

Notice of Annual Meeting of Shareholders 2020

Recruit Holdings Co., Ltd.

In this Notice of Annual Meeting of Shareholders, the terms the “Company,” “Recruit Holdings,” “we,” and “our” refer to Recruit Holdings Co., Ltd. and its consolidated subsidiaries unless the context indicates otherwise. The “Holding Company” refers to Recruit Holdings Co., Ltd. on a standalone basis.

The Company’s fiscal year starts on April 1 and ends on March 31 of each year. Accordingly, “FY2019” refers to the period from April 1, 2019 to March 31, 2020. References to “FY” or “fiscal year” for prior and subsequent are to 12-month periods commencing in each case on April 1 of the year indicated and ending on March 31 of the following year.

Q1 refers to the three-month period from April 1 to June 30, Q2 refers to the three-month period from July 1 to September 30, Q3 refers to the three-month period from October 1 to December 31, and Q4 refers to the three-month period from January 1 to March 31.

LETTER TO SHAREHOLDERS

Dear Shareholders:

I am pleased to invite you to participate in our 60th Annual Shareholders Meeting.

First of all, I want to express that our hearts go out to everyone who has been affected by COVID-19. I would also like to express my sincere gratitude to many people, including medical professionals, who are making every effort to prevent the global spread of COVID-19.

The Company will prepare information and related materials regarding Annual Shareholders Meeting on its website prior to the meeting in order to provide our shareholders with access to necessary information to exercise their voting rights without physically attending the event.

It is the Company's utmost priority to protect the health and safety of all our shareholders amidst the global spread of coronavirus (COVID-19) as it is impossible to predict when the situation will be resolved.

We encourage all shareholders to kindly submit their voting materials by mail or via the Internet in order to prevent the spread of COVID-19.

The Company operates its businesses aiming to increase its enterprise value in a sustainable way. For the fiscal year under review (April 1, 2019 to March 31, 2020), HR technology and Media & Solutions segments recorded solid growth, achieving record-high consolidated revenue as well as record-high adjusted EBITDA and adjusted EPS, which are our key management performance indicators.

However, the Company's revenue and profits have been negatively affected in the short term due to restricted economic activity caused by shelter-in-place requirements in many countries around the world in order to prevent the spread of COVID-19.

The Company will continue to provide efficient matching solutions to help society by using advanced technology to respond to the emerging needs of people and businesses in a time of unprecedented change and uncertainty.

In addition, as a publicly traded company, the Company is taking steps such as evolving the risk management for the Company to further strengthen its governance. In particular, the Company will provide appropriate supervision and instruction on data usage, such as conducting thorough employee education on personal information including handling in recruitment activities.

All of the Company's employees have been creating new value with our stakeholders by solving dissatisfactions, inconveniences, and other concerns in society and among our clients. Going forward, the Company will continue to focus on creating new value through innovation to solve challenges in Japan and around the world by adopting an awareness of the importance of Environmental, Social, and Governance (ESG) perspectives, contributing to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations, and by collaborating with various stakeholders.

Thank you for your continued understanding and support.

June, 2020



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

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Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions, estimates and outlook for the future based on the Company's plans and expectations as of March 31, 2020 unless the context otherwise indicates. There can be no assurance that the relevant forward-looking statements will be achieved. Please note that significant differences between such forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and enterprise clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other factors. Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.

Note Regarding Reference Translation

This document has been translated from the Japanese language original for reference purposes only and may not be used or disclosed for any other purpose without the Company's prior written consent. In the event of any conflict or discrepancy between this translated document and the Japanese language original, the Japanese language original shall prevail in all respects. The Company makes no representations regarding the accuracy or completeness of this translation and assumes no responsibility for any losses or damages arising from the use of this translation.

Third-Party Information

This document includes information derived from or based on third-party sources, including information about the markets in which we operate. These statements are based on statistics and other information from third-party sources as cited herein, and the Company has not independently verified and cannot assure the accuracy or completeness of any information derived from or based on third-party sources.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2020

TSE code: 6098
June 15, 2020

Dear Shareholders:

We would like to notify you of the 60th Annual Meeting of Shareholders (the “Meeting”) of Recruit Holdings for FY2019.

Amid the continued uncertain outlook for the spread of the coronavirus (COVID-19), the government and prefectural governors have continued various measures and requests to prevent the spread of COVID-19. After careful consideration of the situation, the Company has decided to hold this Meeting after taking appropriate measures to prevent the spread of infection while giving top priority to the health and safety of all shareholders.

Accordingly, you are kindly requested to exercise your voting rights by mail or via the Internet. Please review the attached Reference Documents for the Annual Meeting of Shareholders and the documents that will be posted on the Company’s website, and exercise your voting rights by 5:30 p.m. JST, June 29, 2020 (Monday).

Thank you very much for your cooperation.

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

Date and Time:	June 30, 2020 (Tuesday) at 11:00 a.m. JST (Reception for attendees opens at 10:00 a.m. JST)
Place:	4F Hall, BELLESALLE Onarimon Tower, Sumitomo Fudosan Onarimon Tower (Reception: 4F) 1-1-1 Shibakoen, Minato-ku, Tokyo, Japan
Meeting Agenda:	
Report matters:	<ol style="list-style-type: none">1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for FY20192. The Non-consolidated Financial Statements for FY2019
Matters to be acted upon:	Proposal 1: Election of Six (6) Directors of the Board
	Proposal 2: Election of Three (3) Audit & Supervisory Board Members and One (1) Substitute Audit & Supervisory Board Member

Instructions for Exercising Voting Rights

1. To vote by mail, 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. JST on June 29, 2020 (Monday).
 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. JST on June 29, 2020 (Monday).
 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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Voting Information

- * When attending in person on the day of the Meeting, 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 Notice of Annual Meeting of Shareholders, the “Status of Stock Acquisition Rights” and “Internal Controls and Its Operational Status” in the Business Report, 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 separately made available on the Company’s website (<https://recruit-holdings.com/ir/>) under laws and regulations and Article 15 of the Company’s Articles of Incorporation, and are not detailed in this Notice.
Consolidated and Non-consolidated Financial Statements audited by the Audit & Supervisory Board members and the Independent Auditor comprise the statements specified in this 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 Annual 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.com/ir/>).
- * 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.
- * **Starting this year, instead of mailing the Notice of Resolutions in writing, we will publish the result of resolutions on our website (<https://recruit-holdings.com/ir/>) after the Meeting is concluded.**

Notice on Measures in Response to COVID-19

In order to prevent the spread of COVID-19, the Company has decided to hold the Annual Meeting of Shareholders after taking appropriate measures to prevent the spread of infection while giving top priority to the health and safety of all shareholders. Thank you very much for your understanding and cooperation.

- * The event will be held at a smaller scale than in previous years. In order to secure spaces between seats, the number of seats available will be significantly smaller than in previous years. Please note that if the number of visitors exceeds the number of seats, admission may be restricted to prevent the spread of infection.
- * Please note that the Meeting time will be shortened from the previous year and that only brief explanations will be provided in the Meeting.
- * With the exception of a few members, the Company's Directors of the Board and Audit & Supervisory Board members will participate in the Meeting remotely via the Internet.
- * The administrative staff present will wear face masks.
- * We will measure the temperature of shareholders present at the reception desk on the day of the Meeting. If a shareholder is found to be in poor health, such as having a fever of 37.0 degrees or higher, we may take necessary measures to prevent the spread of infection, such as restricting his/her admission to the meeting room.

Notice on Dividends of Surplus

Based on a resolution at the Annual 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.

The Board of Directors authorized the payment of year-end dividends for FY2019 at its meeting on May 27, 2020, and under the provisions in the Articles of Incorporation, as follows.

Year-end dividend:	15.0 yen per share
Effective date and date of commencing payment:	June 23, 2020 (Tuesday)

We plan to send "Statements of Payments of Dividends" and "Confirmation of Designated Account for the Payment of Dividends" on June 22, 2020 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.

For any other shareholders not mentioned above, we plan to send "Dividend Receipts" and "Statements of Payments of Dividends" on June 22, 2020. The dividends can be collected at savings counters of nearby Japan Post Bank or post offices within the term for payment (June 23, 2020 to July 31, 2020).

REFERENCE DOCUMENTS FOR THE ANNUAL MEETING OF SHAREHOLDERS

Proposal 1: Election of Six (6) Directors of the Board

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

The candidates for Directors of the Board are as follows:

Candidate No.	Name	Board position	Director since	Attendance at Board of Directors meeting during FY2019
1	Masumi Minegishi	President and Representative Director of the Board	2009	Participated in all 13 meetings
2	Hisayuki Idekoba	Director of the Board	2019	Participated in all 11 meetings *
3	Ayano Senaha	-	New appointment	-
4	Rony Kahan	Director of the Board	2018	Participated in all 13 meetings
5	Naoki Izumiya	Outside Director of the Board, Independent	2018	Participated in all 13 meetings
6	Hiroki Totoki	Outside Director of the Board, Independent	2018	Participated in all 13 meetings

* A total of eleven meetings of the Board of Directors were held since he was appointed as Director of the Board at the Annual Meeting of Shareholders held on June 19, 2019.



CEO, President, and Representative Director of the Board

Age: 56
(Date of Birth: January 24th, 1964)

Number of Company Shares held: 1,001,530

Career summary:

Masumi Minegishi has served as CEO, President, and Representative Director of the Board of Recruit Holdings since 2012. He is credited with leading the Company's transformation into a global tech company. Five years after joining the Company in 1987, Mr. Minegishi was transferred to the new business development office, where he contributed to the launch of Zexy, the bridal magazine. In 2009, as a newly-appointed Director of the Board and Managing Corporate Executive Officer, he led the housing information business and consolidated numerous operations to build the SUUMO brand.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

*Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.
Current position

April	2012	• CEO*, President*, and Representative Director of the Board*
April	2011	• Senior Managing Corporate Executive Officer in charge of Corporate Strategy Office, Business Development, Corporate Planning, Human Resources, and Integrated Marketing Communication(IMC); Director of the Board
April	2010	• Managing Corporate Executive Officer in charge of Customer Action Platform Strategic Business Unit, Business Development, Corporate Planning, and Housing; Director of the Board *Customer Action Platform referring to the travel, dining, beauty, education, and other lifestyle business categories
June	2009	• Managing Corporate Executive Officer in charge of Business Development, Corporate Planning, and Housing; Director of the Board
April	2004	• Managing Corporate Executive Officer in charge of Important Strategy Control at Sales Promotion Business (formerly the Group-IMC Strategic Business Unit), Housing Division Company, and IMC Division Company
April	2003	• Corporate Executive Officer in charge of Information & Editing Department and IMC Division Company
April	1987	• Joined the Company

Significant concurrent position(s)

- Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)

Reasons for being appointed as a candidate for Director of the Board

Masumi Minegishi has served as CEO of Recruit Holdings Co. Ltd., since 2012 and oversees the business of the entire group, which has greatly benefitted from his strong leadership. Mr. Minegishi has served as a Director of the Board since 2009 and we believe that he is the appropriate person to sustainably improve the enterprise value of the Company, and should continue to serve as a Director of the Board.



COO, Executive Vice President, and Director of the Board

Age: 45
(Date of Birth: April 22nd, 1975)

Number of Company Shares held: 228,933

Career summary:

Hisayuki “Deko” Idekoba is COO and Executive Vice President of Recruit Holdings, overseeing the company’s business operations. He was appointed as a Director of the Board in 2019. Mr. Idekoba has led the digital transformations of the Company’s numerous businesses including travel, beauty and dining. He was responsible for transitioning print publications and marketing into online businesses. In his previous role as head of digital strategy, he led the acquisition of Indeed and later served as Indeed’s CEO, turning the Company into the leading global HR technology company it is today.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

*Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.
Current position

April	2020	• Executive Vice President* in charge of Finance* and Operations (COO)*; Director of the Board*
June	2019	• Senior Managing Corporate Executive Officer in charge of Corporate Planning (CSO), Administration (CRO), and Operations (COO); Director of the Board*
April	2019	• Senior Managing Corporate Executive Officer in charge of Corporate Planning (CSO), Administration (CRO), and Operations (COO); Director of the Board* of Indeed, Inc.
April	2018	• Director of the Board* of Recruit Co., Ltd.
January	2018	• Senior Managing Corporate Executive Officer in charge of Operations (COO); CEO* and Director of the Board* of RGF OHR USA, Inc.; Chairman and Director of the Board* of RGF Staffing B.V. (formerly Recruit Global Staffing B.V.)
April	2016	• Managing Corporate Executive Officer in charge of HR Technology Strategic Business Unit (SBU) (formerly Global Online HR SBU)
October	2015	• CEO of Indeed, Inc.
October	2013	• CEO and President of Indeed, Inc.
September	2012	• Chairman of the Board of Indeed, Inc.
April	2012	• Corporate Executive Officer in charge of R&D and Asia Job Board at Global Headquarters
April	1999	• Joined the Company

Significant concurrent position(s)

- Director of the Board of Indeed, Inc.
- CEO and Director of the Board of RGF OHR USA, Inc.
- Director of the Board of Recruit Co., Ltd.
- Chairman and Director of the Board of RGF Staffing B.V.

Reasons for being appointed as a candidate for Director of the Board

Hisayuki “Deko” Idekoba has served as a Corporate Executive Officer of the Company since 2012. Mr. Idekoba has driven much of the Company’s technology-based business growth and has successfully grown Indeed into a world-class global job search engine. Mr. Idekoba has served as a member of the Board of Directors of the Company since 2019 and we believe that he is the appropriate person to sustainably improve the enterprise value of the Company, and should continue to serve as a Director of the Board.



**CSO, CHRO, CRO, and
Managing Corporate
Executive Officer**

Age: 37
(Date of Birth: December
5th, 1982)

**Number of Company
Shares held: 19,500**

Career summary:

Ayano “Sena” Senaha has played a major role in the rapid globalization of the Company, leading and contributing to a series of post-merger integrations. In 2012, she was transferred to newly acquired ADVANTAGE RESOURCING UK LIMITED and Advantage XPO Limited, and skillfully turned around its financial performance being appointed Managing Director in 2014. While serving as Chief of Staff at Indeed, Inc., Ms. Senaha also serves as Recruit Holdings’ CSO, CHRO, CRO and Managing Corporate Executive Officer. She is credited with aiding the development of a business governance structure that neutralizes risks while enabling quick decision-making.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

*Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.
Current position

April	2020	• Managing Corporate Executive Officer* in charge of Corporate Planning (CSO)*, Human Resources and General Affairs (CHRO)*, and Risk Management (CRO)*
January	2020	• Director* of the Board of Glassdoor, Inc.
April	2018	• Corporate Executive Officer in charge of Corporate Planning, Corporate Communication, and Human Resources
January	2018	• Executive Manager in charge of Corporate Planning and Talent Management; Chief of Staff at Indeed, Inc.; Director* of the Board of RGF OHR USA, Inc.
April	2016	• Executive Manager in charge of Talent Management
July	2015	• Executive Manager in charge of R&D Business Development
January	2014	• Managing Director of Advantage Group Limited; Managing Director of ADVANTAGE PROFESSIONAL UK LIMITED; Director of Advantage XPO Limited
January	2013	• Director of ADVANTAGE RESOURCING UK LIMITED; Director of Advantage XPO Limited
April	2006	• Joined the Company

Significant concurrent position(s)

- Director of the Board of RGF OHR USA, Inc.
- Director of the Board of Glassdoor, Inc.

