convertible bond issued by 51job, Inc., an equity-method affiliate of the Company, were included in the adjustment items as non-recurring income or losses from the beginning of FY2018, whereas only certain profits and losses were included in the previous fiscal year. This change was made because such profits and losses are originated from the same convertible bond from the same issuer, and the impact from the losses which had not been included in the adjustment items is expected to increase. Assuming this change was applied in FY2017, adjusted EPS for FY2018 increased by 20.9% year on year.

## **Management Measures for FY2018**

### Result of Target Management Key Performance Indicators from FY2016 to FY2018

The Group previously set a management target of high single digit adjusted EPS compound annual growth rate (CAGR) for three years from April 1, 2016 to the year ended March 31, 2019. As of March 31, 2019, CAGR for adjusted EPS over the previous three years was 15.5%. Please refer to "(4) Issues to Be Addressed" for the target management KPI for the year ending March 31, 2020.

## Results of Operations by Segment

### HR Technology

This reportable segment consists of the operations of Indeed, an online job search engine, the operations of Glassdoor, an online job and company information site, and their related businesses.

Revenue for FY2018 was 326.9 billion yen, an increase of 49.6% year on year. Revenue growth continued to be supported by a favorable economic environment and tight labor market resulting in increased sponsored job advertising revenue from new and existing clients at Indeed. Revenue from Glassdoor, which was acquired during Q1 FY2018, also contributed to revenue growth. On a US dollar basis, reported revenue growth was 49.0%<sup>1</sup> for FY2018. The Group adopted IFRS 15 in the beginning of FY2018, and changed its accounting policy. Assuming the same accounting policy change was applied to revenue in FY2017 on a pro forma basis, revenue growth in US dollar terms was 54.0%<sup>1</sup> for FY2018.

Segment EBITDA for FY2018 was 47.4 billion yen, an increase of 55.0% year on year. To support future revenue growth, the HR Technology segment continued to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement. The timing of these investments fluctuates throughout the year.

The operating results and relevant data for this reportable segment are as follows:

(In billions of yen, unless otherwise stated)	FY2017	FY2018	Variance	% change
Segment revenue	218.5	326.9	108.3	49.6%
Segment EBITDA	30.6	47.4	16.8	55.0%
Revenue in millions of US dollars <sup>1</sup>	1,976	2,944	968	49.0%
Revenue in millions of US dollars <sup>1,2</sup>	1,911	2,944	1,033	54.0%

<sup>1</sup> The US dollar based revenue reporting represents the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.

<sup>2</sup> The Group adopted IFRS 15 in the beginning of FY2018, and changed its accounting policy. These figures are assuming the same accounting policy change was applied to revenue in FY2017 on a pro forma basis.

### Indeed:

Indeed strives to continuously enhance the job seeker experience by investing aggressively in its platform. Indeed attracts approximately 250 million monthly unique visitors,<sup>1</sup> and job seeker traffic continued to grow year on year. Indeed's client base also continued to expand, as the number of employers and recruitment firms using Indeed to hire and source candidates grew year on year. As of March 31, 2019, Indeed had approximately 8,900 employees located in 29 cities and 14 countries.

### Glassdoor:

Glassdoor is committed to delivering on its mission to help people find a job and company they love. Glassdoor's user-generated company reviews, salaries and insights help increase workplace transparency for millions of job seekers. In turn, for employers this creates informed, high quality candidates who are more likely to stay at a company longer. Glassdoor attracts approximately 67 million monthly unique visitors,<sup>1</sup> and traffic grew double digits year on year. Revenue growth was primarily driven by growth in its employer branding and job advertising solutions, as Glassdoor's client base continued to expand. Glassdoor had approximately 900 employees as of March 31, 2019.

<sup>1</sup> Source: Internal data based on Google Analytics service, January 2019

Segment/ SBU <sup>1</sup> Headquarters	Operations	Business Description	Company(ies)	Brands and Services
HR Technology (RGF OHR USA, Inc.)	-	Global job search engine and recruitment advertisement services	Indeed, Inc.  Glassdoor, Inc.	<i>Indeed</i> Online job search engine
				<i>Glassdoor</i> Online job and company information site

<sup>1</sup> Strategic Business Unit

### Media & Solutions

In this reportable segment, a number of vertical media platforms and related businesses are divided into two major operations: Marketing Solutions, which helps enterprise clients attract users through advertisements on its platforms and offers services to support enterprise clients' business operations, and HR Solutions, which mainly supports enterprise clients' recruiting activities.

Revenue for FY2018 was 721.4 billion yen, an increase of 6.1% year on year. This was primarily driven by increased revenue in the Housing and Real Estate and the Beauty subsegments in Marketing Solutions and increased revenue in the Recruiting in Japan subsegment in HR Solutions.

Segment EBITDA for FY2018 was 172.4 billion yen, an increase of 10.4% year on year. Both HR Solutions and particularly Marketing Solutions recorded higher EBITDA. Due to the new management structure effective on April 1, 2018, the treatment of cost allocations in intra-group transactions (such as management service fees and general administrative fees) was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA for FY2018. Excluding this impact, segment EBITDA for FY2018 increased by 6.3%<sup>1</sup>. In Marketing Solutions, segment EBITDA for FY2018 increased by 11.3%<sup>1</sup>, and that for HR Solutions increased by 4.2%<sup>1</sup>.

<sup>1</sup> For comparison purposes, calculated based on internal managerial reporting numbers.

The operating results and relevant data for this reportable segment are as follows:

(In billions of yen)	FY2017	FY2018	Variance	% change
Segment revenue	679.9	721.4	41.4	6.1
Marketing Solutions	378.5	400.4	21.9	5.8
Housing and Real Estate	98.1	104.1	6.0	6.1
Bridal	55.4	54.9	(0.5)	-0.9
Travel	58.8	61.6	2.7	4.7
Dining	37.3	38.8	1.4	4.0
Beauty	63.8	72.0	8.2	12.9
Others	64.8	68.7	3.9	6.0
HR Solutions	294.4	316.8	22.4	7.6
Recruiting in Japan	270.6	283.9	13.3	4.9
Others	23.7	32.8	9.0	38.3
Eliminations and Adjustments (Media & Solutions)	7.0	4.1	(2.8)	-41.2
Segment EBITDA	156.1	172.4	16.2	10.4
Marketing Solutions	95.2	109.8	14.5	15.3
HR Solutions	74.5	79.2	4.7	6.3
Eliminations and Adjustments (Media & Solutions)	(13.6)	(16.6)	(2.9)	-



<i>Business Key Performance Indicators</i>	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Hot Pepper Gourmet</i> Number of seats reserved online (cumulative total from the beginning of each fiscal year) (Dining) <sup>1,2</sup>	14.48	28.28	52.75	71.21	19.05	37.18	65.77	88.50
<i>Hot Pepper Beauty</i> Number of online reservations (cumulative total from the beginning of each fiscal year) (Beauty) <sup>1,2</sup>	18.24	37.95	57.58	78.23	22.72	47.19	71.63	96.99
AirREGI registered accounts <sup>3</sup>	292	305	318	333	349	364	381	402
Paid Study Sapuri users (Others, Marketing Solutions) <sup>3, 4</sup>	404	444	454	476	559	586	598	614
Market data								
Number of new housing construction starts in Japan (Housing and Real Estate) <sup>5</sup>	249,916	246,924	244,511	205,045	245,040	246,378	245,907	215,611
Job-offers-to-applicants ratio <sup>6,7</sup> (Recruiting in Japan)	1.49	1.52	1.57	1.59	1.60	1.63	1.63	1.63

<sup>1</sup> Pre-cancellation reservation basis.

<sup>2</sup> Figures are shown in millions.

<sup>3</sup> Figures are shown in thousands.

<sup>4</sup> Figures in FY2018 indicate the total number of users for high school, junior high school, elementary school and English courses, whereas previously disclosed figures in FY2017 only included users of high school courses. Therefore, the numbers for FY2017 are changed retrospectively.

<sup>5</sup> Source: Statistical Survey of Construction Starts, Ministry of Land, Infrastructure, Transport and Tourism of Japan

<sup>6</sup> Source: Ministry of Health, Labour and Welfare of Japan

<sup>7</sup> Figures are the average of each month in each quarter.

## Marketing Solutions

### Housing and Real Estate

Housing and Real Estate revenue consists primarily of advertising revenue generated on *SUUMO*, an online platform and print media for housing and real estate. The subsegment focused on improving the user experience on its online platform, attracting more users to the platform by various marketing efforts, and strengthening client relationships by providing operational and management solutions. Revenue for FY2018 increased by 6.1% year on year to 104.1 billion yen. Excluding the non-recurring impact from the sale of a subsidiary in Q3 FY2017, revenue for FY2018 increased by 9.9%<sup>1</sup> year on year.

### Bridal

Bridal revenue consists primarily of advertising revenue generated on *Zexy*, a magazine and online platform which is an all-in-one source of information on wedding planning. Although the number of marriages has been declining in Japan mainly due to the declining population, the subsegment responded proactively to the needs of wedding venue operators to attract marrying couples by launching various marketing promotions. Revenue for FY2018 decreased by 0.9% year on year to 54.9 billion yen.

### Travel

Travel revenue consists primarily of advertising revenue and booking fees from *Jalan*, an online platform and print media for travel in Japan. In FY2018, both the number of hotel guests booked and the price per night of hotels booked through its online reservation platform increased, and the subsegment focused on providing operational and management solutions to clients. Revenue for FY2018 increased by 4.7% year on year to 61.6 billion yen.

### Dining

Dining revenue consists primarily of advertising revenue generated on *Hot Pepper Gourmet*, an online restaurant reservation platform and print media under the same name. Advertising revenue on *Hot Pepper Gourmet* increased, reflecting a continued recovery of the dining and restaurant industry. However, dining and restaurant operators continue to face a challenging environment mainly due to the workforce shortage in Japan. In this environment, the subsegment continued to focus on strengthening the relationship with clients by offering *Air Series*, operational and management support services, and *Restaurant BOARD*, a reservation and customer management system. Revenue for FY2018 increased by 4.0% year on year to 38.8 billion yen.

### Beauty

Beauty revenue consists primarily of advertising revenue generated on *Hot Pepper Beauty*, an online beauty salon reservation platform and print media under the same name. With a continued effort to extend its reach to non-urban areas and the outskirts of metropolitan areas, the number of beauty salon clients advertising on *Hot Pepper Beauty* increased year on year, leading to growth in the number of online beauty salon reservations made through *Hot Pepper Beauty*. Also, the subsegment continued to focus on strengthening the relationship with the beauty salon clients by offering *Air Series*, operational and management support services, and *SALON BOARD*, a reservation and customer management system. Revenue for FY2018 increased by 12.9% year on year to 72.0 billion yen.

### Others

The Others subsegment includes Automobile, Education such as *Study Sapuri*, Overseas Marketing, and *Air Series* businesses. Revenue for FY2018 increased by 6.0% year on year to 68.7 billion yen. Excluding the non-recurring impacts of the sale of subsidiaries in Q3 FY2017 and Q1 FY2018, revenue for FY2018 increased by 11.9%<sup>1</sup> year on year.