Reasons for being appointed as a candidate for Director of the Board

Ayano “Sena” Senaha has served as Corporate Executive Officer of the Company since 2018. Ms. Senaha has played a major role in the rapid globalization of the Company, having led and contributed to several post-merger integrations and having developed a corporate governance structure which ensures the balance of business strategies and risk management. Therefore, we believe that she is the appropriate person to sustainably improve the enterprise value of the Company, and should serve as a Director of the Board.



**Director of the Board
(Non-Executive)**

Age: 52
(Date of Birth: November 26th, 1967)

**Number of Company
Shares held: 116,050**

Career summary:

Rony Kahan was appointed as a Director of the Board of Recruit Holdings in 2018. He also serves as Chairman of the Board of Indeed since 2013. Mr. Kahan started his career in the HR industry in 1998 by co-founding jobsinthemoney.com, which became the leading job site for finance professionals. In 2003 he sold the business, and the following year, co-founded Indeed with the mission to help people get jobs. This novel approach to the job search market caught the attention of Recruit Holdings, which acquired Indeed in 2012. Working together with the new leadership team, Mr. Kahan successfully grew Indeed into the world’s leading job search engine.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

*Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.
Current position

- June 2018 • Director of the Board*
- April 2018 • Chairman and Director of the Board* of RGF OHR USA, Inc.
- October 2013 • Chairman of the Board* of Indeed, Inc.
- September 2012 • CEO of Indeed, Inc.
- November 2004 • Co-founder, President, and Chairman of the Board of Indeed, Inc.
- August 1998 • Co-founder of jobsinthemoney.com, Inc.

Significant concurrent position(s)

- Chairman of the Board of Indeed, Inc.
- Chairman and Director of the Board of RGF OHR USA, Inc.

Reasons for being appointed as a candidate for Director of the Board

Rony Kahan is a co-founder of Indeed, Inc., a consolidated subsidiary of Recruit Holdings. We are confident that his extensive track record of innovation, his deep expertise and broad connections in the HR technology industry will help us further accelerate the global expansion of our HR technology business. Mr. Kahan has served as a Director of the Board of the Company since 2018 and we believe that he is the appropriate person to sustainably improve the enterprise value of the Company, and should continue to serve as non-Executive Director of the Board.



Outside Director of the Board (Non-Executive, Independent)

Age: 71
(Date of Birth: August 9th, 1948)

Number of Company Shares held: 622

Career summary:

Naoki Izumiya, who is Chairman of the Board of Asahi Group Holdings, Ltd., has served as an outside Director of the Recruit Holdings Board since 2018. Before his role as Chairman, he promoted the growth of Asahi Group companies and spearheaded acquisitions including Calpis Co., Ltd. Mr. Izumiya served in various roles at Asahi Breweries, Ltd. including Senior General Manager of Strategy Planning Headquarters, General Manager of the Tokyo Branch and Public Relations before he was appointed President and Representative Director of Asahi Breweries, Ltd. in 2010.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

		<i>*Current position</i>
March	2019	• Chairman of the Board* of Asahi Group Holdings, Ltd.
June	2018	• Outside Director of the Board* of Recruit Holdings Co., Ltd.
March	2018	• Chairman and Representative Director of Asahi Group Holdings, Ltd.
March	2016	• Chairman and Representative Director, CEO of Asahi Group Holdings, Ltd.
March	2014	• President and Representative Director, CEO of Asahi Group Holdings, Ltd.
July	2011	• President and Representative Director, COO of Asahi Group Holdings, Ltd.
March	2010	• President and Representative Director of Asahi Breweries, Ltd.
March	2009	• Senior Managing Director and Senior Managing Corporate Officer of Asahi Breweries, Ltd.
March	2006	• Managing Director, Managing Corporate Officer, and Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages at Asahi Breweries, Ltd.
March	2004	• Managing Director of Asahi Breweries, Ltd.
March	2003	• Director of Asahi Breweries, Ltd.
September	2001	• Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, and General Manager of Tokyo Branch at Asahi Breweries, Ltd.
October	2000	• Corporate Officer and Senior General Manager of Strategy Planning Headquarters at Asahi Breweries, Ltd.
March	2000	• Corporate Officer and Senior General Manager of Group Management Strategy Headquarters at Asahi Breweries, Ltd.
April	1972	• Joined Asahi Breweries, Ltd.

Significant concurrent position(s)

- Chairman of the Board of Asahi Group Holdings, Ltd.
- Independent Director of Obayashi Corporation

Reasons for being appointed as a candidate for Director of the Board

Naoki Izumiya has a strong background in advanced corporate communication strategy, a track record of executive development, and extensive experience enhancing enterprise value through aggressive acquisition and successful synergistic integration of overseas companies. Mr. Izumiya has served as an outside Director of the Board of Recruit Holdings since 2018. We believe that he is the appropriate person to advise the Company on overall management and supervise the execution of the business, and should continue to serve as outside Director of the Board.

Independence Criteria

Mr. Izumiya meets both the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Holding Company. Within the past 10 years, Mr. Izumiya has served as Chairman and Representative Director of Asahi Group Holdings, Ltd., which has a business relationship with the Company in services including temporary staffing. However, such transactions account for less than 1% of the consolidated revenue of Asahi Group Holdings, Ltd. and Recruit Holdings, respectively, and are thus too small to be material. Therefore, the Company believes that Mr. Izumiya has sufficient independence where there are no potential conflicts of interests with general shareholders.

HIROKI TOTOKI

Director of the Board since 2018



Outside Director of the Board (Non-Executive, Independent)

Age: 55
(Date of Birth: July 17th, 1964)

Number of Company Shares held: 1,246

Career summary:

Hiroki Totoki, who is Senior Executive Vice President, CFO, Representative Corporate Executive Officer, and Director of the Board of Sony Corporation, has served as an outside Director of the Recruit Holdings Board since 2018. In previous roles at Sony Corporation, he contributed to the launch of Sony Bank, Inc., and led Sony's Business Strategy, Corporate Development, Finance, and New Business Development departments. In 2014, Mr. Totoki led the structural reformation of the smartphone business as President and CEO of Sony Mobile Communications Inc.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

		<i>*Current position</i>
June	2019	• Director* of Sony Corporation
June	2018	• Senior Executive Vice President,* CFO,* and Representative Corporate Executive Officer* of Sony Corporation; Outside Director of the Board* of Recruit Holdings Co., Ltd.
April	2018	• Executive Vice President, CFO, and Representative Corporate Executive Officer of Sony Corporation
June	2017	• Executive Vice President, CSO, and Corporate Executive Officer of Sony Corporation
April	2016	• Executive Vice President and Corporate Executive Officer of Sony Corporation; President and Representative Director of Sony Network Communications, Inc. (formerly So-net Corporation)
November	2014	• Group Executive of Sony Corporation; President and CEO of Sony Mobile Communications, Inc.
December	2013	• Senior Vice President and Corporate Executive of Sony Corporation
April	2013	• Representative Director, Corporate Executive Officer, Deputy President, and CFO of Corporate Executive Officer of Sony Network Communications, Inc. (formerly So-net Entertainment Corporation)
April	2012	• Representative Director, Corporate Executive Officer and Senior Managing Director of Sony Network Communications, Inc. (formerly So-net Entertainment Corporation)
June	2005	• Director, Corporate Executive Officer and Senior Managing Director of Sony Network Communications, Inc. (formerly Sony Communication Network Corporation)
February	2002	• Representative Director of Sony Bank, Inc.
April	1987	• Joined Sony Corporation

Significant concurrent positions

- Director, Senior Executive Vice President, CFO, and Representative Corporate Executive Officer of Sony Corporation

Reasons for being appointed as a candidate for Director of the Board

Hiroki Totoki has deep insight, cultivated through years of managing a global company with diversified business portfolios and experience leading technology-based business development. Mr. Totoki has served as an outside Director of the Board of Recruit Holdings since 2018. We believe that he is the appropriate person to advise the Company on overall management and supervise the execution of business, and should continue to serve as outside Director of the Board.

Independence Criteria

Mr. Totoki meets both the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Holding Company. He currently serves as Director, Senior Executive Vice President, CFO, and Representative Corporate Executive Officer of Sony Corporation, which has a business relationship with the Company including our Media and Solutions business. However, such transactions account for less than 1% of Sony Corporation consolidated sales and operating revenue and Recruit Holdings consolidated revenue, respectively, and are thus too small to be material. Therefore, the Company believes that Mr. Totoki has sufficient independence where there are no potential conflicts of interests with general shareholders.

- * Each candidate does not have any special interest in the Holding Company.
- * The above number of shares held by each candidate is as of March 31, 2020, and the shares held include a stake in the Recruit Group Officer Stock Ownership Association and a stake in American Depositary Receipt (ADR). The above age of each candidate is as of June 30, 2020. Other information in the Reference Documents for the Annual Meeting of Shareholders is based on information available as of May 27, 2020.
- * The Holding Company has entered into agreements with Messrs. Rony Kahan, Naoki Izumiya and Hiroki Totoki to limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required under applicable laws and regulations. The limitation of liability, however, applies only when the relevant personnel has performed his or her duties in good faith and is not deemed negligent. If the reappointment of each of them is approved as proposed, the agreements will be continued.
- * The Company has reported Messrs. Naoki Izumiya and Hiroki Totoki to the Tokyo Stock Exchange as Independent Directors of the Board as specified by the Tokyo Stock Exchange. If they are reappointed as proposed, they will continue to serve as Independent Directors of the Board.

Proposal 2: Election of Three (3) Audit & Supervisory Board Members and One (1) Substitute Audit & Supervisory Board Member

The terms of office of Audit & Supervisory Board members Ms. Yukiko Nagashima and Mr. Yasuaki Nishiura will expire, and Audit & Supervisory Board member Mr. Hiroki Inoue will resign from his position, respectively, at the conclusion of the Meeting. Accordingly, the election of three (3) Audit & Supervisory Board members 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:

YUKIKO NAGASHIMA (Name on family register: YUKIKO WATANABE)

Audit & Supervisory Board Member since 2016



Standing Audit & Supervisory Board Member

Age: 59
(Date of Birth: April 4th, 1961)

Number of Company Shares held: 437,050

Career summary:

Yukiko Nagashima assumed her current role as a Standing Audit & Supervisory Board member for Recruit Holdings in 2016. She started out in Recruit Holdings' HR business and transferred to the HR department in 1995, where she led talent management initiatives. In 2004, she spearheaded the growth of Zexy bridal business and, in 2006, was appointed a Corporate Executive Officer. Two years later in 2008, Ms. Nagashima became President and Representative Director of Recruit Staffing Co., Ltd., where she promoted productivity-focused work styles and diversity and inclusion in the workforce.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2024.

Career summary, positions and responsibilities

*Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.
Current position

March	2019	• Outside Director of the Board* of Japan Tobacco Inc.
April	2018	• Standing Audit & Supervisory Board Member* of Recruit Co., Ltd.
June	2016	• Standing Audit & Supervisory Board Member*
April	2016	• Advisor
January	2008	• President and Representative Director of Recruit Staffing Co., Ltd.
April	2006	• Corporate Executive Officer of the Bridal Information Division
April	1985	• Joined the Company

Significant concurrent position(s)

- Outside Director of Japan Tobacco Inc.

Reasons for being appointed as a candidate for Audit & Supervisory Board member

Yukiko Nagashima has served in the management of the Company as Corporate Executive Officer for many years. Ms. Nagashima has a wealth of experience and knowledge in human resources, the bridal related information business and the staffing business operations. She has served as an Audit & Supervisory Board member since 2016 and we believe that she is the appropriate person to supervise the Company's overall management, and should continue to serve as Audit & Supervisory Board member.



Outside Audit & Supervisory Board Member (Independent)

Age: 64
(Date of Birth: February 19th, 1956)

Number of Company Shares held: 0

Career summary:

Yoichiro Ogawa holds over 30 years of auditing, accounting, and leadership experience with Deloitte Touche Tohmatsu LLC. He served in various roles including Partner, Vice Chairman of the Board of Directors, Asia-Pacific Region Representative, and CEO of Deloitte Tohmatsu Group leading the enhancement of the brand value within Japan, and driving cooperation with countries across regions. Mr. Ogawa founded the Yoichiro Ogawa CPA Office in 2018.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2024.

Career summary, positions and responsibilities

**Current position*

November	2018	• Founder* of Yoichiro Ogawa CPA Office
July	2015	• CEO of Deloitte Tohmatsu Group
June	2015	• Representative of the Asia Pacific Region at Deloitte Touche Tohmatsu Limited
October	2013	• Deputy CEO of Deloitte Touche Tohmatsu LLC
June	2011	• Vice Chairman of the Board of Directors at Deloitte Touche Tohmatsu Limited
June	2007	• Member of the Board of Directors at Deloitte Touche Tohmatsu Limited
June	1993	• Partner at Deloitte Touche Tohmatsu LLC
March	1984	• Certified Public Accountant
October	1980	• Joined Deloitte Touche Tohmatsu LLC (formerly Tohmatsu & Aoki Audit Corporation)

Significant concurrent position(s)

- Chief of Yoichiro Ogawa CPA Office

Reasons for being appointed as a candidate for Audit & Supervisory Board member

Yoichiro Ogawa has international accounting expertise as a certified public accountant and has management experience, having served as CEO of a global accounting firm. Mr. Ogawa brings a neutral and objective perspective supported by deep insight and a wealth of international experience. We believe that he is the appropriate person to supervise the Company's overall management and that he should serve as an outside Audit & Supervisory Board member.

Independence Criteria

Mr. Ogawa currently heads the Yoichiro Ogawa CPA Office. Within the past 10 years he has also worked for Deloitte Touche Tohmatsu Limited, Deloitte Touche Tohmatsu LLC, and the Deloitte Tohmatsu Group. These companies have business relationships with the Company including the Staffing business. However, such transactions account for less than 1% of the sales of those companies and Recruit Holdings consolidated revenue, respectively, and are thus too small to be material. Therefore, the Company believes that Mr. Ogawa has sufficient independence where there are no potential conflicts of interests with general shareholders.



Outside Audit & Supervisory Board Member (Independent)

Age: 61
(Date of Birth: May 15th, 1959)

Number of Company Shares held: 0

Career summary:

Katsuya Natori worked at several law offices and JXTG Nippon Oil & Energy Corporation before joining Apple Japan, Inc. in 1995. In 1998, he became General Counsel at Oracle Information Systems (Japan), and in the mid-2000s, he took on multiple leadership roles at IBM Japan, Ltd. Mr. Natori founded the Natori Law Office in 2012 and simultaneously serves on the Board of Directors of various companies including MODEC, Inc., Global One Real Estate Investment Corporation, and Olympus Corporation.

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2024.

Career summary, positions and responsibilities

**Current position*

June	2019	• External Director* and Chairman of Audit Committee* of Olympus Corporation
April	2016	• Supervisory Director* of Global One Real Estate Investment Corporation
March	2015	• External Director* of MODEC, Inc.
April	2012	• External Statutory Auditor at Olympus Corporation
February	2012	• Founder* of Natori Law Office
April	2010	• Vice President of Global Process Services at IBM Japan, Ltd.
January	2004	• General Counsel at IBM Japan, Ltd.
March	2002	• General Counsel and Executive Officer at Fast Retailing Co., Ltd.
January	1997	• General Counsel at Oracle Information Systems (Japan) G.K. (formerly Sun Microsystems K.K.)
January	1995	• General Counsel at Apple Japan, Inc. (formerly Apple Computer Co., Ltd.)
July	1993	• Counsel at JXTG Nippon Oil & Energy Corporation (formerly Esso Petroleum Corporation)
July	1992	• Visiting Lawyer at Wilmer, Cutler, Pickering, Hale and Dorr LLP (formerly Wilmer, Cutler & Pickering)
June	1990	• Visiting Lawyer at Davis Wright Tremaine LLP
April	1986	• Associate Lawyer at Nishimura & Asahi (formerly Masuda & Ejiri Law Office)

Significant concurrent position(s)

- Chief of Natori Law Office
- External Director, MODEC, INC.
- Supervisory Director of Global One Real Estate Investment Corp.
- External Director and Chairman of Audit Committee of Olympus Corporation

Reasons for being appointed as a candidate for Audit & Supervisory Board member

Katsuya Natori has developed expertise as a lawyer and has international legal experience, heading the legal department at several global IT companies. Mr. Natori brings a neutral and objective perspective supported by his deep insight and a wealth of international experience. We believe that he is the appropriate person to supervise the Company's overall management and should serve as an outside Audit & Supervisory Board member.

Independence Criteria

Mr. Natori currently heads the Natori Law Office, which has no business relationship with the Company. Therefore, the Company believes that Mr. Natori has sufficient independence where there are no potential conflicts of interests with general shareholders.



Substitute Outside Audit & Supervisory Board Member (Independent)

Age: 45
(Date of Birth: December 1st, 1974)

Number of Company Shares held: 0

Career summary:

Miho Tanaka has served as Partner of SHIBA & TANAKA LAW OFFICES (formerly Shiba Management Legal Office) since 2015. Her field of expertise is in cross-border business for Japanese and international companies, mergers and acquisitions, finance transactions and corporate governance. Prior to this, she worked at TMI Associates from 2007. Ms. Tanaka started her career in 2004 when she was admitted to Dai-ni Tokyo Bar Association and joined Asahi Koma Law Office (currently Nishimura & Asahi).

Term of Office:

From June 30, 2020 to the conclusion of the Annual Meeting of Shareholders to be held in 2021.

Career summary, positions and responsibilities

**Current position*

February	2016	• Supervisory Director* of Marimo Regional Revitalization REIT, Inc.
July	2015	• Partner* of SHIBA & TANAKA LAW OFFICES (formerly Shiba Management Legal Office)
February	2007	• TMI Associates
October	2004	• Admitted to Dai-ni Tokyo Bar Association, Asahi Koma Law Office (currently Nishimura & Asahi)

Significant concurrent position(s)

- Partner of Shiba Management Legal Office (SHIBA & TANAKA LAW OFFICES)
- Supervisory Director of Marimo Regional Revitalization REIT, Inc.

Reasons for being appointed as a candidate for substitute Audit & Supervisory Board member

Miho Tanaka has developed expertise as a lawyer for many years and is deeply knowledgeable of corporate management despite never having been involved directly, and would bring a neutral and objective perspective supported by her deep insight and a wealth of experience. We believe that she is the appropriate person to supervise the Company's overall management, and should serve as an Substitute Audit & Supervisory Board member.

Independence Criteria

Ms. Tanaka currently serves as Partner of SHIBA & TANAKA LAW OFFICES, which has no business relationship with the Company. Therefore, the Company believes that Ms. Tanaka has sufficient independence where there are no potential conflicts of interests with general shareholders.

- * Each candidate does not have any special interest in the Holding Company.
- * The above number of shares held by each candidate is as of March 31, 2020, and the shares held include a stake in the Recruit Gro Officer Stock Ownership Association. The above age of each candidate is as of June 30, 2020. Other information in the Referen Documents for the Annual Meeting of Shareholders is based on information available as of May 27, 2020.
- * The Company has entered into an agreement with Ms. Yukiko Nagashima to limit her liability under Article 423, Paragraph 1 of t Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required unc applicable laws and regulations. The limitation of liability, however, applies only when the relevant personnel has performed his or t duties in good faith and is not deemed negligent. If the reappointment of Ms. Nagashima is approved as proposed, the agreement will continued. If the appointment of Messrs. Yoichiro Ogawa and Katsuya Natori is approved, the Company plans to enter into the sar agreement with them.
- * If the appointment of Messrs. Yoichiro Ogawa and Katsuya Natori is approved, the Company will report both of them to the Tokyo Sto Exchange as Independent Audit & Supervisory Board members as specified by the Tokyo Stock Exchange.
- * If Ms. Miho Tanaka is appointed as outside Audit & Supervisory Board member, the Company plans to enter into an agreement with her limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages in t agreement is planned to be the minimum amount required under applicable laws and regulations.
- * If Ms. Miho Tanaka is appointed as outside Audit & Supervisory Board member, the Company will report her to the Tokyo Stock Exchan as Independent Audit & Supervisory Board member as specified by the Tokyo Stock Exchange.

Independence Criteria of Outside Directors of the Board and Outside Audit & Supervisory Board Members

The Company selects Independent Directors of the Board and Independent Audit & Supervisory Board Members in accordance with the independence standards established by the Tokyo Stock Exchange. In addition, the Company has a policy to select candidates who meet all the following criteria:

- In case the candidate, or an entity for which the candidate serves as an executive member, is a shareholder of the Company, the voting rights held by the candidate or the entity should not exceed 10%.
- Transactions between the company and the entity, where the candidate is an executive member, should not exceed 1% of the Company's consolidated revenue during the most recent fiscal year.
- Transactions between the company and the entity, where the candidate is an executive member should not exceed 1% of the consolidated revenue of the candidate or the entity to which the candidate belongs during the most recent fiscal year.

BUSINESS REPORT

(April 1, 2019 – March 31, 2020)

Overview of the Company

Overview of Operations for FY2019

Consolidated Results of Operations for FY2019

(In billion yen, unless otherwise stated)

	Fiscal Year		Variance	% change
	Ended March 31, 2019	2020		
<i>Results of Operations</i>				
Revenue ¹	2,310.7	2,399.4	88.7	3.8%
HR Technology	326.9	424.9	97.9	30.0%
Media & Solutions	721.4	755.9	34.4	4.8%
Staffing	1,290.2	1,248.1	(42.1)	-3.3%
Operating income	223.0	206.0	(17.0)	-7.7%
Profit before tax	239.8	226.1	(13.6)	-5.7%
Profit for the period	175.3	181.2	5.8	3.3%
Profit attributable to owners of the parent	174.2	179.8	5.6	3.2%
<i>Management Key Performance Indicator</i>				
Adjusted EBITDA ^{1,2}	293.2	325.1	31.9	10.9%
HR Technology	47.4	71.2	23.8	50.2%
Media & Solutions	172.4	182.9	10.4	6.1%
Staffing	82.9	81.2	(1.6)	-2.0%
Adjusted EBITDA margin ^{2,3}				
Consolidated	12.7%	13.6%	0.9pt	-
HR Technology	14.5%	16.8%	2.3pt	-
Media & Solutions	23.9%	24.2%	0.3py	-
Staffing	6.4%	6.5%	0.1pt	-
Adjusted EPS (yen)	107.10	121.03	13.93	13.0%
<i>Average exchange rate during the year (yen)</i>				
US dollar	110.92	108.70	(2.22)	-2.0
Euro	128.44	120.81	(7.63)	-5.9
Australian dollar	80.96	74.11	(6.85)	-8.5
<i>Exchange rate effects on revenue^{4,5}</i>				
Consolidated	(12.4)	(48.3)	-	-
Staffing segment: Overseas	(12.7)	(38.9)	-	-

¹ The total sum of the three segments does not correspond with consolidated numbers due to Eliminations and Adjustments, such as intra-group transactions.

² The Group has applied IFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019, and changed the management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption). Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The amounts presented for the three months and twelve months ended March 31, 2019 represent the previous EBITDA and EBITDA margin.

³ Adjusted EBITDA margin = adjusted EBITDA/revenue

⁴ The amounts shown are 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)

⁵ Monthly average rates are applied to HR Technology.

Overview

The impact of the global spread of COVID-19 on the Company's Q4 and FY2019 consolidated financial results was limited. This was due to the Company's relatively stable financial results through February 2020, which offset the negative impact on performance that began to appear in March 2020.

Recruit Holdings' consolidated revenue for FY2019 was 2.39 trillion yen, an increase of 3.8% year on year. This was mainly due to the growth of HR Technology and Media & Solutions, with the growth of HR Technology contributing significantly. Excluding the negative impact of foreign exchange rate movements of 48.3 billion yen, consolidated revenue growth for FY2019 was 5.9% year on year.

Consolidated operating income for FY2019 was 206.0 billion yen, a decrease of 7.7% year on year. The consolidated operating income for FY2019 included goodwill and intangible asset impairment losses of 31.4 billion yen related to the overseas operations of Marketing Solutions of Media & Solutions and the Australian operations of Staffing in FY2019. Excluding impairment losses, consolidated operating income for FY2019 was 237.4 billion yen, an increase of 6.4% year on year.

Profit before tax for FY2019 was 226.1 billion yen, a decrease of 5.7% year on year.

Profit for FY2019 was 181.2 billion yen, an increase of 3.3% year on year and profit attributable to owners of the parent for FY2019 was 179.8 billion yen, an increase of 3.2% year on year.

Management Key Performance Indicators

Consolidated adjusted EBITDA for FY2019 was 325.1 billion yen, an increase of 10.9% year on year.

Adjusted EPS for FY2019 was 121.03 yen, an increase of 13.0% year on year. Profit available for dividends for FY2019 was 184.5 billion yen, an increase of 13.7% year on year.

Research and development expenses in FY2019 were 65.0 billion, consisting primarily of compensation expenses for engineering and other technical employees responsible for the development of new products and enhancement of existing products. The majority of research and development expenses were related to technological advancement in HR Technology. Research and development expenses in Media & Solutions were immaterial because improvement of most of the existing services, including software as a service ("SaaS") solutions such as *Air BusinessTools* was not included.

As of the end of FY2019, consolidated total assets, total liabilities, and total equity were 1.99 trillion yen, 1.00 trillion yen, and 995.7 billion yen, respectively. Cash and cash equivalents and net cash amount¹ on a consolidated basis were 421.2 billion yen and 284.5 billion yen, respectively.

As a result of the goodwill impairment loss for FY2019, outstanding goodwill as of the end of FY2019 was 383.1 billion yen.

The Company adopted IFRS 16 in 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 must also 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 of its right-of-use assets and 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 Net cash amount = cash and cash equivalents - interest bearing debt²

² Interest-bearing debt includes bonds and borrowings, excluding lease liabilities.

Results of Operations by Segment

HR Technology

HR Technology consists of the operations of *Indeed*, *Glassdoor*, and other related businesses. *Indeed* and *Glassdoor* are online platforms where people can find jobs and learn about companies. Both *Indeed* and *Glassdoor* offer a suite of tools for job seekers that includes job search, resume posting, and company information and reviews.

For employers, *Indeed* and *Glassdoor* offer solutions to recruit and hire talent. Each company provides employers the opportunity to post and advertise jobs and build their company's employment brand. *Indeed* also provides a range of products for employers to source and screen candidates including directly from its database of tens of millions of resumes.

Revenue for FY2019 was 424.9 billion yen, an increase of 30.0% year on year. On a US dollar basis, revenue growth for FY2019 was 32.7%¹ year on year, primarily driven by continued growth in sponsored job advertising. Also contributing to revenue growth year on year were candidate sourcing and screening solutions and employer branding products². This performance was supported by a generally favorable economic environment and tight labor market through February prior to the negative impact of the global spread of COVID-19 on these conditions.

Segment adjusted EBITDA for FY2019 was 71.2 billion yen, an increase of 50.2% year on year, and segment adjusted EBITDA margin was 16.8%, an increase from 14.5% for FY2018. While HR Technology continued to invest in sales and marketing activities to acquire new users and clients, the year on year growth rate of those expenses was lower than the pace of revenue growth. To support future revenue growth, the HR Technology segment continued to invest heavily in product enhancements to increase user and client engagement.

The operating results for HR Technology are as follows:

(In billion yen, unless otherwise stated)

	Fiscal Year		Variance	% change
	Ended March 31, 2019	2020		
Segment revenue	326.9	424.9	97.9	30.0%
Segment adjusted EBITDA	47.4	71.2	23.8	50.2%
Segment adjusted EBITDA margin ²	14.5%	16.8%	2.3 pt	-
Revenue in millions of US dollars ¹	2,944	3,907	962	32.7%

¹ 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.

² EBITDA and EBITDA margin for the fiscal year ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the fiscal year ended March 31, 2020.

Media & Solutions

Media & Solutions consists of Marketing Solutions and HR Solutions.

Marketing Solutions provides individual users a multitude of choices on their lifestyle with information available through its online platforms and print media. Major online platforms include: *SUUMO*, a provider of housing and real estate related information and services, *Zexy*, an all-in-one source of wedding planning information, *Jalan*, a provider of travel information and booking services in Japan, *Hot Pepper Gourmet*, an online restaurant reservation platform, and *Hot Pepper Beauty*, an online beauty salon reservation platform. Marketing Solutions helps enterprise clients attract users through advertisements on its online platforms and print media, and offers services including software as a service ("SaaS"). SaaS solutions centered on *Air BusinessTools*¹, a comprehensive bundled suite of cloud-based solutions to support day-to-day management and operations. *Air BusinessTools* solutions include reservations, CRM, POS system, payments, workforce management, hiring functions and other areas.