## HR Solutions

### Recruiting in Japan

Revenue in the Recruiting in Japan subsegment consists primarily of advertising revenue generated on various online job and recruiting sites such as *Rikunabi*, *Rikunabi NEXT* and *TOWNWORK*, as well as fees generated by employment placement services such as *RECRUIT AGENT*. The Japanese labor market remained extremely tight, and in this environment, the subsegment focused on enhancing its brand value, strengthening user attractiveness, and reinforcing its sales structure. Revenue for FY2018 increased by 4.9% year on year to 283.9 billion yen. Excluding the non-recurring impact from the sale of a subsidiary in Q2 FY2018, revenue for FY2018 increased by 6.2%<sup>1</sup> year on year.

### Others

The Others subsegment includes the HR development business in Japan and placement service in Asia. From the beginning of FY2018, the recruiting assessment business, which was previously managed in the Recruiting in Japan subsegment, was transferred to this subsegment. As a result, revenue for FY2018 increased by 38.3% year on year to 32.8 billion yen.

<sup>1</sup> For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue in prior periods from sales of subsidiaries.

Segment/ SBU Headquarters	Operations	Business Description	Company(ies)	Brands and Services
Media & Solutions (Recruit Co., Ltd.)	Marketing Solutions	Business solutions for enterprise clients and support for users' daily decision making through online platforms and print media in a variety of areas, such as housing and real estate, bridal, travel, dining and beauty	Recruit Sumai Company Ltd.  Recruit Marketing Partners Co., Ltd.  Recruit Lifestyle Co., Ltd.	<b>SUUMO</b> Online platform, print media, and in-person consultation service for housing and real estate
				<b>Zexy</b> Magazine, online platform and in-person consultation service for wedding planning
				<b>Jalan</b> Online platform and print media for travel in Japan
				<b>Hot Pepper Gourmet</b> Online platform and print media for dining
				<b>Hot Pepper Beauty</b> Online platform and print media for beauty treatment
				<b>Car Sensor</b> Online platform and print media for pre-owned automobiles
				<b>Study Sapuri Shinro</b> Online platform and print media to provide higher education and career information for high school students
				<b>Study Sapuri</b> Online learning support platform for students and adults
				<b>Air Series</b> Cloud-based operational and management support services for enterprise clients such as accounting and payment systems
				HR Solutions
<b>Rikunabi NEXT</b> Job searching information website for professionals				
<b>RECRUIT AGENT</b> Employment placement service for professionals				
<b>TOWNWORK</b> Online platform and print media for part-time and full-time jobs				

## Staffing

In this reportable segment, there are two major operations: Japan and Overseas.

Revenue for FY2018 was 1.29 trillion yen, a decrease of 0.7% year on year. Revenue in Japan operations increased reflecting a tight labor market, while revenue in Overseas operations decreased primarily due to an uncertain outlook for the European economy, the negative impact of foreign exchange rate movements, and the adoption of IFRS 15<sup>1</sup>.

Segment EBITDA for FY2018 was 82.9 billion yen, an increase of 14.1% year on year. EBITDA for Japan operations increased mainly due to higher revenue, while EBITDA for Overseas operations also increased as a result of improvement in operational productivity. In addition, in Japan operations, placement fee revenue increased year on year as a result of Japanese law revisions effective October 1, 2018 which encouraged enterprise clients to hire agency workers directly and contributed to higher profit. In addition, segment EBITDA in Japan operations was positively impacted by the aforementioned change in the treatment of cost allocations in intra-group transactions. Excluding this impact, segment EBITDA for FY2018 increased by 10.4%<sup>2</sup> year on year, and for Japan operations, segment EBITDA for FY2018 increased by 18.9%<sup>2</sup> year on year.

<sup>1</sup> Revenue reporting changed from gross amount (the amount of revenue including commissions paid to agencies) basis to net amount (the amount of revenue excluding commissions) basis for some clients.

<sup>2</sup> For comparison purposes, calculated based on internal managerial reporting numbers.

The operating results and relevant data for this reportable segment are as follows:

(In billions of yen)	FY2017	FY2018	Variance	% change
Segment revenue	1,298.8	1,290.2	(8.5)	-0.7
Japan	509.2	542.5	33.2	6.5
Overseas	789.5	747.7	(41.8)	-5.3
Segment EBITDA	72.7	82.9	10.2	14.1
Japan	33.8	43.0	9.2	27.3
Overseas	38.9	39.8	0.9	2.5

Market Data	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average number of active agency workers in Japan <sup>1</sup>	343,260	343,857	350,734	348,865	354,177	353,062	366,135	-

<sup>1</sup> Source: Japan Staffing Services Association

The figure for this reporting period has not been disclosed at the time of release of this document.

### Japan

Demand for agency workers continued to be strong, and the number of active agency workers remained at a high level. In this environment, Japan operations focused on increasing the number of registered agency workers and new staffing contracts. Revenue for FY2018 increased by 6.5% year on year to 542.5 billion yen.

### Overseas

Revenue for FY2018 decreased by 5.3% year on year to 747.7 billion yen. The negative impacts of foreign exchange rate movements and the adoption of IFRS 15 were 12.7 billion yen and 16.3 billion yen, respectively. Excluding these impacts, revenue for FY2018 decreased by 1.6% year on year. The segment continued to focus on profitability improvement by implementing the Unit Management System<sup>1</sup>, and simplifying the operational governance model in Europe.

<sup>1</sup> The Unit Management System divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded essentially as its own company, and the Unit Manager is given authority to make decisions to maximize profitability.

Segment/ SBU Headquarters	Operations	Business Description	Company(ies)	Brands and Services
Staffing (Recruit Global Staffing B.V.)	Japan	Staffing services in Japan	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.	-
	Overseas	Staffing services mainly in North America, Europe, and Australia	Staffmark Group, LLC <sup>1</sup> The CSI Companies, Inc. Advantage Resourcing Europe B.V. Unique NV USG People France SAS USG People Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited	-

<sup>1</sup> Company name changed from STAFFMARK HOLDINGS, INC. in December 2018.

2) Capital expenditure

The total amount of capital expenditure for FY2018 was 75.3 billion yen excluding consumption tax, etc. This was used primarily for assets associated with the development and acquisition of software.

i. HR Technology segment

For FY2018, capital expenditure of 18.8 billion yen were made primarily for the expansion and upgrade of office and equipment in association with the expansion of business.

There were no significant disposals or sales of facilities.

ii. Media & Solutions segment

For FY2018, capital expenditure of 50.6 billion yen were made primarily for the development and acquisition of software.

There were no significant disposals or sales of facilities.

iii. Staffing segment

For FY2018, capital expenditure of 5.1 billion yen were made primarily for the development and acquisition of software.

There were no significant disposals or sales of facilities.

iv. Corporate

For FY2018, capital expenditure of 0.6 billion yen were made primarily for the development and acquisition of software.

There were no significant disposals or sales of facilities.

3) Financing

Not applicable.

4) Significant business combination, etc.

The Group acquired 100% of the shares of Glassdoor, Inc. on June 21, 2018.

**(2) Trends in Assets and Income**

(IFRS)

Item	FY2016	FY2017	FY2018 (current consolidated fiscal year)
Revenue (millions of yen)	1,941,922	2,173,385	2,310,756
Profit before tax (millions of yen)	198,929	199,228	239,814
Profit attributable to owners of the parent (millions of yen)	136,654	151,667	174,280
Basic earnings per share (yen)	81.33	90.79	104.31
Equity attributable to owners of the parent (millions of yen)	737,575	835,605	965,775
Total assets (millions of yen)	1,462,903	1,574,032	1,748,982
Equity attributable to owners of the parent per share (yen)	441.51	500.20	578.04

- (Notes)
1. The Company adopted IFRS for preparation of the consolidated financial statements starting from FY2017. For reference, figures for FY2016 are restated according to IFRS.
  2. Basic earnings per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity attributable to owners of the parent per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.
  3. The Company implemented a 3-for-1 stock split of its common stock on July 1, 2017. Basic earnings per share and equity attributable to owners of the parent per share are calculated assuming the stock split was implemented at the beginning of FY2016.

(Japanese GAAP)

Item	FY2015	FY2016
Net sales (millions of yen)	1,588,623	1,839,987
Ordinary income (millions of yen)	119,336	131,718
Net income attributable to owners of the parent (millions of yen)	64,535	85,422
Net income per share (yen)	38.09	50.84
Total assets (millions of yen)	1,150,681	1,449,614
Equity (millions of yen)	777,000	778,540
Equity per share (yen)	454.65	461.39

- (Notes)
1. Net income per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.
  2. The Company implemented a 3-for-1 stock split of its common stock on July 1, 2017. Net income per share and equity per share are calculated assuming the stock split was implemented at the beginning of FY2015.
  3. From FY2016, the Company introduced the Board Incentive Plan. The Company's stock held in the trust is recognized as treasury stock in the consolidated financial statements. In line with this, the Company's stock held in the trust is included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net income per share. In addition, the Company's stock held in the trust is included in treasury stock deducted from the total number of shares issued at the end of the period for the calculation of equity per share.

**(3) Significant Subsidiaries**

Segment	Company	Common stock	Ratio of voting rights held by the Company (Note)	Major business
HR Technology segment				
	RGF OHR USA, Inc.	10 US dollars	100.0%	HR Technology Business Headquarters
	Indeed, Inc.	10 US dollars	100.0%	Operates online job search engine mainly in the United States
	Glassdoor, Inc.	10 US dollars	100.0%	Operates online job and company information site known for its large repository of data including company reviews and salary information
Media & Solutions segment				
	Recruit Co., Ltd.	350 million yen	100.0%	Media & Solutions Business Headquarters
Marketing Solutions	Recruit Sumai Company Ltd.	150 million yen	100.0%	Provides online platform and print media in the housing business
	Recruit Marketing Partners Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the bridal, education and automobile businesses, etc.
	Recruit Lifestyle Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the travel, dining and beauty businesses, etc.
	Hotspring Ventures Limited	39 thousand GBP	100.0%	Offers online reservation service in the beauty business in Europe
	Quandoo GmbH	75.8 euro	100.0%	Operates online restaurant reservation and management platform in Europe
HR Solutions	Recruit Career Co., Ltd.	643 million yen	100.0%	Provides services for recruitment advertisement and employment placement for professionals
	Recruit Jobs Co., Ltd.	150 million yen	100.0%	Provides mainly part-time and temporary job advertisement service
Staffing segment				
	Recruit Global Staffing B.V.	1.5 euro	100.0%	Staffing Business Headquarters
Japan	Recruit Staffing Co., Ltd.	1,939 million yen	100.0%	Provides staffing services mainly for clerical jobs in Japan
	STAFF SERVICE HOLDINGS CO., LTD.	500 million yen	100.0%	Provides staffing services mainly for clerical and manufacturing jobs in Japan
Overseas	Staffmark Group, LLC	117,514 thousand US dollars	100.0%	Provides staffing services mainly for light works in the United States
	The CSI Companies, Inc.	2.0 US dollars	70.0%	Provides staffing services mainly for clerical and IT jobs in the United States
	Advantage Resourcing Europe B.V.	32,299 thousand GBP	100.0%	Provides comprehensive staffing services in the United Kingdom
	Unique NV	50,082 thousand euro	100.0%	Provides comprehensive staffing services in Belgium
	USG People France SAS	48,431 thousand euro	100.0%	Provides comprehensive staffing services in France
	USG People Germany GmbH	500 thousand euro	100.0%	Provides comprehensive staffing services in Germany
	USG People Holdings B.V.	1 thousand euro	100.0%	Provides comprehensive staffing services in the Netherlands
	Chandler Macleod Group Limited	191,490 thousand Australian dollars	100.0%	Provides comprehensive staffing services in Australia

(Note) The ratio of voting rights includes indirect holding of voting rights.