Recently, the number of accounts for *AirPAY*, a SaaS solution for accepting cashless payments, has in particular increased, supported by the initiative started in October 2019 by the Japanese government to encourage business owners to accept cashless payments in conjunction with the consumption tax hike. *AirPAY* had approximately 149,000 registered accounts¹ as of March 2020, an

increase of 167% year on year. As the number of *AirPAY* registered accounts grows, many of these accounts have also subscribed to other *Air BusinessTools* solutions. Among the approximately 149,000 *AirPAY* registered accounts¹ as of March 2020, approximately 102,000 accounts have also subscribed to other *Air BusinessTools* solutions. The Company believes the growth in *AirPAY* registered accounts will lead the overall growth of *Air BusinessTools* accounts.

HR Solutions mainly supports enterprise clients' recruiting activities and individual users' job search activities through its job boards tailored to various types of employment such as *Rikunabi*, *Rikunabi NEXT*, and *TOWNWORK*, and placement services such as *RECRUIT AGENT*.

Revenue for FY2019 was 755.9 billion yen, an increase of 4.8% year on year. This was primarily driven by increased revenue in Housing and Real Estate, Travel and Beauty in Marketing Solutions. In Marketing Solutions, the impact of the spread of COVID-19 in FY2019 was limited as the adverse impact became significant beginning in March 2020. However, due to social distancing and other COVID-19 related restrictions, Travel and Dining were impacted earlier than other businesses. Revenue for HR Solutions decreased mainly because revenue in Recruiting in Japan decreased. Despite the continued tight labor market in Japan, the uncertain outlook caused by the spread of COVID-19 turned enterprise clients in most industries cautious on hiring and reduced their job advertising spend.

Segment adjusted EBITDA for FY2019 was 182.9 billion yen, an increase of 6.1% year on year, and segment adjusted EBITDA margin was 24.2%. In Marketing Solutions, adjusted EBITDA increased mainly due to the increased revenue, and adjusted EBITDA in HR Solutions increased primarily by the cost control and reduced marketing investment.

Media & Solutions recorded goodwill and intangible asset impairment losses of 18.1 billion yen related to its overseas operations in FY2019, including 14.5 billion yen relating to Hotspring Ventures Limited, the entity that operates *Treatwell*. The goodwill impairment loss related to *Treatwell* was mainly due to a change in the segment business strategy, which resulted in a decrease in *Treatwell's* future cash flow forecast. Media & Solutions decided to prioritize its SaaS solutions business for future investment in order to accelerate growth. As a consequence, the strategy for *Treatwell* shifted from business expansion, which requires long-term investments, to stable operation with minimum investment

Note: Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts)

The operating results and relevant data for Media & Solutions are as follows:

(In billion yen, unless otherwise stated)

	Fiscal Year		Variance	% change
	Ended March 31, 2019	2020		
Segment revenue	721.4	755.9	34.4	4.8%
Marketing Solutions	400.4	438.5	38.1	9.5%
Housing and Real Estate	104.1	113.3	9.2	8.9%
Bridal	54.9	52.0	(2.9)	-5.3%
Travel	61.6	73.4	11.7	19.1%
Dining	38.8	39.2	0.3	0.9%
Beauty	72.0	81.6	9.5	13.3%
Others	68.7	78.9	10.1	14.7%
HR Solutions	316.8	314.1	(2.6)	-0.9%
Recruiting in Japan ¹	283.9	277.8	(6.1)	-2.2%
Others	32.8	36.2	3.4	10.4%
Eliminations and Adjustments (Media & Solutions)	4.1	3.1	(0.9)	-23.4%
Segment adjusted EBITDA ³	172.4	182.9	10.4	6.1%
Marketing Solutions ^{3,4}	109.8	115.9	6.1	5.6%
HR Solutions ^{3,4}	79.2	83.4	4.2	5.3%
Eliminations and Adjustments ^{3,4} (Media & Solutions)	(16.6)	(16.5)	0.0	-
Segment adjusted EBITDA margin ³	23.9%	24.2%	0.3pt	-

Marketing Solutions ^{3,4}	27.4%	26.4%	-1.0pt	-
HR Solutions ^{3,4}	25.0%	26.6%	1.6pt	-

¹ Excluding the non-recurring impact from the sale of a subsidiary in FY2018 and FY2019, revenue for the fiscal year ended March 31, 2020 decreased by 0.9% year on year.²

² For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue from subsidiaries which were sold in prior periods.

³ EBITDA and EBITDA margin for the fiscal year ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the fiscal year ended March 31, 2020.

⁴ For the fiscal year ended March 31, 2020, the segment profit of some subsidiaries in Marketing Solutions and HR Solutions is not adjusted for the impact of the adoption of IFRS 16. The effect of this is not material and such amount is included in Eliminations and Adjustments.

Business Key Performance Indicators

	FY2018				FY2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Hot Pepper Gourmet</i>								
Number of seats reserved online (Dining) ^{1,2,3}	19.05	37.18	65.77	88.50	21.81	42.40	72.95	92.89
<i>Hot Pepper Beauty</i>								
Number of online reservations (Beauty) ^{1,2,3}	22.72	47.19	71.63	96.99	27.82	57.27	86.15	114.54
<i>AirREGI</i> registered accounts ^{4,5}	349	364	381	402	422	449	469	488
Paid <i>Study Sapuri</i> users (Others, Marketing Solutions) ^{4,6}	559	586	598	614	741	759	764	799

¹ Pre-cancellation reservation basis.

² Cumulative total from the beginning of each fiscal year.

³ Figures are shown in millions.

⁴ Figures are shown in thousands.

⁵ Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts).

⁶ The total number of paid users for high school, junior high school, elementary school and English courses.

Staffing

Staffing offers temporary staffing and other related services for a multitude of industries and a range of jobs and is composed of two major operations: Japan and Overseas. Both operations implement the Unit Management System, which divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded as a distinct company, and the Unit Manager is given authority to make decisions to maximize each unit's profitability.

Revenue for FY2019 was 1.24 trillion yen, a decrease of 3.3% year on year. Excluding the negative impact of foreign exchange rate movement, revenue decreased by 0.2% year on year. Revenue in Japan operations increased, reflecting continued strong demand from enterprise clients due to the tight labor market. Revenue in Overseas operations decreased, primarily due to the negative impact of foreign exchange rate movements of 38.9 billion yen and the ongoing uncertain outlook for the global economy. The adverse impact of the spread of COVID-19 on the business performance was limited in Japan Operations, while the negative impact started to affect the business performance of Overseas operations in Q4 FY2019 when many countries started to implement social distancing and other restrictions.

Segment adjusted EBITDA for FY2019 was 81.2 billion yen, a decrease of 2.0% year on year, and adjusted EBITDA margin remained flat at 6.5% compared to 6.4% for FY2018. Adjusted EBITDA for Japan operations increased, mainly due to increased revenue, and adjusted EBITDA margin was 8.3% in FY2019, increased from the FY2018 adjusted EBITDA margin of 7.9%. Adjusted EBITDA for Overseas operations decreased, and adjusted EBITDA margin was 5.0% in FY2019, decreased from the FY2018 EBITDA margin of 5.3%.

Staffing recorded impairment losses of 13.2 billion yen for FY 2019 including goodwill impairment of 7.8 billion yen for Chandler Macleod Group Limited in Australia and an intangible asset impairment of 3.8 billion yen for USG People Germany GmbH. These were mainly due to decreased future cash flow forecasts as a result of revised business projections, reflecting business performance in FY2019 which were negatively affected by uncertain economic outlook in markets such businesses operate, as well as the expectation of the negative impact caused by COVID-19 to continue for a certain period of time.

In the current uncertain global economic environment, the segment continues to focus on utilizing the Unit Management System to control its adjusted EBITDA margin.

The operating results for Staffing are as follows:

(In billion yen, unless otherwise stated)

	Fiscal Year Ended March 31,		Variance	% change
	2019	2020		
Segment revenue	1,290.2	1248.1	(42.1)	-3.3%
Japan	542.5	567.8	25.2	4.7%
Overseas	747.7	680.3	(67.3)	-9.0%
Segment adjusted EBITDA	82.9	81.2	(1.6)	-2.0%
Japan	43.0	47.1	4.1	9.5%
Overseas	39.8	34.1	(5.7)	-14.5%
Segment adjusted EBITDA margin ²	6.4%	6.5%	0.1pt	-
Japan ²	7.9%	8.3%	0.4pt	-
Overseas ²	5.3%	5.0%	-0.3pt	-

¹ Excluding the negative impacts of foreign exchange rate movements, the Overseas revenue for the fiscal year ended March 31, 2020 decreased by 3.8% year on year.

² EBITDA and EBITDA margin for the fiscal year ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the fiscal year ended March 31, 2020.

The following table presents main companies, brands and services for each reportable segment, as of March 31, 2020.

Segment/SBU ¹ Headquarters	Operations	Business Description	Subsidiaries	Brands and Services
HR Technology RGF OHR USA, Inc.	-	Global job search platform offering advertising services and recruiting solutions	Indeed, Inc. Glassdoor, Inc.	Indeed Online job platform and company information site Glassdoor Online job platform and company information site
Media & Solutions Recruit Co., Ltd.	Marketing Solutions	Business solutions for enterprise clients and support for users' daily decision making through online platforms and	Recruit Sumai Company Ltd. Recruit Marketing Partners Co., Ltd. Recruit Lifestyle Co., Ltd.	SUUMO Online platform, print media, and in-person consultation service for housing and real estate Zexy Magazine, online platform and in-person

		print media in a variety of areas, such as housing and real estate, bridal, travel, dining and beauty		<p>consultation service for wedding planning</p> <hr/> <p>Jalan Online platform and print media for travel in Japan</p> <hr/> <p>Hot Pepper Gourmet Online platform and print media for dining</p> <hr/> <p>Hot Pepper Beauty Online platform and print media for beauty treatment</p> <hr/> <p>Car Sensor Online platform and print media for pre-owned automobiles</p> <hr/> <p>Study Sapuri Shinro Online platform and print media to provide higher education and career information for high school students</p> <hr/> <p>Study Sapuri Online learning support platform for students and adults</p> <hr/> <p>Air BusinessTools Cloud-based operational and management support services for enterprise clients such as accounting and payment systems</p>
	HR Solutions	A variety of HR services through online platforms and print media for job seekers and enterprise clients	Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	<p>Rikunabi Job searching information website for new graduates</p> <hr/> <p>Rikunabi NEXT Job searching information website for professionals</p> <hr/> <p>RECRUIT AGENT Employment placement service for professionals</p>

				TOWNWORK Online platform and print media for part-time and full-time jobs
Staffing RGF 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 The CSI Companies, Inc. ADVANTAGE RESOURCING UK LIMITED Unique NV USG People France SAS USG People Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited	-

¹ Strategic Business Unit

Capital expenditures

The total amount of capital expenditures for FY2019 was 143.8 billion yen, excluding consumption tax, etc. This was primarily due to an increase in right-of-use assets from the conclusion of new lease contracts, under the application of IFRS 16 “Leases.”

HR Technology

For FY2019, capital expenditures of 75.9 billion yen were made primarily for office expansion and remodeling and the enhancement of various facilities for the business expansion. There were no significant disposals or sales of facilities.

Media & Solutions

For FY2019, capital expenditures of 51.0 billion yen were made primarily for the development and acquisition of software. There were no significant disposals or sales of facilities.

Staffing

For FY2019, capital expenditures of 16.4 billion yen were made primarily for office expansion and remodeling and the enhancement of various facilities for the expansion of business. There were no significant disposals or sales of facilities.

Corporate

For FY2019, capital expenditures of 0.3 billion yen were made primarily for the development and acquisition of software. There were no significant disposals or sales of facilities.

Financing

Not applicable.

Significant business combination, etc.

Not applicable.

Trends in Assets and Income

(IFRS)

(In millions of yen, unless otherwise specified)

Item	FY2016	FY2017	FY2018	FY2019 (current consolidated fiscal year)
Revenue	1,941,922	2,173,385	2,310,756	2,399,465
Profit before tax	198,929	199,228	239,814	226,149
Profit attributable to owners of the parent	136,654	151,667	174,280	179,880
Basic earnings per share (yen)	81.33	90.79	104.31	108.27
Equity attributable to owners of the parent	737,575	835,605	965,775	988,449
Total assets	1,462,903	1,574,032	1,748,982	1,998,917
Equity attributable to owners of the parent per share (yen)	441.51	500.20	578.04	599.65

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 Holding Company implemented a three-for-one stock split of its common stock effective 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.

Significant Subsidiaries

Segment	Company	Common stock	Ratio of voting rights held by the Company (Note)	Major business
HR Technology				
	RGF OHR USA, Inc.	10 US dollars	100.0%	HR Technology Business Headquarters
	Indeed, Inc.	10 US dollars	100.0%	Online job platform and company information site
	Glassdoor, Inc.	10 US dollars	100.0%	Online job platform and company information site
Media & Solutions				
Marketing Solutions	Recruit Co., Ltd.	350 million yen	100.0%	Media & Solutions Business Headquarters
	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.
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				
	RGF 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 UK LIMITED	11,172 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

* The ratio of voting rights includes indirect holding of voting rights.

Issue to be Addressed

Recruit Group Management Philosophy is defined by its Basic Principle, Vision, Mission and Values as follows:

Basic Principle

We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.

Vision

Follow Your Heart

We envision a world where individuals and businesses can focus on what really matters. The more people are free to pursue their passions, the better our future becomes.

Mission

Opportunities for Life. Faster, simpler and closer to you.

Since our foundation, we have connected individuals and businesses offering both a multitude of choices.

In this era of search, where information has become available anytime anywhere, we need to focus more on proposing the optimal choice. We seek to provide “Opportunities for Life” much faster, surprisingly simpler and closer than ever before.

Values

Wow the World

What we do isn't a job. We enjoy exploring what is possible for our future. We question the status quo, fail well and overcome with resilience. We are a force for change.

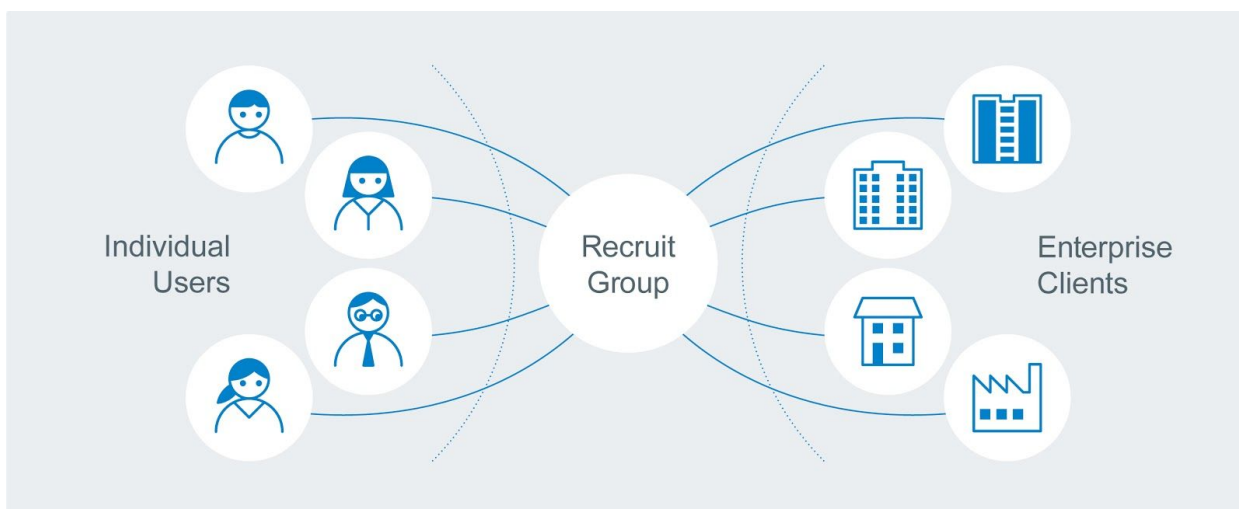
Bet on Passion

We are a team of people fueled by curiosity. We respect and capitalize on each other's differences. We know that one person's crazy idea, when backed by data and research, can become the best bet.

Prioritize Social Value

We, as global citizens, strive to contribute to a sustainable society through all of our corporate activities. Each one of us is committed to seeking out the needs of society and taking action for a better future.

The Company has developed the Ribbon Model, a two-sided marketplace business model to align with its management philosophy. By providing a common platform through which individual users can find the service that best meets their needs, enterprise clients can connect with their ideal customers, and the Company can facilitate the best possible matches for the mutual benefit of both parties. In recent years, technological advancement has enabled the Company to improve matching efficiency, which results in better matching solutions for individual users. The Company also focuses on providing services to small and medium-sized enterprise (SME) clients to improve their management and operational efficiency.



Target Management Key Performance Indicators (KPIs)

The Company aims to flexibly and aggressively pursue various growth investments including mergers and acquisitions (M&A), in order to achieve profitable growth over the long-term, through a focus on managing an appropriate balance of investments and earnings growth while increasing shareholder value. Therefore, the Company has set adjusted EBITDA¹ and adjusted EPS² as target management KPIs to maximize its enterprise value. Also, executive officers compensations are linked to target management KPIs to align with shareholder interests..

¹ Adjusted EBITDA = operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses

² Adjusted EPS = adjusted profit³ / (number of shares issued at the end of the period - number of shares of treasury stock at the end of the period)

³ Adjusted profit = profit attributable to owners of the parent ± adjustment items⁴ (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

⁴ Adjustment items = amortization of intangible assets arising due to business combinations ± non-recurring income/losses⁵

⁵ Non-recurring income/losses = gains or losses from disposals of shares of associates, expenses relating to Company restructuring, gains or losses from the sale or impairment of property and equipment, and income and expense items that the Company believes are unusual or non-recurring in nature which do not reflect the Company's underlying results of operations

The Company adopted IFRS 16 in 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 must also 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 of its right-of-use assets and 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.

Business Strategies

The Company believes swift decision-making is essential to maximize enterprise value and shareholder value. In order to do so, the Company actively responds to the rapidly transforming technology and internet landscape and by identifying business opportunities globally. Therefore, the Company operates its businesses through each of its three Strategic Business Units (“SBU”s): HR Technology, Media & Solutions and Staffing.

The Company has established respective SBU Headquarters in order to further reinforce global, swift decision making. This organizational structure enhances the management capabilities of each SBU Headquarters and enables each SBU Headquarters to execute its own strategy in a self-sustaining and self-disciplined manner. The SBU structure also enables the Company to focus on and strengthen its holding company functions, including group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

The business strategies for each SBU are as follows:

HR Technology aims to further grow sponsored job advertising and recruiting solutions globally through *Indeed* and *Glassdoor*. The demand for an efficient job seeking experience and recruiting process empowered by technology continues to rise. The SBU aims to drive future growth by investing in product development and M&A to make recruiting and hiring processes more efficient.

Media & Solutions strives for further growth through its media advertising businesses and by providing SaaS solutions to support day-to-day SME operations. The Company has developed strong relationships with SMEs cultivated by its nation-wide sales team, and established a unique position as a multiple service provider for these businesses. Media & Solutions has identified a significant untapped opportunity in SMEs’ non-advertising expenditures by providing value-added SaaS solutions that can potentially reduce their operational and managerial costs. Media & Solutions continues to aim for stable growth, while SaaS solutions to focus on increasing the number of accounts. Media & Solutions will proactively invest in product development and marketing for SaaS solutions, while aiming to maintain the overall profitability of the segment.

In Staffing, 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.

Mid- to Long-Term Strategies

The Company sets two mid- to long-term strategies.

1. Aim to become the global leader of the HR Matching market

The Company aims to become the global leader in the HR Matching market, which the Company estimates roughly 159 billion US dollars¹ in terms of annual revenue in 2019, 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 and talent sourcing tools market, which is currently the main business of HR Technology, is estimated by the Company to have been roughly 17 billion US dollars² in terms of annual revenue in 2019. In the future, the Company expects the online job advertising and talent sourcing tools market to grow in the long term, whereas the offline job advertising market, which the Company estimates was more than 4 billion US dollars in terms of annual revenue in 2019, continues to flow into online channels. The Company focuses on long-term growth in this market by improving the efficiency of the job seeking and recruiting experience through online tools.

The placement and search market is estimated to have been roughly 55 billion US dollars⁴ in terms of annual revenue globally in 2019. The Company currently operates in this market primarily through HR Solutions in Media & Solutions, and this market has been dominated by the traditional relationship-based business model. The Company aims to grow its business in this market by providing services through *Indeed Hire*, which aims to offer highly efficient solutions at lower prices compared to the industry average, using technology and automation to differentiate its solutions from competing services.

The temporary staffing market is estimated to be roughly 441 billion US dollars⁴ in annual revenue globally in 2019, while the total gross profit for all staffing companies, which is calculated by subtracting the amount of salary for temporary staff and related costs from the total revenue, is estimated by the Company to have been roughly 82 billion US dollars⁵ in 2019. The Company sees mid-to-long-term opportunities to introduce technology-driven solutions that create efficiencies by automating human-driven processes involved in traditional temporary staffing services. The Company intends to explore the development of new and innovative solutions in temporary staffing to capture future opportunities by leveraging technology.

The Company believes the size of the global HR Matching market will decrease significantly in the near-term, including in 2020 due to the impact of the COVID-19 pandemic as revenue in the HR Matching market tends to be highly correlated with overall economic growth as well as conditions in the labor market. However, the resulting uncertainty and rapidly evolving conditions around the world prevent the Company from reliably predicting the magnitude of the negative impact on the HR Matching market in 2020 or subsequent years. During these unprecedented times, the Company remains fully committed to supporting job seekers and employers through its resources and technology. The Company will continue to invest proactively and strategically to become a global leader in the HR Matching market in the mid- to long-term.

2. Improve productivity of clients' businesses through SaaS solutions with a focus on *Air BusinessTools*

The Company believes there is a sizable long-term growth opportunity to provide operational support services empowered by technology, that is delivered through SaaS solutions to help improve productivity for SMEs in Japan.

Air BusinessTools provides a comprehensive bundled suite of cloud-based solutions to support the day-to-day management and operations of a business, through solutions such as *AirREGI* and *AirPAY* to existing clients of Media & Solutions' advertising business, as well as new clients.

The Company aims to solve various challenges SMEs face every day in their business operations by providing *Air BusinessTools* across a variety of industries in Japan. SaaS solutions enable SMEs to spend less time on back-office related work and spend more time on their main businesses, which improves operational efficiency, enhances productivity, and contributes to the overall sustainability of SMEs' businesses. As a result, the Company believes that SaaS solutions support SMEs in growing their businesses and increasing customer satisfaction.

Air BusinessTools is focused on increasing the number of accounts by leveraging the Company's strong market position and relationships with existing clients while at the same time attracting new SME clients through online media and other channels. In order to further enhance the operational efficiency of SME clients, *Air BusinessTools* proactively seeks opportunities to collaborate with third-party services to expand the services provided on the *Air BusinessTools* platform.

The Company estimates there may be roughly 2.9 million business locations and stores⁷ in Japan at which *Air BusinessTools* can be used, which represents a sizable growth opportunity. Recently, the number of accounts for *AirPAY*, a SaaS solution for accepting cashless payments, has significantly increased, which was supported by the Japanese government initiative to encourage business owners to accept cashless payments in conjunction with the consumption tax hike. *AirPAY* had approximately 149,000 registered accounts⁸ as of March 2020, an increase of 167% compared to March 2019. The demand for *AirPAY* has continued to be strong after October 2019.

Increasing number of clients who use *AirPAY* have also subscribed to other *Air BusinessTools* solutions. Among the approximately 149,000 *AirPAY* registered accounts⁸ as of March 2020, approximately 102,000 registered accounts have also subscribed to other *Air BusinessTools* solutions. The Company believes the growth in *AirPAY* accounts will lead the overall growth of *Air BusinessTools* accounts.

Platform of Air BusinessTools



- 1 Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market and the placement & search market in terms of annual revenue and addressable markets for the temporary staffing market in terms of annual gross profit, in each case based on the Company's estimates and third party market data as described in the notes below.
- 2 Sum of the revenue of HR Technology in 2019, the Company's estimates for revenue of competing job advertising boards in the Company's target operating markets in 2019 based on third party reports and internal research, and the Company's estimates for annual revenue of the talent solutions business of LinkedIn in the Company's target operating markets in 2019 based on publicly available information and internal research.
- 3 Amount derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in 2019 based on third party reports and the estimated size of global online job advertising and talent sourcing tools market, which the Company estimates was 17 billion US dollars in 2019 using the methodology described in note 2 above.
- 4 Source: SIA, Global Staffing Industry Market Estimates and Forecast: May 2020 Update
- 5 Amount derived by applying a gross profit margin of 18.6%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2019 to 441 billion US dollars, which was the revenue of the temporary staffing market in 2019 according to SIA (Global Staffing Industry Market Estimates and Forecast, May 2020 Update).
- 6 As described above, the estimates of the job advertising & talent sourcing tools market, the placement & search market and the temporary staffing market are based on internal estimates and independent market research in addition to third party market data. Accordingly, the estimates described above may differ materially from the actual size of such markets.
- 7 The Company estimated the number of business locations and stores that can use *Air BusinessTools* by first identifying the total number business locations and stores of small and medium-sized enterprises in Japan (using the definition used by the Small and Medium Enterprise Agency) based on the 2016 Economic Census for Business Activity conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. The Company then estimated the number of these business locations and stores that could use *Air BusinessTools* by aggregating the number of all such business locations and stores operating in all industries in which there were 20 or more existing *Air BusinessTools* registered accounts (including non-active accounts) as of March 31, 2020. As the Company has estimated such business locations and stores based on data for 2016, it is possible that the estimated number of such business locations and stores would materially differ based on more recent data. In addition, while the estimated number of such business locations and stores that can use *Air BusinessTools* is based on the number of all business locations and stores in all industries in which there were 20 or more existing *Air BusinessTools* registered accounts, there can be no assurance that all such business locations and stores would in fact have a need for the solutions offered by *Air BusinessTools*.

⁸ Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts).

Issue to be Addressed

Strengthen the governance of Media & Solutions in response to *Rikunabi DMP Follow* incident

During FY2019, the Personal Information Protection Commission and the Tokyo Labor Bureau issued administrative admonishments and administrative directives to our subsidiaries Recruit Co., Ltd. ("Recruit") and Recruit Career Co., Ltd. due to violations of the Act on Protection of Personal Information and the Employment Security Act in relation to the *Rikunabi DMP Follow* service (which was suspended on August 4, 2019) operated by Recruit Career Co., Ltd. In response to these administrative admonishments and administrative directives, we have implemented various measures with aim of preventing similar incidents in the future and strengthening governance.

In December 2019 Recruit established an Advisory Committee on data usage which includes outside advisors, and held four committees to discuss appropriate data usage and protection of personal information. Reflecting the discussion, Recruit created a "Personal Data Policy" as an integrated written guideline for all operations in the Media & Solutions SBU. Recruit announced it on our website in April 2020 (Japanese only).

In addition, Media & Solutions SBU integrated the legal functions across its major subsidiaries in Japan in April 2020. Other preventive measures have started to be implemented, including establishment of a standardized multi-check process and strengthening employee training regarding personal information protection. These measures will be continued going forward.

Capital Allocation Policy

The Company's capital allocation policy has the following priorities:

- Investment in existing businesses for future growth
- Stable and sustained dividends
- Strategic M&A mainly focused on HR Technology
- Share repurchase program, depending on the capital markets environment and the outlook of the Company's financial position

The Company's ROE target is approximately 15%. The Company also applies a hurdle rate exceeding the cost of capital when evaluating each investment opportunity, and focuses on achieving capital efficiency above the cost of shareholders' equity on a consolidated basis.

The Company's Response to the Spread of COVID-19

Amidst the global spread of COVID-19, the Company has prioritized the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, enterprise clients, and business partners, and operates its businesses by implementing measures to help prevent the spread of COVID-19. For the protection of its employees and the broader community and in compliance with local regulations where required, the Company has implemented measures globally to keep its employees safe including recommending or mandating, as appropriate, that its employees work from home if their roles allow.

With social distancing practices in place across many of the markets where the Company operates, the demand for online hiring and recruiting processes, and the tools to enable them, has increased substantially. In response to these challenges, HR Technology adapted its platforms to help job seekers with additional tools and resources to facilitate finding a job in the current environment and expedited initiatives to help enterprises and public sector organizations who need to hire quickly and effectively at scale. Among these expanded offerings, which are offered for free or at a discount for certain essential roles, are flexible and scalable hiring solutions including virtual hiring events, large scale sourcing and screening services, and full service placement services targeted at helping employers during the pandemic.

Media & Solutions focuses on offering SaaS solutions with *Air BusinessTools*, a comprehensive bundled suite of cloud-based solutions to support the day-to-day management and operations of enterprises, including SMEs. *Air BusinessTools* can have a large role in helping SMEs overcome the

difficult situations they are now faced with. Specifically, our SaaS solutions such as *AirPAY* for accepting cashless payments, which supports 29 types of payment methods¹ help SME clients and their customers comply with social distancing practices where required or recommended.