#### (4) Issues to Be Addressed

The basic principle of the Group is to focus on “creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.” The Group’s Vision is “Follow Your Heart”; the defined Mission of the Group is “Opportunities for Life. Faster, simpler, and closer to you”; and the established Values of the Group are “WOW THE WORLD”, “BET ON PASSION” and “PRIORITIZE SOCIAL VALUE”.

The Group flexibly and aggressively carries out various growth investments, including mergers and acquisitions, in order to achieve profitable growth over the long-term, and focuses on managing an appropriate balance of investments and earnings growth as well as increasing shareholder value. Therefore, the Group has set adjusted EBITDA<sup>1</sup> and adjusted EPS<sup>2</sup> as target management KPIs to maximize its enterprise value.

The Group adopted IFRS 16 in Q1 FY2019, and changed its accounting policy. Pursuant to IFRS 16, a lessee generally must recognize a “right-of-use asset” for all leases, such asset representing the right to use the underlying asset over the term of such leases. A lessee also must recognize as its financial liability the lessee’s obligation to make future lease payments. Under previous accounting standards, IAS 17, a company recorded lease payments of operating leases as rent expense. However under IFRS 16, a company must record depreciation for its right-of-use assets and an interest expense on its lease liability. As a result of the adoption of IFRS 16, EBITDA will increase because rent expense will decrease, while the depreciation of the right-of-use asset will increase. Therefore the Company decided to change the management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption) to ensure comparability with the prior management KPI.

1. Adjusted EBITDA = operating income + depreciation and amortization(excluding depreciation of right-of-use assets) ± other operating income/expenses
2. Adjusted EPS = adjusted profit<sup>3</sup> / (number of shares issued at the end of the period - number of treasury stock at the end of the period)
3. Adjusted profit = profit attributable to owners of the parent ± adjustment items<sup>4</sup> (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
4. Adjustment items = amortization of intangible assets by acquisitions ± non-recurring income/losses

The Group believes swift decision making is essential to maximize enterprise value and shareholder value by actively responding to the rapidly transforming Internet business industry and identifying business opportunities globally. In order to do so, the Group operates its businesses through each of its three Strategic Business Units (“SBU”s), HR Technology, Media & Solutions and Staffing. Furthermore, the Group established respective SBU Headquarters for each SBU, and operates under such management structure. This organizational structure enhances the management capabilities of each SBU Headquarters to execute its own independent strategy in a self-sustaining manner; the SBU structure also enables the Company to focus on and strengthen its holding company functions, including Group monitoring and governance; through these many positive impacts of the SBU structure, the Group enterprise value is increased.

The Group offers various matching solutions connecting individual users and enterprise clients, and continues to enhance its ability to match by minimizing inconvenience and satisfying demands of users and clients. By leveraging technology, the Group focuses on improving the capabilities of its matching services to offer users the best results, and supports clients, mainly SMEs, to optimize their business operations.

Notably, the Group aims to become the global leader in the HR matching market (the size of which is estimated by the Group as approximately 150 billion US dollars<sup>1</sup>) by utilizing innovation and creativity driven by technology. The HR matching market includes job advertising and talent sourcing tools, placement and search, and temporary staffing. The global online job advertising market, which is the main business of the HR Technology segment, is estimated to be approximately 15 billion US dollars<sup>2</sup> in annual revenue, and it is growing as more than 5 billion US dollar<sup>3</sup> offline job advertising market flows into online. The placement and search market is estimated to be approximately 50 billion US dollars<sup>4</sup> in revenue globally. The temporary staffing market is estimated to be approximately 445 billion US dollars<sup>4</sup> in revenue globally, while the gross profit for staffing companies (subtracting the amount of salary for temporary staff and related costs from the total revenue) is estimated to be approximately 81 billion US dollars<sup>5</sup>.

<sup>1</sup> Source: SIA, [www.staffingindustry.com](http://www.staffingindustry.com); 2018 company estimates, consisting of the job advertising and talent sourcing tools market, the placement and search market, and the temporary staffing market (gross profit)

<sup>2</sup> Source: 2018 company estimates, consisting of online job advertising, employer branding, and talent sourcing tools

<sup>3</sup> Source: 2018 company estimates

<sup>4</sup> Source: SIA, Global Staffing Industry Market Estimates and Forecast: November 2018 Update, company estimates; assumes 6% industry growth rate in 2018

<sup>5</sup> Assumes gross profit margin of 18.3% calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue (2018)

The HR Technology segment aims to further expand its presence globally through *Indeed*, an online job search engine, and *Glassdoor*, an online job and company information site. The segment aims to drive future growth by investing in its existing online job advertising business and to execute new business development and M&A to make recruiting processes more efficient.

The Media & Solutions segment strives for stable growth by improving its existing businesses (particularly its advertising businesses) and strengthening its relationship with existing and new clients through operational and management support services.

In the Staffing segment, Japan operations aim for stable growth against a backdrop of a tight labor market environment in Japan. Overseas operations focus on improving adjusted EBITDA margin continuously by fully implementing its Unit Management System.

We would like to ask our shareholders to provide the continued support and guidance.

**(5) Main Offices** (as of March 31, 2019)

## 1) The Company

Company name	Location
Recruit Holdings Co., Ltd.	Chiyoda-ku, Tokyo

## 2) Main Subsidiaries

Segment	Company name	Location
HR Technology segment		
	RGF OHR USA, Inc.	Texas, United States
	Indeed, Inc.	Texas, United States
	Glassdoor, Inc.	California, United States
Media & Solutions segment		
	Recruit Co., Ltd.	Chiyoda-ku, Tokyo
Marketing Solutions	Recruit Sumai Company Ltd.	Minato-ku, Tokyo
	Recruit Marketing Partners Co., Ltd.	Shinagawa-ku, Tokyo
	Recruit Lifestyle Co., Ltd.	Chiyoda-ku, Tokyo
HR Solutions	Recruit Career Co., Ltd.	Chiyoda-ku, Tokyo
	Recruit Jobs Co., Ltd.	Chuo-ku, Tokyo
Staffing segment		
	Recruit Global Staffing B.V.	Flevoland, Netherlands
Japan	Recruit Staffing Co., Ltd.	Chuo-ku, Tokyo
	STAFF SERVICE HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo
	Staffmark Group, LLC	Ohio, United States
Overseas	The CSI Companies, Inc.	Florida, United States
	Advantage Resourcing Europe B.V.	London, United Kingdom
	Unique NV	Antwerp, Belgium
	USG People France SAS	Moselle, France
	USG People Germany GmbH	Bayern, Germany
	USG People Holdings B.V.	Flevoland, Netherlands
	Chandler Macleod Group Limited	New South Wales, Australia

**(6) Employees** (as of March 31, 2019)

Number of employees	Year-on-year change
45,856	+5,704

(Note) The number of employees has increased in FY2018 due to an increase in personnel in the HR Technology segment and an increase in the number of consolidated subsidiaries associated with M&A.

**(7) Main Lenders** (as of March 31, 2019)

Lenders	Amount borrowed
MUFG Bank, Ltd.	33,878 million yen
Mizuho Bank, Ltd.	25,521 million yen
Sumitomo Mitsui Banking Corporation	25,521 million yen
Sumitomo Mitsui Trust Bank, Limited	8,357 million yen
Resona Bank, Limited.	8,357 million yen
Mizuho Trust & Banking Co., Ltd.	3,857 million yen
The Bank of Yokohama, Ltd.	3,857 million yen
THE HOKURIKU BANK, LTD.	2,958 million yen

**2. Status of Shares** (as of March 31, 2019)

(1)	Total Number of Shares Authorized to be Issued	6,000,000,000
(2)	Total Number of Shares Issued	1,695,960,030
(3)	Number of Shareholders	58,544
(4)	Major Shareholders	

Shareholder name	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	133,803,800	8.00%
TOPPAN PRINTING CO., LTD.	102,600,000	6.13%
Japan Trustee Services Bank, Ltd. (Trust Account)	90,746,800	5.42%
DENTSU INC.	63,000,000	3.76%
Dai Nippon Printing Co., Ltd.	58,100,000	3.47%
The Recruit Group Employees Shareholding Association	41,001,980	2.45%
Tokyo Broadcasting System Television, Inc.	33,330,000	1.99%
Nippon Television Network Corporation	33,330,000	1.99%
NTT DATA Corporation	31,500,000	1.88%
The Dai-ichi Life Insurance Company, Limited	27,000,000	1.61%

(Note) The Company's treasury stock (23,808,269 shares) is excluded in the calculation of the shareholding ratio. Treasury stock does not include the Company's stock held by the Board Incentive Plan (1,367,801 shares).

### 3. Status of Stock Acquisition Rights

#### (1) Status of Stock Acquisition Rights as of March 31, 2019

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 20, 2013 and of the meeting of the Board of Directors held on July 31, 2013.

- Number of stock acquisition rights: 216
- Type and number of shares subject to stock acquisition rights  
Common stock: 648,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right  
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised  
September 1, 2013 to August 31, 2033
- Terms for exercising stock acquisition rights  
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	84	Common stock	252,000 shares	3
Corporate Executive Officers	132	Common stock	396,000 shares	7

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 26, 2014 and of the meeting of the Board of Directors held on November 13, 2014

- Number of stock acquisition rights: 185
- Type and number of shares subject to stock acquisition rights  
Common stock: 555,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right  
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised  
December 27, 2014 to December 26, 2034
- Terms for exercising stock acquisition rights  
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company.  
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	92	Common stock	276,000 shares	3
Corporate Executive Officers	93	Common stock	279,000 shares	7

Stock acquisition rights issued based on the resolutions of the meeting of the Board of Directors held on August 10, 2015.

- Number of stock acquisition rights: 2,140
- Type and number of shares subject to stock acquisition rights  
Common stock: 642,000 shares (300 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right  
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised  
September 26, 2015 to September 25, 2035
- Terms for exercising stock acquisition rights  
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they

lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company (if the person allotted with stock acquisition rights had already lost all of the positions on the date of the allotment of stock acquisition rights, said person can exercise these rights within one year from the day following the date of allotment of stock acquisition rights).

In the event of the death of the Board Director, Corporate Executive Officer or Corporate Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.

- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	987	Common stock	296,100 shares	3
Corporate Executive Officers	1,153	Common stock	345,900 shares	11

**(2) Status of Stock Acquisition Rights Granted in the Fiscal Year Ended March 31, 2019**

Not applicable.

#### 4. Company Officers

As used herein, “Company Officer(s)” refers to Board Director(s) and Audit & Supervisory Board Member(s), unless the context indicates otherwise.

##### (1) Board Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Masumi Minegishi	CEO, Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Board Director	Shogo Ikeuchi	Corporate Planning (CSO), Human Resources (CHRO)
Board Director	Keiichi Sagawa	Finance (CFO), Administration (CRO)
Board Director	Rony Kahan	Chairman of Indeed, Inc., Director and Chairman of RGF OHR USA, Inc.
Board Director	Naoki Izumiya	Chairman of the Board of Asahi Group Holdings, Ltd., External Director of OBAYASHI CORPORATION
Board Director	Hiroki Totoki	Representative Corporate Executive Officer, Senior Executive Vice President, CFO of Sony Corporation
Audit & Supervisory Board Member (standing)	Yukiko Nagashima (Name in the family register: Yukiko Watanabe)	Outside Director of JAPAN TOBACCO INC.
Audit & Supervisory Board Member (standing)	Akihito Fujiwara	
Audit & Supervisory Board Member	Hiroki Inoue	Managing Partner of Nagashima Ohno & Tsunematsu
Audit & Supervisory Board Member	Yasuaki Nishiura	

- (Notes)
- Mr. Naoki Izumiya and Mr. Hiroki Totoki are External Board Directors.
  - Mr. Hiroki Inoue and Mr. Yasuaki Nishiura are External Audit & Supervisory Board Members.
  - The Company designated External Board Directors Mr. Naoki Izumiya and Mr. Hiroki Totoki as well as External Audit & Supervisory Board Member Mr. Yasuaki Nishiura as Independent Board Directors/ Independent Audit & Supervisory Board Members specified by the Tokyo Stock Exchange and notified the same to the said Exchange. Although Mr. Hiroki Inoue meets the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Company, he has not been designated as an Independent Audit & Supervisory Board Member due to the policy of his affiliated law firm.
  - Audit & Supervisory Board Member Mr. Yasuaki Nishiura has extensive knowledge of finance and accounting based on his experience as Partner of Deloitte & Touche LLP, as well as Western U.S. Region Leader of Japanese Corporate Service Group of Deloitte & Touche LLP.
  - Board Directors Mr. Shigeo Ohyagi and Mr. Yasushi Shingai retired from their respective positions due to expiration of their terms of office at the conclusion of the 58th Ordinary General Meeting of Shareholders held on June 19, 2018. Mr. Rony Kahan, Mr. Naoki Izumiya and Mr. Hiroki Totoki were newly elected as Board Directors at the same Ordinary General Meeting of Shareholders and assumed their respective positions.
  - The Company has entered into an agreement to limit the liability to compensate for damages under Article 423, Paragraph 1 of the Companies Act of Japan with all the Board Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members. The maximum amount of liability for damages under the said agreement is the minimum liability amount provided by applicable laws and regulations. However, such limitation of liability only applies when the Company Officers perform their duties that caused the liability in good faith and without gross negligence.
  - Changes in responsibilities of Board Directors from April 1, 2019 are as follows.

Name	New position	Former position	Date of change
Shogo Ikeuchi	Human Resources and General Affairs (CHRO)	Corporate Planning (CSO) and Human Resources (CHRO)	April 1, 2019
Keiichi Sagawa	Finance (CFO)	Finance (CFO) and Administration (CRO)	April 1, 2019

## (2) Remuneration of Board Directors and Audit & Supervisory Board Members etc.

As used herein, “Officer Remuneration” refers to remuneration for Company Officers, consisting of Board Directors, Audit & Supervisory Board Members, Corporate Executive Officers and Corporate Officers, unless the context indicates otherwise.

### 1) Policies for the determination of the amount of remuneration and its calculation method

#### i. Basic policies for Officer Remuneration

The Officer Remuneration system of the Company is operated under the basic policies below.

- (i) Maintain a sufficient remuneration standard that can attract and retain superior management talents on a global scale
- (ii) Establish a highly performance-based remuneration system that motivates officers to attain targets
- (iii) Set remuneration linked to medium to long-term enterprise value
- (iv) Enhance objectivity and transparency in the remuneration determining process

#### ii. Framework of the remuneration standard

The remuneration standard is determined with reference to the Officer Remuneration standards at major corporations as its benchmark based on external database services.

#### iii. Composition of remuneration

The remuneration for Board Directors (excluding External Board Directors) and Corporate Executive Officers, etc. consists of fixed remuneration (cash remuneration), the short-term incentive plan (cash remuneration) mainly based on individual assessments for each fiscal year, and the long-term incentive plan (stock remuneration) mainly based on attainment of the consolidated performance targets for each fiscal year. Composition ratios of performance-based remuneration and stock-based remuneration that are designed to provide sound incentives in order to achieve sustainable growth of the Company. Specifically, the approximate ratio of the short-term incentive plan against fixed remuneration is set at around 50% and that of the long-term incentive plan against fixed remuneration is set within the range of 50% to 200%.

Regarding the long-term incentive plan for which the evaluation year is FY2018, the level of payment was determined based on the level of attainment of the EBITDA (Note 1) target in FY2018 and the level of attainment of the compound annual growth rate target of adjusted EPS (Note 2) over the three years up to FY2018.

- (Notes)
1. EBITDA: operating income + depreciation and amortization ± other operating income/expenses
  2. Adjusted EPS: adjusted profit (Note 3) / (number of shares issued at the end of the period - number of treasury stock at the end of the period)
  3. Adjusted profit: profit attributable to owners of the parent ± adjustment items (Note 4) (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
  4. Adjustment items: amortization of intangible assets by acquisitions ± non-recurring income/losses

Remuneration for External Board Directors and Audit & Supervisory Board Members shall solely consist of fixed cash remuneration, in principle.

In order to secure outstanding management talent globally, if the talent is hired according to the standards of a market in which hiring practices or laws and regulations are significantly different to those of Japan, the Company may apply a remuneration scheme that differs from that described above.

#### iv. Governance

The Company has established the Evaluation Committee and the Remuneration Committee, which are chaired by an External Board Director and the majority of which are External Board Directors and External Audit & Supervisory Board Members, as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of Officer Remuneration. The amount of remuneration for Board Directors is determined at meetings of the Board of Directors, giving sincere consideration to the Evaluation Committee and the Remuneration Committee recommendations; while remuneration for Audit & Supervisory Board Members is determined on the basis of consultation among the Audit & Supervisory Board Members, within the remuneration range approved by the General Meeting of Shareholders.

In the nomination of External Board Directors, candidates are selected not only based on the independence criteria prescribed by the Tokyo Stock Exchange, but based on skills, leadership, background, judgment, personality, insight, experience and other factors, from a large candidate pool in order to ensure diverse candidates, who are found to be most capable of fulfilling the duties and responsibilities of an External Board Director.

In addition, the Company appoints external compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise on Officer Remuneration systems. With their support, the Company reviews its remuneration standard and remuneration systems in light of external data, the economic environment, industry trends and business conditions, among other aspects.



2) Remuneration of Board of Directors and Audit & Supervisory Board Members

Eight Board Directors	814 million yen (including four External Board Directors: 30 million yen)
Four Audit & Supervisory Board Members	98 million yen (including two External Audit & Supervisory Board Members: 26 million yen)

- (Notes)
1. The above remuneration amounts include the amount recorded as expenses during FY2018 for the Board Incentive Plan.
  2. The above remuneration amounts are calculated based on IFRS.
  3. The above number of Board Directors and Audit & Supervisory Board Members includes two External Board Directors who retired during FY2018.

**(3) External Company Officers**

As used herein, “External Company Officer(s)” refers to External Board Director(s) and External Audit & Supervisory Board Member(s), unless the context indicates otherwise.

1) Naoki Izumiya, Board Director

i. Relationship between the Company and companies in which External Company Officers hold concurrent positions

There are business relationships mainly involving the Staffing segment between the Group and Asahi Group Holdings, Ltd., of which Naoki Izumiya serves as Chairman of the Board and OBAYASHI CORPORATION, of which Naoki Izumiya serves as External Director; however, the value of transactions is minimal at less than 1% of consolidated revenue of Asahi Group Holdings, Ltd., consolidated net sales of OBAYASHI CORPORATION, and consolidated revenue of the Group, and there are no matters of significance.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2018

Status of attendance and status of remarks made at the meetings of the Board of Directors

After assuming the office of Board Director, Naoki Izumiya participated in all eight meetings of the Board of Directors held during FY2018. He has made statements from a practical perspective as an External Board Director, based on his deep insight cultivated through his experience as President and Representative Director as well as Chairman and Representative Director of Asahi Group Holdings, Ltd., a global manufacturing company, and external directors of listed companies.

2) Hiroki Totoki, Board Director

i. Relationship between the Company and companies in which External Company Officers hold concurrent positions

There are business relationships involving the Media & Solutions segment between the Group and Sony Corporation, of which Hiroki Totoki serves as Representative Corporate Executive Officer, Senior EVP, CFO; however, the value of transactions is minimal at less than 1% of consolidated net sales and operating revenue of Sony Corporation and consolidated revenue of the Group, and there are no matters of significance.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2018

Status of attendance and status of remarks made at the meetings of the Board of Directors

With the exception of one extraordinary meeting of the Board of Directors, Hiroki Totoki participated in all seven regular meetings of the Board of Directors out of the eight meetings in FY2018 which were held after he assumed the office of Board Director. He has made statements from a practical perspective as an External Board Director, based on his deep insight cultivated through his experience as Representative Corporate Executive Officer, Senior Executive Vice President, CFO of Sony Corporation, a global conglomerate company and Director of its group companies.

3) Hiroki Inoue, Audit & Supervisory Board Member

i. Relationship between the Company and companies in which External Company Officers hold concurrent positions

There are business relationships mainly involving the Staffing segment between the Group and Nagashima Ohno & Tsunematsu, of which Hiroki Inoue serves as Managing Partner; however, the value of transactions is minimal at less than 1% of net sales of Nagashima Ohno & Tsunematsu and consolidated revenue of the Group, and there are no matters of significance.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2018

a. Status of attendance and status of remarks made at the meetings of the Board of Directors

With the exception of one extraordinary meeting of the Board of Directors, Hiroki Inoue participated in 12 meetings of the Board of Directors out of the 13 meetings held during FY2018. He has made statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.

b. Status of attendance and status of remarks made at the meetings of the Audit & Supervisory Board

Participated in 12 out of 13 meetings of the Audit & Supervisory Board during FY2018. He has made statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.

4) Yasuaki Nishiura, Audit & Supervisory Board Member

i. Relationship between the Company and companies in which External Company Officers hold concurrent positions

Not applicable.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2018

a. Status of attendance and status of remarks made at the meetings of the Board of Directors

With the exception of one extraordinary meeting of the Board of Directors, Yasuaki Nishiura participated in 12 meetings of the Board of Directors out of the 13 meetings held during FY2018. He has made statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his accounting knowledge and his deep insight cultivated as a certified public accountant in the United States, as well as his wealth of international experience he has amassed as a business advisor.

b. Status of attendance and status of remarks made at the meetings of the Audit & Supervisory Board

Participated in all 13 meetings of the Audit & Supervisory Board held during FY2018. He has made statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his accounting knowledge and his deep insight cultivated as a certified public accountant in the United States, as well as his wealth of international experience he has amassed as a business advisor.