The aim of *Air BusinessTools* is to support these clients by reducing inefficient use of resources and improving their productivity. The Company continues to focus on *Air BusinessTools* to help SME clients that are experiencing a significant change in their business environment.

During the spread of COVID-19 the demand for online education is increasing in response to school closures. In Media & Solutions, *Study Sapuri*, an e-learning service operated by Recruit Marketing Partners, and *Study Sapuri for TEACHERS* were provided for free to local governments in Japan to assist with online education efforts in response to temporary school closures². Over 92,000 students from more than 320 schools had used this service for free to continue their education online.

In addition to these actions, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period. Please find more information regarding the Company's response to COVID-19 on the website below;

<https://recruit-holdings.com/newsroom/covid19.html>

The Company will continue to provide matching solutions to help society, through advanced technology, by responding to the emerging needs of people and businesses in a time of unprecedented change and uncertainty.

¹ As of the end of March 2020

² From March 3 to April 30, 2020

Reorganization of Media & Solutions Strategic Business Unit

Recruit Co., Ltd., a wholly-owned subsidiary of the Company and the headquarters of Media & Solutions SBU, aims to integrate its wholly-owned seven core operating companies and functional companies into Recruit Co., Ltd. ("Recruit") in April 2021. The subsidiaries were established in 2012 as the Company's core operating companies and functional companies to provide further value added services in their respective domains. While reviewing the objectives of establishing subsidiaries by business vertical that have been achieved in the 7 years since 2012, Recruit used the following criteria: "balancing the competitive advantage of business and social value", "providing various opportunities to maximize talent capabilities", and "sharing and expanding various knowhow". Going back to focusing on the basic principle of the Company, "creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.", Recruit determined it would be best to integrate the core operating companies and functional companies in order to consolidate operational knowhow and diverse human resources, and to aim for further enhancement of value added services as well as to contribute to society through the creation of new value. Recruit aims to further strengthen its three key business capabilities, including product development, sales and distribution, and human resource development, while strengthening corporate governance functions, to develop new businesses for the future.

For related information, please refer to the following release:

"Recruit Holdings Announces Reorganization of Its Media & Solutions Strategic Business Unit" released on January 6, 2020

https://recruit-holdings.com/ir/ir_news/2020/20200106_01.html

Main Offices (as of March 31, 2020)

The Holding Company

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

Main Subsidiaries

Segment	Company name	Location
HR Technology		
	RGF OHR USA, Inc.	Delaware, United States
	Indeed, Inc.	Delaware, United States
	Glassdoor, Inc.	Delaware, United States
Media & Solutions		
	Recruit Co., Ltd.	Chuo-ku, Tokyo
Marketing Solutions	Recruit Sumai Company Ltd.	Chuo-ku, Tokyo
	Recruit Marketing Partners Co., Ltd.	Chuo-ku, Tokyo
	Recruit Lifestyle Co., Ltd.	Chuo-ku, Tokyo
HR Solutions	Recruit Career Co., Ltd.	Chuo-ku, Tokyo
	Recruit Jobs Co., Ltd.	Chuo-ku, Tokyo
Staffing		
	RGF Staffing B.V.	Flevoland, Netherlands
Japan	Recruit Staffing Co., Ltd.	Chuo-ku, Tokyo
	STAFF SERVICE HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo
Overseas	Staffmark Group, LLC	Ohio, United States
	The CSI Companies, Inc.	Florida, United States
	ADVANTAGE RESOURCING UK LIMITED	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	

Employees (as of March 31, 2020)

Segment	Number of employees
HR Technology	11,549 [61]
Media & Solutions	21,680 [786]
Staffing	15,983 [1,674]
Holding Company corporate function	158 [9]
Total	49,370 [2,530]

- ¹ The number of employees includes employees that have been assigned to the Company and excludes employees that have been assigned to companies outside the Company.
- ² The average number of contract employees during FY2019 is shown in brackets.
- ³ Contract employees include part-time employees and exclude temporary staff.
- ⁴ "Holding Company corporate function" represents the number of employees in corporate functions of the Holding Company such as finance and risk management.

Main Lenders (as of March 31, 2020)

Lenders	Amount borrowed
MUFG Bank, Ltd.	26,350 million yen
Sumitomo Mitsui Banking Corporation	19,850 million yen
Mizuho Bank, Ltd.	19,849 million yen
Sumitomo Mitsui Trust Bank, Limited	6,500 million yen
Resona Bank, Limited.	6,500 million yen
Mizuho Trust & Banking Co., Ltd.	3,000 million yen
The Bank of Yokohama, Ltd.	3,000 million yen
THE HOKURIKU BANK, LTD.	2,301 million yen

Status of Shares (as of March 31, 2020)

Total Number of Shares Authorized to be Issued	6,000,000,000
Total Number of Shares Issued	1,695,960,030
Number of Shareholders	57,773

Major Shareholders

Shareholder name	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	144,400,200	8.75%
Japan Trustee Services Bank, Ltd. (Trust Account)	89,100,100	5.40%
JP MORGAN CHASE BANK 386532	84,322,440	5.11%
TOPPAN PRINTING CO., LTD.	72,600,000	4.40%
DENTSU INC.	53,550,000	3.24%
Dai Nippon Printing Co., Ltd.	40,100,000	2.43%
Japan Trustee Services Bank, Ltd. (Trust Account 7)	37,323,000	2.26%
The Recruit Group Employees Shareholding Association	35,036,280	2.12%
SSBTC CLIENT OMNIBUS ACCOUNT	33,665,580	2.04%
Tokyo Broadcasting System Television, Inc.	33,330,000	2.02%
Nippon Television Network Corporation	33,330,000	2.02%

¹ The Company's treasury stock (46,052,603 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 (1,521,856 shares).

² A change report of the report of large shareholdings that was made available for public inspection on March 6, 2020 states that Capital Research and Management Company and its joint holders Capital International Inc. and Capital International K.K. hold shares as given below as of February 28, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company is not able to confirm the actual number of shares they hold as of March 31, 2020.

The overview of the change report is as follows.

Name	Number of shares	Shareholding ratio
Capital Research and Management Company	99,825,174	5.89%
Capital International Inc.	2,049,700	0.12%
Capital International K.K.	3,426,000	0.20%
Total	105,300,874	6.21%

Leadership

Directors of the Board and Audit & Supervisory Board Members (as of March 31, 2020)

Unless otherwise stated, position refers to Recruit Holdings Co., Ltd.

Board Position	Name	Responsibilities at the Company and significant concurrent positions as of March 31, 2020
President and Representative Director of the Board	Masumi Minegishi	CEO; Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Director of the Board	Shogo Ikeuchi	Human Resources and General Affairs (CHRO); Outside Director of Sony Financial Holdings Inc.
Director of the Board	Hisayuki Idekoba	Corporate Planning (CSO), Administration (CRO), Operations (COO); Director of the Board of Indeed, Inc.; CEO and Director of the Board of RGF OHR USA, Inc.; Director of the Board of Recruit Co., Ltd.; Chairman and Director of the Board of RGF Staffing B.V.
Director of the Board	Keiichi Sagawa	Finance (CFO)
Director of the Board	Rony Kahan	Chairman of the Board of Indeed, Inc.; Chairman and Director of the Board of RGF OHR USA, Inc.
Outside Director of the Board	Naoki Izumiya	Chairman of the Board of Asahi Group Holdings, Ltd.; Independent Director of Obayashi Corporation
Outside Director of the Board	Hiroki Totoki	Director, Senior Executive Vice President, CFO, and Representative Corporate Executive Officer of Sony Corporation
Standing Audit & Supervisory Board Member	Yukiko Nagashima (Name in the family register: Yukiko Watanabe)	Outside Director of Japan Tobacco Inc.
Standing Audit & Supervisory Board Member	Akihito Fujiwara	
Outside Audit & Supervisory Board Member	Hiroki Inoue	Managing Partner of Nagashima Ohno & Tsunematsu
Outside Audit & Supervisory Board Member	Yasuaki Nishiura	

- * The Company designated outside Directors of the Board Naoki Izumiya and Hiroki Totoki as Independent Director of the Board as well as outside Audit & Supervisory Board member Yasuaki Nishiura as Independent Audit & Supervisory Board member specified by the Tokyo Stock Exchange and notified the same to the said Exchange. Although 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 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.
- * Hisayuki Idekoba was appointed as Director of the Board at the Annual Meeting of Shareholders held on June 19, 2019 and assumed his position.
- * The Company has entered into an agreement with each of the Directors of the Board, excluding Executive Directors, and with Audit & Supervisory Board members, to limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required under applicable laws and regulations. The limitation of liability, however, applies only when the relevant personnel has performed his or her duties in good faith and is not deemed negligent.

Changes in responsibilities of Directors of the Board from April 1, 2020

Name	New position for FY2020	Former position in FY2019	Date of change
Shogo Ikeuchi	—	Human Resources and General Affairs (CHRO)	April 1, 2020
Keiichi Sagawa	—	Finance (CFO)	April 1, 2020
Hisayuki Idekoba	Finance, Operations (COO), HR Technology	Corporate Planning (CSO), Administration (CRO), Operations (COO), HR Technology	April 1, 2020

Compensation

Policies for Compensation for FY2020

Basic Policies for Compensation

The compensation for Directors of the Board, Audit & Supervisory Board members and Corporate Executive Officers is determined in accordance with the following policies:

- Set compensation levels that will be attractive to outstanding management talent globally.
- Make compensation plans highly performance-based.
- Connect compensation to mid- to long-term enterprise value.
- Make the compensation decision process highly objective and transparent.

Compensation Levels

Compensation levels are set at a rate commensurate with peer companies, both in Japan and overseas, which are similar in both business type and scale, and are benchmarked using data from outside database services.

Compensation Elements

	Performance indicators	Overview of payment method
Base Salary (Cash)	None	A base amount ² is paid in cash.
Annual Incentive (Cash) ¹	Annual consolidated financial results	An amount reflecting performance indicators in the base amount ² is paid in cash.
Long-term Incentive (Equity)	BIP Trust	The Company's shares in an amount equivalent to cash reflecting performance indicators in the base amount ² are purchased on the market and held in a trust account, then turned over to the recipient upon retirement.
	Stock Options	None

¹ Annual incentive, in addition to the above, reflects individual performance evaluation for the fiscal year.

² The above "base amount" is decided separately for each type of compensation and based on each role.

The CEOs of each SBU Headquarters serve as Corporate Executive Officers of the Company. By applying the above compensation design and setting long-term incentives (equity) as a large proportion of their total compensation, the Company aims to motivate them to improve business performance and increase enterprise value from long-term perspectives.

For the purpose of attracting and retaining outstanding management talent globally, and in cases where personnel were recruited based on standards of markets with significantly different hiring practices and laws and regulations, the Company may adopt a compensation design differing from one described above.

Governance

The Company has established an Evaluation Committee and Compensation Committee as advisory bodies to the Board of Directors. Each committee is chaired by an outside Director of the Board and has a majority of outside members. These committees are established for the purpose of enhancing objectivity and transparency of compensation for Directors, Corporate Executive Officers and Audit & Supervisory Board members.

The compensation amount for each Director is determined by the Board of Directors taking into account reports by the Evaluation Committee and the Compensation Committee. The compensation for each Audit & Supervisory Board member is determined by the Audit & Supervisory Board based on consultation among its members.

The amount of individual compensation for Directors, Corporate Executive Officers and Audit & Supervisory Board members are determined within compensation ranges approved at the Annual Meeting of Shareholders. Dates and details of resolutions are as follows.

Directors of the Board

Type of compensation	Resolution date	Applicable recipients	Amount	Number of applicable recipients at the time of resolution
Base Salary	June 19, 2019	Directors of the Board	Total annual amount not to exceed 1.4 billion yen (of which annual total for outside Directors not to exceed 100 million yen)	7 Directors of the Board (including 2 outside Directors)
Annual Incentive				
Long-term Incentive	June 19, 2018	Directors of the Board, Corporate Executive Officers, and Corporate Professional Officers	Total annual amount not to exceed 2.5 billion yen (of which annual total for outside Directors not to exceed 200 million yen)	6 Directors of the Board (including 2 outside Directors)
			Not to exceed 2,221,800 shares annually (of which annual total for outside Directors not to exceed 177,600 shares)	8 Corporate Executive Officers not serving as Directors of the Board
	Stock Options	June 19, 2019	Directors of the Board, excluding outside Directors	Total annual amount not to exceed 700 million yen Annual number of stock options not to exceed 9,000 ¹

¹ The target number of shares per one stock option is 100 shares.

Audit & Supervisory Board Members

Type of compensation	Resolution date	Applicable recipients	Amount	Number applicable recipients at the time of resolution
Base Salary	June 20, 2017	Audit & Supervisory Board members	Total monthly amount not to exceed 10 million yen	4 Audit & Supervisory Board members

Note that the Company appoints outside compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise in compensation practices. With their support, the Company reviews its compensation levels and compensation elements in light of external data, the economic environment, industry trends, the state of business management, and other factors.

In addition, the Company has clawback clauses that limit or claim the return of part or all of long-term incentive compensation if there is a serious violation of duties or internal rules during the term of office of a Director of the Board.

Compensation-Setting Process

Individual compensation amounts for each Director of the Board are determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Compensation Committee. The compensation amount for each Audit & Supervisory Board member is determined by the Audit & Supervisory Board based on consultation among its members. The amount of individual compensation for Directors of the Board and Audit & Supervisory Board members are determined within compensation ranges approved at the Annual Meeting of Shareholders.

The Board of Directors also decides policy for deciding the compensation of Directors of the Board and Corporate Executive Officers, and the details of the compensation structure based on discussions in the Evaluation Committee and the Compensation Committee.

Individual compensation amounts for Directors of the Board other than the Representative Director are decided by the President and CEO, Representative Director upon a resolution to entrust the decision to the President and CEO, Representative Director by the Board of Directors. The Evaluation Committee and the Compensation Committee assure objectivity and transparency by having these matters confirmed.

Actions of the Board of Directors and Committees in FY2019

At the meetings of the Board of Directors held in FY2019, matters relating to compensation of Directors and Corporate Executive Officers were raised twice.