## **5. Independent Auditor**

### **(1) Name**

Ernst & Young ShinNihon LLC

### **(2) Amount of Remuneration to the Independent Auditor for FY2018**

- 1) Amount of remuneration to the Independent Auditor for FY2018  
454 million yen
- 2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries  
498 million yen

- (Notes)
1. The audit engagement entered into by the Company and the Independent Auditor does not clearly distinguish the amount of remuneration, etc. for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act. Therefore, 1) above shows the total amount of such remuneration.
  2. The Audit & Supervisory Board verified the contents of the audit plan which included the auditing time, change in the amount of audit remuneration, as well as the audit plan and its performance results in previous years, and as a result of careful review on the adequacy of the amount of remuneration, has approved the amount of remuneration, etc. to be paid to the Independent Auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act.
  3. Some of the consolidated subsidiaries of the Company undergo an audit by audit corporations other than the Independent Auditor of the Company.

### **(3) Description of Non-audit Business**

The Company consigns various advisory services to the Independent Auditor as non-audit businesses and pays remuneration for such services.

### **(4) Policy regarding Determination of Dismissal or Non-reappointment of Independent Auditor**

In the case that the Independent Auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board of the Company shall dismiss the Independent Auditor upon consent of all Audit & Supervisory Board Members.

In cases other than above, where the conduct of a proper audit is deemed difficult due to factors such as the occurrence of an event damaging the eligibility and independence of the Independent Auditor, the Audit & Supervisory Board of the Company shall propose the dismissal or non-reappointment of the Independent Auditor to the General Meeting of Shareholders.

## **6. The Systems and Policies of the Group**

### **(1) Overview of the Corporate Governance System, etc.**

The basic principle of the Group is to focus on "creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest." The Group's Vision is "Follow Your Heart"; the defined Mission of the Group is "Opportunities for Life. Faster, simpler, and closer to you"; and the established Values of the Group are "WOW THE WORLD", "BET ON PASSION" and "PRIORITIZE SOCIAL VALUE," which are collectively defined as the Recruit Group Management Philosophy.

Under the above Recruit Group Management Philosophy, the Group emphasizes corporate governance in striving to achieve long-term, stable growth and to continuously increase enterprise value and shareholder value, as a business that is viewed as a positive force by individual users of Recruit products and services, enterprise clients, shareholders, employees, business partners, society, community and all other principal stakeholders of the Company.

For the Board of Directors, the Company stipulates in its Articles of Incorporation that the number of Board Directors shall be not more than 11 and that their term of office shall be one year. The Board of Directors of the Company currently consists of six members including two Independent External Board Directors. The meetings of the Board of Directors, in principle, shall be convened at least once a month to decide on important matters concerning the Group as a whole. Meanwhile, the term of office of Audit & Supervisory Board Members is stipulated as four years by the Articles of Incorporation of the Company based on laws and regulations. The Audit & Supervisory Board of the Company consists of four members including two External Audit & Supervisory Board Members.

In addition, the Company has adopted a Corporate Executive Officer system since April 2000, with the aim of strengthening business execution functions. The Company will continue to make efforts in further reinforcing its management structure through enhancement of its corporate governance that is in line with the Company's business structure by leveraging the beneficial feature of the "company with an Audit & Supervisory Board" structure that it adopts.

The Company has established the Business Strategy Meeting as an advisory body to the CEO, to discuss certain matters necessary for the CEO to make decisions on important issues concerning business execution. The Business Strategy Meeting consists of Board Directors concurrently serving as Corporate Executive Officers, Corporate Executive Officers responsible for corporate function, and Audit & Supervisory Board Members (standing), and are in principle held twice a month.

Furthermore, voluntary committees have been set up as advisory bodies to the Board of Directors and the Business Strategy Meeting for the purpose of strengthening management structure and further enhancing management transparency and soundness. Specifically, six committees, namely the Nomination, Evaluation, Remuneration, Risk Management, Compliance, and Sustainability Committees have been set up as advisory bodies to the Board of Directors. Also, the Human Resources Development Committee has been set up as an advisory body to the Board of Directors and/or the Business Strategy Meeting. Additionally, the Ethics Committee was set up as a forum for prior discussions on disciplinary actions against employees.

The Company determines that its current corporate governance system functions sufficiently in terms of both speedy decision-making and effective internal controls. Furthermore, we strive to maximize enterprise value and shareholder value by improving management transparency and soundness by having voluntary committees as stated above.

(Overview of Business Strategy Meeting and each committee)

#### - Business Strategy Meeting

An advisory body to the CEO. Chaired by the CEO and comprised of Corporate Executive Officers and Audit & Supervisory Board Members (standing). This meeting discusses issues concerning investments and personnel affairs that are delegated from the Board of Directors, in consideration of the impact on the corporate governance and consolidated financial results of the Company.

#### - Nomination Committee

An advisory body to the Board of Directors. Chaired by an Independent External Board Director and comprised of a majority of External Company Officers. This committee discusses issues concerning the nomination of President and Representative Director and the appropriateness of the process of nominating Board Directors and Corporate Executive Officers.

#### - Evaluation Committee

An advisory body to the Board of Directors. Chaired by an Independent External Board Director and comprised of a majority of External Company Officers. This committee discusses issues concerning the performance evaluation and evaluation standards of Board Directors.

#### - Remuneration Committee

An advisory body to the Board of Directors. Chaired by an Independent External Board Director and comprised of a majority of External Company Officers. This committee discusses issues concerning remuneration for Board Directors based on their performance evaluation, and the level and system of remuneration for Board Directors and Corporate Executive Officers.

- Risk Management Committee

An advisory body to the Board of Directors. Chaired by a Board Director in charge of Administration. This committee discusses issues concerning the Group's key risks.

- Compliance Committee

An advisory body to the Board of Directors. Chaired by the CEO. This committee discusses issues concerning the Group's compliance and related measures.

- Sustainability Committee

An advisory body to the Board of Directors. Chaired by a Board Director in charge of Corporate Planning. This committee discusses issues concerning the formulation of strategic measures and management of its operations to promote the Group's sustainability activities.

(Assignment of Company Officers to the Board of Directors, Business Strategy Meeting and each committee as of March 31, 2019)

Position of Company Officers	Name	Board of Directors	Business Strategy Meeting (Note 1)	Nomination Committee	Evaluation Committee	Remuneration Committee	Risk Management Committee (Note 1)	Compliance Committee (Note 1)	Sustainability Committee (Note 2)
President, Representative Director and CEO	Masumi Minegishi	Chair	Chair	•	•	•		Chair	•
Board Director	Shogo Ikeuchi	•	•	•	•	•			Chair
	Keiichi Sagawa	•	•				Chair		
	Rony Kahan	•							
External Board Director	Naoki Izumiya	•		Chair	•	•			
	Hiroki Totoki	•		•	Chair	Chair			
Audit & Supervisory Board Member (standing)	Yukiko Nagashima	•	•				Observer	Observer	
	Akihito Fujiwara	•	•				Observer	Observer	
External Audit & Supervisory Board Member	Hiroki Inoue	•			•	•			
	Yasuaki Nishiura	•		•					

- (Notes) 1. In addition to the above Board Directors and Audit & Supervisory Board Members, the committees comprise certain Corporate Executive Officers of the Company.  
2. In addition to the above Board Directors and Audit & Supervisory Board Members, the committee comprises certain Corporate Executive Officers of the Company, internal committee members and outside experts.

- Human Resources Development Committee

An advisory body to the Board of Directors and the Business Strategy Meeting. Participated by the Company's Corporate Executive Officers, this committee discusses issues regarding skill development, position assignment, and updates on skill training of the Group's core personnel who are potential officers.

- Ethics Committee

This committee conducts prior deliberations on disciplinary action against the Company's employees.

(Number of meetings of the Board of Directors, Business Strategy Meeting and each committee and attendance status of the members during FY2018)

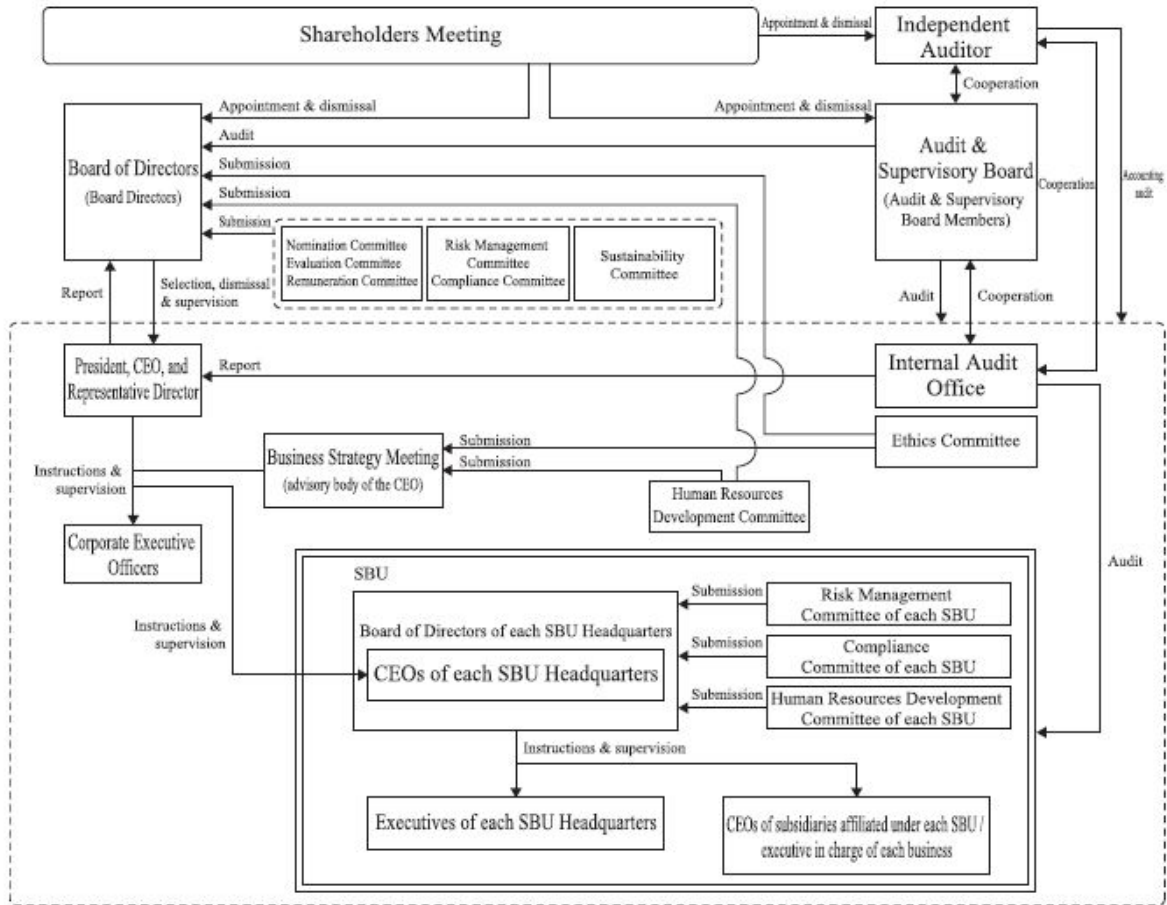
Position	Name	Board of Directors	Business Strategy Meeting	Nomination Committee	Evaluation Committee	Remuneration Committee	Risk Management Committee	Compliance Committee	Sustainability Committee
Number of times held		13	21	2	2	2	2	2	2
President, Representative Director and CEO	Masumi Minegishi	13	21	2	2	2	-	2	2
Board Director	Shogo Ikeuchi	13	21	2	2	2	-	-	2
	Keiichi Sagawa	13	21	-	-	-	2	-	-
	Rony Kahan	8 (Note)	-	-	-	-	-	-	-
External Board Director	Naoki Izumiya	8 (Note)	-	2	2	2	-	-	-
	Hiroki Totoki	7 (Note)	-	2	2	2	-	-	-
Audit & Supervisory Board Member (standing)	Yukiko Nagashima	13	21	-	-	-	2	2	-
	Akihito Fujiwara	13	19	-	-	-	2	2	-
External Audit & Supervisory Board Member	Hiroki Inoue	12	-	-	2	2	-	-	-
	Yasuaki Nishiura	12	-	2	-	-	-	-	-

(Note) Total of eight meetings of the Board of Directors were held since appointment as Board Directors at the Ordinary General Meeting of Shareholders held on June 19, 2018.

Further, the Group has adopted the Strategic Business Unit (SBU) as a strategic management unit, and established SBU headquarters, which manage the subsidiaries under the SBUs and their businesses. Corporate Executive Officers of the Company concurrently serve as CEO of each SBU headquarters.

Important decisions are made by the Board of Directors of SBU headquarters. The majority of the Board of Directors of SBU headquarters are non-executive Board Directors dispatched by the Company.

The corporate governance structure of the Company is as follows.



Our Status of Corporate Governance is made available on the Company's website.  
<https://recruit-holdings.com/who/governance/corporate/>

**(2) Systems to Ensure Proper Operations and Operational Status of Systems**

**1) Basic Policy for Internal Control System**

Systems to ensure proper operations of the Company and its subsidiaries (hereinafter referred to as the “Group”) were resolved at the meeting of the Board of Directors held on March 28, 2018. A description of the systems is as follows.

**i. Systems to Ensure that Board Directors, Employees, and Similar Personnel of the Company and Its Subsidiaries Comply with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties**

- a. A Board of Directors, which shall include External Board Directors, shall be established at the Company to carry out important decision-making for the Group.
- b. An Audit & Supervisory Board, which shall include External Audit & Supervisory Board Members, shall be established at the Company. Each Audit & Supervisory Board Member of the Company shall audit the execution of duties by the Company’s Board Directors by attending meetings of the Board of Directors and other important meetings and investigating the state of business execution and similar matters on the basis of the audit standards established by the Audit & Supervisory Board.
- c. A Nomination Committee, Evaluation Committee, and Remuneration Committee, each chaired by an External Board Director, shall be established at the Company to conduct deliberations on the nomination, appointment, evaluation and remuneration of the Board Directors and Corporate Executive Officers.
- d. The Company shall dispatch its Board Directors to SBU headquarters so that they account for the majority of the Board of Directors of SBU headquarters and supervise the management of SBU headquarters.
- e. The Internal Audit Department shall be established within the Company, under direct control of the President, Representative Director and CEO, and shall conduct audits of all managers, employees, consultants, and similar personnel (hereinafter collectively referred to as “Recruit Affiliated Persons”) and their compliance with laws and regulations, as well as the Articles of Incorporation and/or company policies.
- f. The “Recruit Group Code of Ethics” shall be established and Recruit Affiliated Persons of shall be informed thereof.
- g. While giving due consideration to the autonomy and independence of the Company’s subsidiaries, the “Recruit Group Policies” shall be established as common policies for the Group on matters such as decision-making, investment management, finance, human resource management, risk management, and compliance, in order to realize unified Group management.
- h. The Group shall create a system to prevent all relationships, including business relationships, with anti-social forces.
- i. The Company shall establish the “Recruit Group Compliance Policy” that stipulates the basic policies in regard to the Group compliance. The Company’s Board of Directors shall establish a department in charge of compliance after appointing an individual with ultimate responsibility for compliance, and shall make decisions on the basic policies in regard to the Group’s compliance and monitor the effectiveness of the compliance system. The President, Representative Director and CEO shall convene the Compliance Committee, chaired by himself, to evaluate the effectiveness of compliance in the Group and make decisions on and inspections of the Group’s operational plans.
- j. The Board of Directors of SBU headquarters shall make decisions on the basic policies in regard to compliance and monitor the effectiveness of the compliance system after appointing an individual with ultimate responsibility for compliance at each SBU. The CEO of each of the SBU headquarters shall convene the Compliance Committee, chaired by him/herself, to evaluate the effectiveness of compliance and make decisions on and inspections of the respective SBU headquarters’ operational plans.
- k. The CEO of each subsidiary of the Company shall evaluate the effectiveness of compliance and make decisions on and inspections of operational plans at each subsidiary after appointing an individual with ultimate responsibility for compliance at each subsidiary.
- l. The Company and its subsidiaries shall establish a system, including reporting hotlines for harassment or illegal or other improper behavior, to promptly transmit information to the applicable department in charge of compliance within the Company or a subsidiary, if a Recruit Affiliated Person discovers a problem related to internal controls. The department in charge of compliance that receives the report shall promptly and thoroughly investigate the matter, decide on response measures in consultation with the departments involved within the Group, and implement the measures.
- m. The Company and its subsidiaries shall plan and conduct necessary training for Recruit Affiliated Persons to ensure compliance with the Code of Ethics and internal policies.
- n. In the event that violation of laws and regulations, internal policies or other compliance matters are discovered, the Company and its subsidiaries shall impose strict measures against Recruit Affiliated Persons involved in any such violation.



**ii. Systems Concerning Retention and Management of Information Regarding the Execution of Duties by Board Directors of the Company**

- a. The “Documents and Contracts Management Policy” shall be established and provide for the creation and retention of documents and materials related to the execution of duties by Board Directors, such as minutes of the General Meeting of Shareholders, meetings of the Board of Directors, and Business Strategy Meetings.
- b. The length of time of, and department responsible for, the retention of the documents described in the previous paragraph shall be as set forth in the “Documents and Contracts Management Policy.” Documents shall be retained in a manner that allows them to be viewed upon request by the Company’s Board Directors and Audit & Supervisory Board Members.

**iii. Internal Policies and Other Systems of the Company and Its Subsidiaries Concerning Management of Risk of Loss**

- a. The Company shall establish the “Recruit Group Risk Management Policy” and “Recruit Group Risk Escalation Rules” to provide systematic risk management for the Group.
- b. The Company’s Board of Directors shall establish a department in charge of risk management after appointing an individual with ultimate responsibility for risk management in the entire Group, and shall make decisions on the basic policies in regard to the Group risk management and monitor its status. In addition, at the Risk Management Committee chaired by the Board Director responsible for the Risk Management Department, the Company’s Board of Directors shall monitor the status of risk management at each SBU as well as identify and determine risks deserving of particular attention.
- c. The Board of Directors of SBU headquarters shall make decisions on basic policies in regard to SBU risk management and monitor its status after appointing an individual with ultimate responsibility for risk management at each SBU. In addition, at the Risk Management Committee attended by those for the respective management functions of each SBU headquarters, the Board of Directors of each SBU shall monitor the status of risk management at each SBU as well as identify and determine risks deserving of particular attention.
- d. The CEO of each subsidiary of the Company shall be ultimately responsible for risk management by identifying risk at each subsidiary and determining the significance of such risk after appointing an individual with ultimate responsibility for risk management at each subsidiary.
- e. If a serious incident occurs that may affect the entire Group, a crisis management task force shall be established by the Company to address the situation.

**iv. Systems to Ensure the Efficient Execution of Duties by Board Directors of the Company and Its Subsidiaries**

- a. The Company Board of Directors or the Business Strategy Meeting shall set management targets for the Group and shall make these targets widely known, while setting specific targets to be achieved by each division of the Group in order to achieve the Group-wide targets. The Company Corporate Executive Officers in charge of each division shall determine and execute efficient methods of achieving these targets.
- b. The Company Board of Directors shall regularly review the progress in achieving these targets, and, by promoting improvements such as eliminating or reducing factors that impede efficiency, increase the likelihood of achieving targets and improve operational efficiency for the entire Group.
- c. The Company shall establish a Business Strategy Meeting as an advisory body to the CEO of the Company and shall carry out discussions on necessary matters regarding management of the Group as a whole.
- d. In addition, expert committees such as the Management Advisory Committee and Sustainability Committee shall be set up as advisory bodies to the Company Board of Directors and the Business Strategy Meeting.

**v. Systems to Ensure the Reliability of Internal Controls for Financial Reporting**

The Company shall establish the “J-SOX General Policy” and create an internal control system for financial reporting based on the internal control reporting system described in the Financial Instruments and Exchange Act of Japan.

**vi. Systems Concerning Reporting to the Company Regarding the Execution of Duties by Subsidiary Board Directors and Similar Persons**

- a. The Company shall establish internal divisions to oversee each SBU. Based on requests from such oversight divisions, Board Directors of the subsidiaries and similar persons shall regularly report their business results and the status of implementation of their business strategies to their respective oversight divisions.
- b. The Company and Board Directors, etc. of SBU headquarters shall share the management status on a regular basis, and discuss the Group management policies, as needed.
- c. The Company shall establish the “Recruit Group Group Management Policy” and require the Company subsidiaries to obtain an approval of the Company regarding important issues and make a prior confirmation with or subsequent report to the relevant departments of the Company.

**vii. Matters Concerning Appointment of Employees to Assist Audit & Supervisory Board Members in Their Audit Duties**

The Company shall appoint one or more persons “Assistant to support the Company Audit & Supervisory Board Members” and make an official announcement of the appointment.

**viii. Matters Relating to Ensuring the Independence from the Company Board Directors of Employees Described in the Preceding Item and the Effectiveness of Instructions Given to the Employees**

Assistants supporting the Company Audit & Supervisory Board Members shall follow only directions provided by the Audit & Supervisory Board Members in their supporting duties. The opinions of the Company Audit & Supervisory Board Members or Audit & Supervisory Board shall be respected with regard to the appointment, transfer, evaluation, and discipline of these assistants.

**ix. Systems Concerning Reports to the Company Audit & Supervisory Board Members**

- a. Recruit Affiliated Persons and the Company Independent Auditor shall report to the applicable Audit & Supervisory Board Members on the matters set forth below. A system shall be put in place to allow for reporting in a timely manner by means of meetings, interviews, telephone, email, and similar methods.
  - Material matters regarding the state of business management
  - Matters that have the potential to cause significant loss to the Company
  - Material matters regarding the status of internal auditing and risk management
  - Material violations of laws and regulations and the Articles of Incorporation
  - Any other material matters regarding internal controls
- b. The Company Audit & Supervisory Board Members and the Internal Audit Department shall cooperate with Board Directors and Audit & Supervisory Board Members of SBU headquarters and its affiliated companies as needed and share information on a regular basis.

**x. Systems to Ensure that Individuals Reporting on Matters Described in the Preceding Item Are Not Unfavorably Treated on the Basis of Such Reporting**

The Company shall establish the “Recruit Group Compliance Policy” under which any individual who has made a report is not subject to unfavorable treatment such as dismissal or unjustified transfer, etc. on the grounds of their reporting on such matters.