The Evaluation Committee and Compensation Committee met twice, with all members present and taking part in deliberations each time. The main matters deliberated and decided were as follows:

- Compensation level of Directors of the Board and Corporate Executive Officers
- Evaluation and compensation of each Director of the Board

Results for Compensation

Total Compensation Amount in FY2019

(In millions of yen, unless otherwise stated)

Executive level	Total compensation	Amount of compensation by type					Allowance for retirement benefits, etc.	Number of applicable recipients
		Cash compensation		Equity compensation				
		Base salary	Annual incentive	Long-term incentive				
				BIP trust	Stock options			
Directors of the Board, excluding Outside Directors	1,334	237	240	672	183	—	5	
Audit & Supervisory Board Members, excluding Outside Members	79	79	—	—	—	—	2	
Outside Directors of the Board	46	46	—	—	—	—	2	
Outside Audit & Supervisory Board Members	28	28	—	—	—	—	2	

* The amounts shown above are calculated based on IFRS.

Targets for Compensation Paid in FY2019

The targets and results of the performance indicators related to performance-based annual incentives paid in cash in FY2019 and long-term incentives granted in equity using the BIP Trust scheme are as follows:

(In billions of yen, unless otherwise stated)

		Performance indicators	Target	Actual
Annual Incentives ¹		EBITDA for FY2018 ²	285.0	293.2
Long-term Incentives	BIP Trust	EBITDA for FY2018 ²	285.0	293.2
		Average of annual growth of adjusted EPS ³ from FY2016 to FY2018 (%)	High single digits	15.5%

¹ In addition to the above, individual performance evaluations are reflected in annual incentives.

² EBITDA: operating income + depreciation and amortization ± other operating income/expenses

³ Adjusted EPS: adjusted profit⁴ / (total number of shares issued at the end of the period - number of treasury stock at the end of the period)

⁴ Adjusted profit: profit attributable to owners of the parent ± adjustment items⁵ (excluding non-controlling interests) ± tax equivalent to certain adjustment items

⁵ Adjustment items: amortization of intangible assets by acquisitions ± non-recurring income/losses

Activities of Outside Directors of the Board and Outside Audit & Supervisory Board Members during FY2019

Naoki Izumiya, Outside Director of the Board

Naoki Izumiya participated in all 13 meetings of the Board of Directors held during FY2019. He has made statements from a practical perspective as an outside Director of the Board, based on his deep insight cultivated through his experience as President and Representative Director as well as Chairman of the Board of Asahi Group Holdings, Ltd., a global manufacturing company, and outside Directors of listed companies.

Hiroki Totoki, Outside Director of the Board

Hiroki Totoki participated in all 13 meetings of the Board of Directors held during FY2019. He has made statements from a practical perspective as an outside Director of the Board, based on his deep insight cultivated through his experience as Director, Representative Corporate Executive Officer, Senior Executive Vice President, CFO of Sony Corporation, a global company with diversified business portfolios, and Director of its group companies.

Hiroki Inoue, Outside Audit & Supervisory Board member

Hiroki Inoue participated in all 13 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held during FY2019. He made statements from a neutral and objective perspective as an outside Audit & Supervisory Board member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.

Yasuaki Nishiura, Outside Audit & Supervisory Board member

Yasuaki Nishiura participated in 12 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held during FY2019. He made statements from a neutral and objective perspective as an outside 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 the wealth of international experience he has amassed as a global business advisor.

Independent Auditor

Name

Ernst & Young ShinNihon LLC

Amount of Compensation

Compensation for Audit in FY2019

387 million yen

Total amount of monetary and other financial benefits payable by the Company to the Independent Auditor

587 million yen

- * The audit engagement entered into by the Company and the Independent Auditor does not clearly distinguish the amount of compensation etc. for audits prescribed in the Companies Act of Japan and those prescribed in the Financial Instruments and Exchange Act. Therefore, the compensation for audit above shows the total amount of such compensation.
- * The Audit & Supervisory Board verified the contents of the audit plan which included the auditing time, change in the amount of audit compensation, 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 compensation, has approved the amount of compensation, etc. to be paid to the Independent Auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act of Japan.
- * Some of the consolidated subsidiaries of the Company undergo an audit by audit corporations other than the Independent Auditor of the Company.

Description of Non-audit Business

The Company retains the Independent Auditor for various services including the preparation of comfort letters as non-audit businesses and pays compensation for such services.

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 of Japan, the Audit & Supervisory Board 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 shall propose the dismissal or non-reappointment of the Independent Auditor to a Shareholders Meeting.

Corporate Governance

Corporate Governance Overview

Basic Policy on Corporate Governance

The management philosophy of the Company is expressed in its Basic Principle, Vision, Mission and Values:

Basic Principle

We are focused on creating new value for our society to continue to a brighter world where all individuals can live life to the fullest.

Vision

Follow Your Heart

Mission

Opportunities for Life.

Faster, simpler and closer to you.

Values

Wow the World

Bet on Passion

Prioritize Social Value

Guided by this Philosophy, the Board of Directors prioritizes corporate governance policies and practices that are designed to achieve long-term growth, increased corporate and shareholder value, and benefits for all of our stakeholders.

Our stakeholders include individual users and enterprise clients, as well as our shareholders, employees, business partners, and the society and communities in which we operate.

Corporate Governance Overview

The Company's corporate governance structure is a "Company with an Audit & Supervisory Board" as defined under the Companies Act of Japan. In this structure, Audit & Supervisory Board members appointed by shareholders conduct audits of the execution of the duties by Directors as an independent body from the Board of Directors. This is the foundation for the Company's efforts to ensure and improve transparency, soundness and efficiency of management.

Under this structure, the Company has appointed multiple outside Directors of the Board and outside Audit & Supervisory Board members who are highly independent. The Company also has voluntarily established committees to serve as advisory bodies to the Board of Directors: the Nomination, Evaluation, Compensation, Compliance, Risk Management, and Sustainability Committees, etc. To enhance independence, the Nomination, Evaluation, and Compensation Committees are all chaired by Independent Directors of the Board and have a majority of outside members.

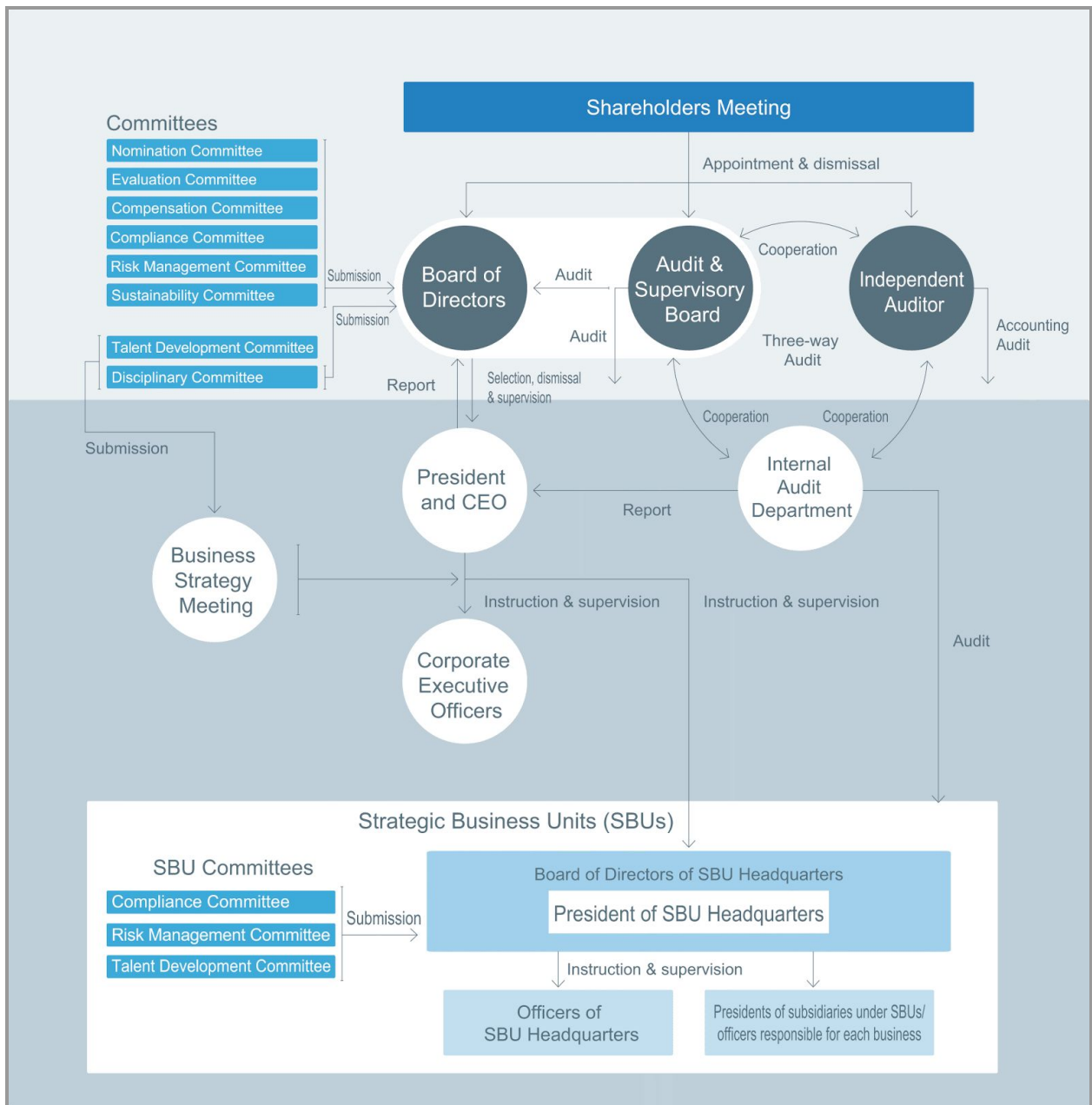
Furthermore, the Company has appointed Corporate Executive Officers, and established the Business Strategy Meeting to serve as any advisory body to the CEO in order to enhance the Company's decision-making process and business execution. The Business Strategy Meeting discusses important matters for the Company and the CEO approves the execution of such matters.

The Company has organized management units called Strategic Business Units (SBU). Each SBU has established a managing company called SBU Headquarters, which manages the subsidiaries of each SBU.

After deciding basic management policies and important matters and clarifying the scope of responsibilities, the Board of Directors delegates certain decision-making authority to the Business Strategy Meeting, SBU Headquarters, and other relevant bodies.

Through this arrangement, the Company aims to ensure that our corporate governance mechanisms are functioning sufficiently, both in terms of timely decision-making and effective internal control.

Corporate Governance Structure



The following are the SBU Headquarters as of March 31, 2020:

- HR Technology SBU: RGF OHR USA, Inc.
- Media & Solutions SBU: Recruit Co., Ltd.
- Staffing SBU: RGF Staffing B.V.

Important decisions for the SBUs are made by the Board of Directors of each SBU Headquarters. The majority of the Board of Directors of each SBU Headquarters comprises non-Executive Directors of the Board who are appointed by the Holding Company. Corporate Executive Officers of the Company concurrently serve as CEO of each SBU Headquarters.

Board of Directors

Role of the Board of Directors

The Board of Directors seeks to increase enterprise and shareholder value in the mid- to long-term. The responsibilities of Board of Directors include:

- Setting basic management policies to achieve the Company's strategic objectives
- Conducting oversight of operations and management
- Making decisions that could have a major impact on the Company
- Resolving matters required to be resolved by the Board of Directors as stipulated in relevant laws and regulations

Board of Directors meetings are regularly held once a month in general. The Board of Directors makes decisions on matters which significantly impact the Company's corporate governance and/or the Company's consolidated financial performance, such as investments above a certain threshold and key personnel matters. The Board of Directors delegates authority over other business matters to the Business Strategy Meeting and other decision-making bodies according to their appropriate level of responsibilities.

Criteria for determining organizational decision-making authority is set forth in the rules on decision-making authority. These rules are reviewed annually by the Board of Directors and revised as necessary.

Composition of the Board of Directors

The Board of Directors comprises seven Directors, including two Independent Directors as of March 31, 2020.

As a result of its growth, the Company today operates across many business sectors and geographic locations, engages with a broad universe of individual users and enterprise clients, and employs people from diverse backgrounds and ethnicities. The Company recognizes that the Board of Directors should reflect this diversity to ensure that it sustains the high-quality discussions that drive innovation and the long-term success of the Company.

As for the size of the Board of Directors, the Company believes that the Board of Directors should have an appropriate number of members in order to foster high-quality discussions. Under the Company's Articles of Incorporation, the Board of Directors may have a maximum of eleven Directors.

Approach to Selecting Directors of the Board

The approach to selecting candidates for the Directors is to choose qualified personnel from a pool of diverse candidates who can fulfill the duties and responsibilities of the position by considering their skills, leadership, background, judgment, personality, insight, and professional experience. Current Directors who are considered for renomination are evaluated on these criteria as well as their performance on the Board and terms of office.

The Company acknowledges that it has a strong need to enhance the diversity of its Board of Directors, particularly in the area of gender diversity. Accordingly, the Company announced a commitment in May 2019 to nominate at least one woman as a candidate to be a Director of the Board at an Annual Meeting of Shareholders to be held by June 2021.

In keeping with this commitment, the Board of Directors has decided to nominate a woman as a candidate to be proposed at the Annual Meeting of Shareholders scheduled to be held on June 30, 2020.

The Company has a policy that at least a third of the Directors of the Board are independent outside Directors who maintain appropriate distance from management execution. At the Annual Meeting of Shareholders scheduled to be held on June 30, 2020, there are six candidates for Directors of the Board, of which two will be reported as Independent Directors to the Tokyo Stock Exchange. Outside Directors are selected based on the above criteria as well as their management experience at corporations operating globally and/or publicly listed.

The Company expects Independent Directors to fulfill the following roles:

- To provide the Company with advice based on their management experience in corporations operating globally and/or publicly listed, which are necessary for the Company to further enhance its enterprise value and shareholder value in the mid-to long-term period.
- To play a leading role in matters related to selection and dismissal, evaluation and compensation of Directors of the Board and Corporate Executive Officers as a chair and/or member of the Nomination, Evaluation, and Compensation Committees.
- To oversee decision-making in cases where any potential conflict of interest exists between Directors and the Company. The Board of Directors acts as the decision-making body for such conflicts by ensuring the decision is delivered under the presence of Independent Directors as well as outside Audit & Supervisory Board members.

In order to ensure that Independent Directors fulfill the above roles, the Company takes the following measures:

- To share and discuss the topics discussed during the Compliance Committee and Risk Management Committee with the Board of Directors for the purpose of creating an environment that allows Directors and Corporate Executive Officers to take appropriate risks when making decisions.
- To share and discuss the topics discussed during the Sustainability Committee as well as the voice of our shareholders with the Board of Directors for the purpose of ensuring the discussions at the Board appropriately reflect the diverse perspectives of our stakeholders.

In addition to the above mentioned Independent Directors, the Board appoints one Non-Executive Director who does not execute business operations, but who has in-depth knowledge of and experience in the Internet industry.