**xi. Matters Relating to Policies Concerning Procedures for Making Advance Payments or Reimbursements of Expenses Incurred in Connection with the Execution of Duties by the Company’s Audit & Supervisory Board Members and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by These Members**

The Company shall bear the costs for the budget requested in advance by the Audit & Supervisory Board Members as the expenses necessary to execute their duties. In addition, the Company Audit & Supervisory Board Members may request payment from the Company of expenses incurred in urgent or unexpected circumstances, and the Company shall bear such costs.

**xii. Other Systems to Ensure the Effectiveness of Audits by Audit & Supervisory Board Members**

The Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company shall hold regular meetings to exchange opinions with the President and Representative Director of the Company and with the Company Independent Auditors, respectively.

## 2) Overview of Operational Status of the Internal Control System

The Company and its subsidiaries (hereinafter referred to as the “Group”) endeavors to develop and appropriately operate the internal control system based on the resolution described above by having the Internal Audit Department carry out inspections.

A description of the main points of the operational status in respect of FY2018 is as follows.

### i. Initiatives Relating to Compliance

- In addition to the “Recruit Group Code of Ethics” and “Recruit Group Compliance Policy,” we are providing compliance training to Recruit Affiliated Persons based on Group-wide policies on information management and the prevention of insider trading, among other matters, so as to increase awareness of compliance.
- Based on the “Recruit Group Compliance Policy,” we have set up a Group-wide consultation hotline for the purpose of preventing violations of laws and regulations and other improper activities. The “Recruit Group Compliance Policy” provides that any individual who makes a report through the hotline shall not be subject to unfavorable treatment by the Company on the basis of making such report. The status of internal reporting and consultations to the Company’s hotline was reported regularly to the Board of Directors.
- Based on the information collected from the Company’s administrative division and subsidiaries, the status of the Group’s compliance was deliberated by the Compliance Committee, after which the Group determined the measures to be taken and reported the measures and implementation status to the Board of Directors. Based on the determined policies, the meetings of the SBU Compliance Committee were held at each SBU.
- Internal audits were performed by the Internal Audit Department, which is under the direct supervision of the President, Representative Director and CEO. The Internal Audit Department performed audits of each division of the Company and each of the Company’s subsidiaries in accordance with the annual plan approved by the Board of Directors and reported to the President and Representative Director as well as the Board of Directors.

### ii. Initiatives Relating to Risk Management

- We strive to achieve widespread understanding of the “Recruit Group Risk Management Policy,” which defines the objectives, systems, and methods of managing risk in the Group, and the “Recruit Group Risk Escalation Rules,” whose purpose is to ensure immediate reporting and sharing of information in the event of a crisis, by posting them on the Company’s intranet, among other measures.
- In accordance with the “Recruit Group Risk Management Policy,” the meetings of the SBU Risk Management Committee were held at each SBU. Based on information collected from each committee and the Company’s administrative division, matters concerning risks identified and remedial measures were determined at meetings of the Risk Management Committee, after which the Company reported to the Board of Directors which risks required focused efforts. The progress of remedial measures was confirmed by the same process.

### iii. Initiatives Relating to Appropriateness and Efficiency of the Execution of Professional Duties

- During FY2018, the Board of Directors of the Company met 13 times. In addition to resolutions on matters reserved for the decision of the Board of Directors pursuant to laws and regulations and the Company’s Articles of Incorporation, the Board of Directors also made decisions on management philosophy, the corporate governance system, and the execution of business that may have a major impact on the Company’s consolidated financial results as well as the Group’s reputation.
- During FY2018, the Business Strategy Meeting, an advisory body to the Company’s CEO, was held 21 times. The meeting acted as a platform to ascertain the state of business execution by each business division and deliberate on important matters delegated by the Board of Directors, thereby enabling the CEO of the Company to apply a flexible decision-making process.

### iv. Management of Subsidiaries and Affiliates

- Based on the “Recruit Group Group Management Policy” and similar standards, the Company decided important matters regarding its subsidiaries or received subsequent reports from the subsidiaries regarding such matters.
- The Group’s monthly business results were reported to the Board of Directors, which confirmed and deliberated matters including progress toward achieving the Group’s management targets, management issues, and response measures.

### v. System for Audits by Audit & Supervisory Board Members

- Reporting and information disclosure to Audit & Supervisory Board Members were conducted at important Company meetings by ensuring opportunities for Audit & Supervisory Board Members to attend these meetings.
- Audit & Supervisory Board Members work to increase the effectiveness of their audits primarily by holding regular information-sharing meetings with Subsidiary Audit & Supervisory Board Members or Subsidiary

Board Directors in charge of audits, the Company Internal Audit Department, the Company Independent Auditors and others, as well as by receiving reports by Corporate Executive Officers of the Company on business results, the state of business operations, the development of internal controls, and similar matters.

- The President and Representative Director and Audit & Supervisory Board Members held regular meetings to exchange opinions.
- The Company has appointed an assistant to support Audit & Supervisory Board Members in their duties. The Company ensures the assistant's independence from the Board Directors, which includes respecting the opinions of the Audit & Supervisory Board Members with regard to the appointment, transfer, evaluation, and discipline of these assistants.

**(3) Policy for Determination of Dividends from Surplus, etc.**

The Company believes that prioritizing strategic investments to attain sustainable profit growth and increase its enterprise value will be a main driver of shareholder value. Also, the Company considers the return of capital to its shareholders to be an important part of its management strategy. The Company's dividend policy is to provide a stable and sustainable return to shareholders based on a comprehensive evaluation of the results of operations, the internal reserves that the Company may require for investment for its future growth, and the ability to establish a stable financial foundation.

In addition, the Company sets a consolidated payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses.

In accordance with its dividend policy above, annual dividend for FY2018 is 28 yen per share, which consists of an interim dividend of 13.5 yen per share and a year-end dividend of 14.5 yen per share.

The Company allocates its retained earnings to strategic investments for growth in order to increase enterprise value. The Company may consider implementing a share repurchase program, depending on the capital market environment and the outlook of its financial position.

The Company's basic policy is to declare dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved by General Meetings of Shareholders, but by Meetings of the Board of Directors, unless otherwise provided by laws and regulations.

Dividends from surplus with the record date in FY2018 are as follows.

Resolution date	Total amount of dividends (millions of yen)	Dividends per share (yen)
November 13, 2018 Resolution of the Board of Directors	22,574	13.5
May 14, 2019 Resolution of the Board of Directors	24,246	14.5

## Consolidated Financial Statements

### Consolidated Statement of Financial Position

(As of March 31, 2019)

(In millions of yen)

Description	Amount	Description	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>809,007</b>	<b>Current liabilities</b>	<b>497,594</b>
Cash and cash equivalents	402,911	Trade and other payables	212,193
Trade and other receivables	340,254	Bonds and borrowings	24,869
Other current financial assets	26,903	Other financial liabilities	1,175
Other current assets	38,938	Income tax payables	35,327
<b>Non-current assets</b>	<b>939,975</b>	Provisions	4,665
Property, plant and equipment	74,566	Other current liabilities	219,362
Goodwill	410,651	<b>Non-current liabilities</b>	<b>279,137</b>
Intangible assets	242,583	Bonds and borrowings	137,212
Investments in associates and joint ventures	50,557	Other financial liabilities	1,334
Other non-current financial assets	127,458	Provisions	8,581
Deferred tax assets	27,451	Net defined benefit liability	52,347
Other non-current assets	6,706	Deferred tax liabilities	52,240
		Other non-current liabilities	27,420
		<b>Total liabilities</b>	<b>776,731</b>
		<b>Equity</b>	
		<b>Total equity attributable to owners of the parent</b>	<b>965,775</b>
		Common stock	10,000
		Share premium	49,136
		Retained earnings	942,449
		Treasury stock	(32,378)
		Other components of equity	(3,431)
		<b>Non-controlling interests</b>	<b>6,475</b>
		<b>Total equity</b>	<b>972,251</b>
<b>Total assets</b>	<b>1,748,982</b>	<b>Total liabilities and equity</b>	<b>1,748,982</b>

## Consolidated Statement of Profit or Loss

(April 1, 2018 to March 31, 2019)

(In millions of yen)

Description	Amount
<b>Revenue</b>	<b>2,310,756</b>
Cost of sales	1,141,594
<b>Gross profit</b>	<b>1,169,162</b>
Selling, general and administrative expenses	947,041
Other operating income	9,112
Other operating expenses	8,143
<b>Operating income</b>	<b>223,090</b>
Share of profit (loss) of associates and joint ventures	7,894
Finance income	9,204
Finance costs	374
<b>Profit before tax</b>	<b>239,814</b>
Income tax expense	64,433
<b>Profit for the year</b>	<b>175,381</b>
<b>Profit attributable to:</b>	
Owners of the parent	174,280
Non-controlling interests	1,101
Profit for the year	175,381

## Non-consolidated Financial Statements

### Balance Sheet

(As of March 31, 2019)

(In millions of yen)

Description	Amount	Description	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>317,552</b>	<b>Current liabilities</b>	<b>263,828</b>
Cash and deposits	205,036	Short-term borrowings	251,618
Accounts receivable - trade	20,932	Accounts payable - other	711
Securities	13,000	Accrued expenses	2,870
Prepaid expenses	250	Income taxes payable	8,279
Short-term loans receivable	45,875	Deposits received	77
Accounts receivable - other	26,997	Other current liabilities	271
Other current assets	5,602	<b>Long-term liabilities</b>	<b>228,388</b>
Allowance for doubtful accounts	(141)	Bonds payable	50,000
<b>Noncurrent assets</b>	<b>1,107,332</b>	Long-term borrowings	87,351
<b>Property, plant and equipment</b>	<b>113</b>	Deferred tax liabilities	86,501
Buildings	33	Other long-term liabilities	4,535
Machinery and equipment	1		
Vehicles	0	<b>Total liabilities</b>	<b>492,216</b>
Tools, furniture and fixtures	77	<b>Equity</b>	
<b>Intangible assets</b>	<b>271</b>	<b>Shareholders' equity</b>	<b>906,053</b>
Software	200	Common stock	10,000
Other	71	Capital surplus	31,574
<b>Investments and other assets</b>	<b>1,106,947</b>	Legal capital surplus	6,716
Investment securities	59,368	Other capital surplus	24,857
Stocks of subsidiaries and associates	761,667	Retained earnings	896,857
Long-term loans receivable	281,667	Legal retained earnings	750
Other assets	4,247	Other retained earnings	896,107
Allowance for doubtful accounts	(4)	General reserve	820,909
		Retained earnings brought forward	75,198
		Treasury stock	(32,378)
		<b>Valuation and translation adjustments</b>	<b>25,165</b>
		Unrealized gain (loss) on available-for-sale securities	25,165
		<b>Stock acquisition rights</b>	<b>1,449</b>
		<b>Total equity</b>	<b>932,667</b>
<b>Total assets</b>	<b>1,424,884</b>	<b>Total liabilities and equity</b>	<b>1,424,884</b>

**Statement of Income**  
(April 1, 2018 to March 31, 2019)

(In millions of yen)

Description	Amount	
<b>Operating revenue</b>		<b>62,748</b>
Royalty income	19,385	
Dividends from subsidiaries and associates	43,362	
<b>Operating expenses</b>		<b>9,627</b>
Salaries and allowances	3,041	
Business commissions	3,025	
Other	3,560	
<b>Operating income</b>		<b>53,121</b>
Non-operating income		2,928
Interest income	836	
Dividend income	1,168	
Other	923	
Non-operating expenses		635
Interest expense	586	
Other	48	
<b>Ordinary income</b>		<b>55,413</b>
Extraordinary income		396
Gain on sales of shares of subsidiaries and associates	395	
Other	0	
Extraordinary losses		14
Loss on retirement of non-current assets	11	
Loss on valuation of investment securities	3	
Other	0	
<b>Income before income taxes</b>		<b>55,795</b>
Income taxes-current		(12,182)
Income taxes-deferred		33,731
<b>Net income</b>		<b>34,247</b>



# **Audit Reports**

## **Independent Auditor's Report (Translation)**

May 13, 2019

The Board of Directors of  
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Certified Public Accountant  
Designated and Engagement Partner

Yoshifumi Mitsugi  
Certified Public Accountant  
Designated and Engagement Partner

Takuto Miki  
Certified Public Accountant  
Designated and Engagement  
Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the Consolidated Financial Statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Change in Equity and the Notes to Consolidated Financial Statements of Recruit Holdings Co., Ltd. (the "Company") for the year from April 1, 2018 to March 31, 2019.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the Consolidated Financial Statements referred to above, which were prepared by omitting certain items required by International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which comprise the Company and its consolidated subsidiaries, for the year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

**Independent Auditor's Report**  
(Translation)

May 13, 2019

The Board of Directors of  
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Certified Public Accountant  
Designated and Engagement Partner

Yoshifumi Mitsugi  
Certified Public Accountant  
Designated and Engagement Partner

Takuto Miki  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the Non-consolidated Financial Statements, which comprise the Balance Sheet, the Statement of Income, the Statement of Change in Equity, the Notes to Non-consolidated Financial Statements, and the related supplementary schedules of Recruit Holdings Co., Ltd. (the "Company") for the 59th Fiscal Year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Non-consolidated Financial Statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Non-consolidated Financial Statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Non-consolidated Financial Statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Non-consolidated Financial Statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Non-consolidated Financial Statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Non-consolidated Financial Statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

# Audit & Supervisory Board's Audit Report

## Audit Report

The Audit & Supervisory Board received and discussed the audit report concerning the execution of duties of the Board Directors during the 59th Fiscal Year from April 1, 2018 through March 31, 2019, which was prepared by each Audit & Supervisory Board Member, and, based on those audit reports, prepared this Audit Report as follows:

1. Procedures and details of the audits conducted by the Audit & Supervisory Board Members and Audit & Supervisory Board
  - (1) The Audit & Supervisory Board established the audit policies, division of duties, and other relevant matters, and received a report from each Audit & Supervisory Board Member regarding the performance of audits and results thereof, as well as reports from the Board Directors, other relevant personnel, and the Independent Auditor regarding the execution of their duties, and requested explanations as necessary and received responses.
  - (2) Based on the audit standards determined by the Audit & Supervisory Board, and in accordance with the audit policies and the division of duties, each Audit & Supervisory Board Member, while endeavoring to communicate with Board Directors, internal audit staff, and other employees, collecting information and maintaining and improving the audit environment, conducted the audit based on the following procedures.
    - 1) Each Audit & Supervisory Board member attended the Board of Directors' meeting and other important meetings to receive reports on the status of execution of their duties from Board Directors and employees, requested explanations as necessary, inspected the important approval documents, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices. In addition, each Audit & Supervisory Board Member communicated and shared information with the Board Directors and Audit & Supervisory Board Members of the subsidiaries and received their business reports as necessary.
    - 2) With respect to details of the resolution by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Board Directors stated in the Business Report complies with laws and regulations and the Articles of Incorporation and other systems prescribed by Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of the corporate group comprising the Stock Company and its subsidiaries, as well as the system established based on such resolution (hereinafter collectively, "Internal Control System"), each Audit & Supervisory Board Member periodically received reports from Board Directors and employees on the development and operation of the Internal Control System, requested explanations as necessary, and expressed his or her opinions.
    - 3) The Audit & Supervisory Board Members monitored and verified that the Independent Auditor maintains its independence and conducts the audits appropriately, as well as received reports on the status of the execution of duties from the Independent Auditor, requested explanations as necessary and received responses. In addition, we were informed by the Independent Auditor that it had arranged the "System for Ensuring Properness in Execution of Duties" (matters stipulated in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), requested explanations as necessary and received responses.

Based on the procedures mentioned above, we reviewed the Business Report and the related supplementary schedules, the Non-consolidated Financial Statements, which comprise the Balance Sheet, Statement of Income, Statement of Change in Equity, Notes to the Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Change in Equity, and Notes to the Consolidated Financial Statements for the year ended March 31, 2019.

### 2. Results of Audit

- (1) Results of the audit of Business Report, etc.

We acknowledge that:

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the execution of duties by Board Directors, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company; and
- 3) The resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters or findings to be brought up regarding details stated in the Business Report and the execution of duties by Board Directors in relation to such internal control system.

(2) Results of the audit of Non-consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of the audit of Consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 13, 2019

Audit & Supervisory Board of Recruit Holdings Co., Ltd.

Audit & Supervisory Board Member (standing)	Yukiko Nagashima
Audit & Supervisory Board Member (standing)	Akihito Fujiwara
External Audit & Supervisory Board Member	Hiroki Inoue
External Audit & Supervisory Board Member	Yasuaki Nishiura

## Status of Compliance with Corporate Governance Code (FY2018)

(Reference) The Company adopts and implements the following policies based on the five general principles of Japan's Corporate Governance Code.

### 1. Securing the Rights and Equal Treatment of Shareholders

The Company shall strive to proactively disclose information and improve the environment to facilitate the exercise of voting rights, in order to effectively secure rights to vote at Shareholders' Meetings and other forms of shareholder rights.

### 2. Appropriate Cooperation with Stakeholders other than Shareholders

Based on the Recruit Group Philosophy, the Company shall strive to achieve long-term, stable growth and continuously increase its enterprise value as a business that is viewed as a positive force by users of Recruit products and services, clients, shareholders, employees, business partners, NPOs and NGOs, national and other governmental organizations, local communities and all other principal stakeholders of the Company.

### 3. Ensuring Appropriate Information Disclosure and Transparency

In addition to properly engaging in disclosures as required by laws and regulations, the Company will proactively disclose information as called for by the five general principles of Japan's Corporate Governance Code to help secure transparency and fairness in decision-making, and promote effective corporate governance.

### 4. Responsibilities of the Board of Directors

The Board of Directors sets the basic management direction and performs management oversight. In addition to matters subject to exclusive board discretion, as provided in laws and regulations, the Board of Directors also makes executive decisions on matters that could significantly impact group philosophy, corporate governance systems, consolidated results and the reputation of the Group. When the speed of decision-making is a matter of critical concern, executive decision-making authority is vested in the President and Representative Director within certain bounds, and the Board of Directors oversees implementation of the decisions made. Board Directors are elected by the shareholders to be entrusted with management of the Company. In performing their duties, they bear fiduciary responsibility and the duty of diligence, as they contribute to sustainable growth and an increase in enterprise value over the medium to long term.

### 5. Dialogue with Shareholders

To promote dialogue with shareholders, the Company shall have a corporate executive officer assigned to oversee capital market strategy and a department dedicated to handling IR work. Requests by institutional investors for meetings are accepted within reasonable bounds, and the Company shall establish a contact point for responding to inquiries by individual shareholders.

For details regarding the Company's approach on corporate governance and corporate governance reports, please visit the Company's website.

<https://recruit-holdings.com/who/governance/corporate>

## Reference | Recruit Group's Sustainability

### Aiming for a Brighter and More Fulfilling World in which All Individuals Can Live Life to the Fullest

In order to realize our corporate mission of creating a brighter and more fulfilling world in which all individuals can live life to the fullest, we have established the following three guiding principles and established five core themes based on the perspectives of expectations on the Recruit Group, and the level of contribution of our business. We also identified six development goals that we should address in particular from among the SDG. We will do what is in our power in collaboration and partnership with our stakeholders.

#### ■ Three Guiding Principles for Sustainability

1. Promoting businesses that contribute positively to society
2. Meeting global stakeholders' expectations
3. Fulfilling our responsibilities as global citizens

#### ■ Five Material Matters and SDG Domino Effects

We have facilitated the optimal matching of individual users and enterprise clients based on our business activities with the aim of creating a world where each and every person is able to find what really matters to them. It eliminates asymmetries in information and broadens choices, making it relevant to realizing SDG "10. Reduced inequalities." Through a wide range of business development centered on the staffing field, and by focusing efforts on SDG "10. Reduced inequalities," we will aim to create a domino effect of chain reactions. Through this, we are working toward these goals with the intention of having a meaningful impact on society.





In order to achieve its basic philosophy, the Recruit Group aims to create a society where everyone is motivated to work. Furthermore, we strive to sustainably create social value through our business activities. We call the initiatives we implement to realize these objectives sustainability activities. In addition to our business activities, we also engage in various social contribution activities and the creation of diverse organizations within our own company. Here are some of our sustainability activities. See our corporate website above for information on other activities not contained below.

## For Society

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1



**Physical measurement and employment support for seniors:** We are expanding our initiatives nationwide to help seniors find jobs in their local area by visualizing their physical strength, processing capabilities, and individual characters.

2



**Iction!:** This project supports women to re-enter the workforce or balance parenting and work, with the theme of creating an environment where employees can more easily balance work with parenting.

The entire Group has worked to create short-hour jobs that can be easily balanced with parenting for the nearly one million child-raising mothers across Japan who are seeking job opportunities. As of March 2019, the Group has succeeded in creating over 200,000 job opportunities. In July 2017, we concluded a collaboration agreement with Kitakyushu City in Fukuoka, and together with the local government and local companies, we have been providing employment support for women.

3



**Regional community revitalization:** In March 2017, we concluded a comprehensive collaborative agreement with the City of Arida in Wakayama Prefecture and conducted a cooperative experiment on a model for assisting mandarin farmers. As an open innovation initiative that seeks to develop businesses in collaboration with local governments and companies/associations in other industries, we aim to raise income levels of farmers and increase the number of new farmers.

4



**WORKFIT:** This employment support program for young people, including those without jobs, was launched in 2011, and has been joined by approximately 30,000 people. We send instructors from various fields to provide on-site career education, including job interview practices, in places such as special nursing homes and reformatories.

5



**Athlete Support Program:** Many employees at Recruit Office Support are athletes balancing their work and sporting careers and there are five employees with their sights set on participating in the Tokyo 2020 Olympics and Paralympics.

\* Koji Sugeno is an example of such employees, who is ranked Number 1 in Japan and third in the world in the wheelchair tennis quad class as of April 2019.

6



**Town Hall Meetings:** We regularly provide a forum for the management team and employees who are a part of our stakeholders to freely discuss about various themes related to sustainability.