Audit & Supervisory Board

Role of the Audit & Supervisory Board

The Audit & Supervisory Board is responsible for the following;

- Supervising the activities and performance of each Director of the Board as well as the Board of Directors as a whole, based on the auditing plan.
- Auditing the maintenance and operational status of internal control policies, procedures, and processes, based on the auditing plan.
- Evaluating the appropriateness and performance of the Independent Auditor.

All members of the Audit & Supervisory Board attend the Board of Directors meetings as part of their oversight responsibilities. In addition, one or more standing Audit & Supervisory Board members must attend the Business Strategy Meeting to enhance the oversight function.

The Audit & Supervisory Board meets once a month in general and holds extraordinary meetings as needed.

Composition of the Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two outside members as of March 31, 2020. One substitute Audit & Supervisory Board member was elected at the Annual Meeting of Shareholders held on June 19, 2019, in order to avoid any potential non-compliance with the statutory requirement that more than half of the members of the Audit & Supervisory Board be outside members.

Approach to Selecting Audit & Supervisory Board Members

The approach to selecting candidates for the Audit & Supervisory Board members is to select qualified persons with suitable experience and capabilities and with the necessary knowledge in the areas of finance, accounting, and legal affairs, to fulfill the duties and responsibilities as an Audit & Supervisory Board member. As of March 31, 2020, the Company has two standing Audit & Supervisory Board members who deeply understand the business of the Company, and two outside Audit & Supervisory Board members, one with expertise in legal affairs and one with expertise in finance and accounting.

All the Audit & Supervisory Board members make efforts to continuously expand their knowledge in order to fulfill their audit function in areas such as finance, accounting, and legal affairs through appropriate training courses funded by the Company. For example, the Audit & Supervisory Board members seek to deepen their understanding of the latest accounting standards and important matters for auditing by taking relevant training and seminars offered by the Japan Audit & Supervisory Board Members Association or by outside audit and assurance firms.

Nomination, Evaluation, and Compensation Committees

The Nomination, Evaluation, and Compensation Committees advise the Board of Directors. Each committee has a majority of outside members and is chaired by an outside Director in order to enhance the transparency and objectivity of the decision-making process.

These committees review and consider the nomination, evaluation, and compensation of Directors and Corporate Executive Officers in each fiscal year. Final decisions are made by resolution of the Board of Directors.

The roles of each committee are as follows:

Nomination Committee

The Committee deliberates and reports to the Board of Directors on the following;

- Nomination, succession and dismissal of the President and CEO
- Appropriateness of the process for nominating and dismissing candidates for Directors of the Board and Corporate Executive Officers.

Succession planning for the President and CEO considers the role's desired skills and qualifications, the Company's strategic outlook and the Board's desired governance structure. The appointment of the President and CEO is approved by the Board of Directors based on the recommendation of the Nomination Committee.

Development plans for successor candidates are formulated based on the expected succession timing of the existing President and CEO and the committee monitors the progress of these plans.

If the company should face poor business performance and it is determined that this is the result of inadequate performance of the President and CEO, upon deliberation, the Nomination Committee may report its findings and recommend their dismissal to the Board of Directors.

Regarding the nomination of Directors of the Board and Corporate Executive Officers, discussions are held on the best management structure, taking into account the mid- to long-term governance policy

and the timing of planned President and CEO succession. The Committee deliberates on the adequacy of the entire process above including selection of the candidates and resolutions by the Board of Directors.

Directors or Corporate Executive Officers can be dismissed in cases where it is recognized that they have significantly harmed the enterprise value of the Company due to violation of laws and regulations or other similarly significant reasons. In such cases, the Nomination Committee reviews the individual's conduct and makes a recommendation to the Board of Directors.

Evaluation Committee

The Committee deliberates on the performance evaluation structure for Directors of the Board and Corporate Executive Officers as well as each Director's Individual performance evaluations.

Compensation Committee

The Committee deliberates on the compensation structure for Directors of the Board and Corporate Executive Officers as well as each Director's individual compensation.

Business Strategy Meeting and Other Voluntary Committees

Compliance Committee

An advisory body to the Board of Directors. Chaired by the President and CEO, Representative Director. The Committee deliberates on compliance themes and measures of the Company.

Risk Management Committee

An advisory body to the Board of Directors. Chaired by the Director in charge of the Administration Division. The Committee deliberates on key risk themes and measures of the Company.

Sustainability Committee

An advisory body to the Board of Directors. Chaired by the Director in charge of the Corporate Planning Division. The Committee deliberates on strategy formulation and progress towards sustainability goals in order to promote the sustainability agendas of the Company.

Business Strategy Meeting

An advisory body to the CEO and chaired by the CEO. The meeting attendees deliberate on matters mainly relating to investments and personnel for which authority has been delegated by the Board of Directors. The meeting consists of Executive Directors of the Board, Corporate Executive Officers and standing Audit & Supervisory Board members.

Talent Development Committee

An advisory body to the Business Strategy Meeting. With participation by Corporate Executive Officers of the Company, the Committee deliberates on matters concerning the fostering of key talent, including the planning and monitoring of their career development and professional growth.

Disciplinary Committee

An advisory body to the Board of Directors and Business Strategy Meeting. The Committee deliberates on the recommended disciplinary action for the Company's personnel including its employees.

Composition of the Board and Committees as of the end of FY2019

Position	Name and surname	Board of Directors	Audit & Supervisory Board	Business Strategy Meeting	Nomination Committee	Evaluation Committee	Compensation Committee	Compliance Committee	Risk Management Committee	Sustainability Committee
Representative Director, President and CEO	Masumi Minegishi	C		C	M	M	M	C	O ^{*2}	M
Directors of the Board	Shogo Ikeuchi	M		M	M	M	M	M	O ^{*2}	
	Hisayuki Idekoba	M		M				M	C	C
	Keiichi Sagawa	M		M				M	O ^{*2}	
	Rony Kahan	M								
Outside Directors of the Board	Naoki Izumiya	M			C	M	M			
	Hiroki Totoki	M			M	C	C			
Standing Audit & Supervisory Board Members	Yukiko Nagashima	M ^{*1}	C	M				O	O	
	Akihito Fujiwara	M ^{*1}	M	M				O	O	
Outside Audit & Supervisory Board Members	Hiroki Inoue	M ^{*1}	M			M	M			
	Yasuaki Nishiura	M ^{*1}	M		M					
Corporate Executive Officers	Yoshihiro Kitamura									M
	Rob Zandbergen									M
	Junichi Arai			M				O ^{*2}	M	
	Ayano Senaha			M				M	M	M
	Iwaaki Taniguchi			M				M	M	
Internal Member	Kazuo Tase									M
Outside Experts	Aditi Mohapatra									M
	Mariko Kawaguchi									M
	Masahiko Kon									M
	Daisuke Takahashi									M

C Chair M Member O Observer

¹ Audit & Supervisory Board members are required to attend the Board of Directors meetings to audit the execution of duties of Directors of the Board under the Companies Act of Japan.

² Newly added in the 2nd half of FY2019.

Attendance for FY2019

Position	Name and surname	Board of Directors	Audit & Supervisory Board	Nomination Committee	Evaluation Committee	Compensation Committee	Compliance Committee	Risk Management Committee	Sustainability Committee
Representative Director, President and CEO	Masumi Minegishi	13/13		2/2	2/2	2/2	2/2	1/1 ²	2/2
Directors of the Board	Shogo Ikeuchi	13/13		2/2	2/2	2/2	2/2	1/1 ²	
	Hisayuki Idekoba	11/11 ¹¹					2/2	2/2	2/2
	Keiichi Sagawa	13/13					2/2	1/1 ²	
	Rony Kahan	13/13							
Outside Directors of the Board	Naoki Izumiya	13/13		2/2	2/2	2/2			
	Hiroki Totoki	13/13		2/2	2/2	2/2			
Standing Audit & Supervisory Board Members	Yukiko Nagashima	13/13	13/13				2/2	2/2	
	Akihito Fujiwara	13/13	13/13				2/2	2/2	
Outside Audit & Supervisory Board Members	Hiroki Inoue	13/13	13/13		2/2	2/2			
	Yasuaki Nishiura	12/13	13/13	2/2					
Corporate Executive Officers	Yoshihiro Kitamura								2/2
	Rob Zandbergen								2/2
	Junichi Arai						1/1 ²	2/2	
	Ayano Senaha						2/2	2/2	2/2
	Iwaaki Taniguchi						2/2	2/2	
Internal Member	Kazuo Tase								2/2
Outside Experts	Aditi Mohapatra								2/2
	Mariko Kawaguchi								2/2
	Masahiko Kon								2/2
	Daisuke Takahashi								2/2

- ¹ A total of eleven meetings of the Board of Directors were held since the person was appointed as Director of the Board at the Annual Meeting of Shareholders held on June 19, 2019.
- ² Only one committee meeting has been held since being added as a member.

Basic Policy on Profit Distribution and Dividends

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders to be an important part of its management strategy and aims to provide stable and sustainable dividends by comprehensively taking into account earnings and shareholders' equity. The Company believes that it is important to maintain a sufficient level of shareholders' equity in order to be able to respond flexibly to investment opportunities for future growth, while at the same time enhancing its ability to address possible risks relating to its business operations and assets.

Consolidated dividend payout ratio is set at approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses. The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

In accordance with the dividend policy above, total annual dividend for FY2019 is 30.0 yen per share, which consists of an interim dividend of 15.0 yen per share and a year-end dividend of 15.0 yen per share.

The Company basically declares dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved at the Annual Meeting of Shareholders, but at Board of Directors meetings, unless otherwise provided by laws and regulations.

The annual dividend forecast for FY2020 is undecided.

Resolution date at the Board of Directors meetings	Total dividend for FY2019 (In million yen)	Dividend per share for FY2019 (yen)
November 13, 2019	25,062	15.0
May 27, 2020	24,748	15.0

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As of March 31, 2020

(In millions of yen)

Description	Amount
Assets	
Current assets	829,979
Cash and cash equivalents	421,253
Trade and other receivables	327,614
Other financial assets	40,119
Other assets	40,991
Non-current assets	1,168,938
Property and equipment	92,200
Right-of-use assets	258,230
Goodwill	383,163
Intangible assets	216,388
Investments in associates and joint ventures	64,614
Other financial assets	120,656
Deferred tax assets	27,931
Other assets	5,752
Total assets	1,998,917
Liabilities	
Current liabilities	511,733
Trade and other payables	219,021
Bonds and borrowings	24,551
Lease liabilities	31,459
Other financial liabilities	816
Income tax payables	16,850
Provisions	5,810
Other liabilities	213,223
Non-current liabilities	491,440
Bonds and borrowings	112,148
Lease liabilities	240,254
Other financial liabilities	2,043
Provisions	9,489
Net liability for retirement benefits	53,459

Deferred tax liabilities	52,912
Other liabilities	21,132
Total liabilities	1,003,174
Equity	
Equity attributable to owners of the parent	988,449
Common stock	40,000
Share premium	18,904
Retained earnings	1,067,492
Treasury stock	(113,244)
Other components of equity	(24,702)
Non-controlling interests	7,293
Total equity	995,743
Total liabilities and equity	1,998,917

Consolidated Statement of Profit or Loss

For the year ended March 31, 2020

(In millions of yen)

Description	Amount
Revenue	2,399,465
Cost of sales	1,106,249
Gross profit	1,293,215
Selling, general and administrative expenses	1,045,380
Other operating income	5,766
Other operating expenses	47,589
Operating income	206,011
Share of profit (loss) of associates and joint ventures	3,617
Gain (loss) on change in ownership interests in associates	12,326
Finance income	7,503
Finance costs	3,309
Profit before tax	226,149
Income tax expense	44,899
Profit for the year	181,249
Profit attributable to:	
Owners of the parent	179,880
Non-controlling interests	1,369
Profit for the year	181,249

NON-CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

As of March 31, 2020

(In millions of yen)

Description	Amount
Assets	
Current assets	297,040
Cash and deposits	198,424
Accounts receivable - trade	38,407
Prepaid expenses	237
Short-term loans receivable	46,773
Accounts receivable - other	12,933
Other current assets	394
Allowance for doubtful accounts	(130)
Non-current assets	1,112,417
Property, plant and equipment	140
Buildings	39
Machinery and equipment	1
Tools, furniture and fixtures	99
Intangible assets	490
Software	431
Other	59
Investments and other assets	1,111,786
Investment securities	39,533
Stocks of subsidiaries and associates	827,403
Long-term loans receivable	240,441
Other assets	4,412
Allowance for doubtful accounts	(4)
Total assets	1,409,458
Liabilities	
Current liabilities	327,987
Short-term borrowings	318,178
Accounts payable - other	4,455
Accrued expenses	2,042
Income taxes payable	1,182
Deposits received	86
Other current liabilities	2,042

Long-term liabilities	208,670
Bonds payable	50,000
Long-term borrowings	62,393
Provision for retirement benefits for directors (and other officers)	1,044
Provision for Board Incentive Plan trust	3,015
Deferred tax liabilities	91,550
Other long-term liabilities	667
Total liabilities	536,658
Equity	
Shareholders' equity	861,730
Common stock	40,000
Capital surplus	1,571
Other capital surplus	1,571
Retained earnings	933,403
Legal retained earnings	3,256
Other retained earnings	930,146
General reserve	820,909
Retained earnings brought forward	109,237
Treasury stock	(113,244)
Valuation and translation adjustments	9,350
Unrealized gain (loss) on available-for-sale securities	9,350
Stock acquisition rights	1,719
Total equity	872,799
Total liabilities and equity	1,409,458

Statement of Income

For the year ended March 31, 2020

(In millions of yen)

Description	Amount
Operating revenue	102,061
Royalty income	35,325
Dividends from subsidiaries and associates	66,736
Operating expenses	10,004
Salaries and allowances	3,682
Business commissions	3,044
Other	3,277
Operating income	92,056
Non-operating income	3,169
Interest income	805
Dividend income	1,116
Other	1,247
Non-operating expenses	1,160
Interest expense	675
Foreign exchange losses	101
Other	382
Ordinary income	94,065
Extraordinary income	25
Other	25
Extraordinary losses	0
Loss on retirement of non-current assets	0
Income before income taxes	94,090
Income taxes-current	(1,200)
Income taxes-deferred	9,436
Net income	85,854

AUDIT REPORTS

(Translation)
Independent Auditor's Report

May 27, 2020

The Board of Directors
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Designated Engagement Partner
Certified Public Accountant

Yoshifumi Mitsugi
Designated Engagement Partner
Certified Public Accountant

Takuto Miki
Designated Engagement
Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Recruit Holdings Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020, 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 ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Member and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by 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 IFRSs, matters related to going concern.

Audit & Supervisory Board member and Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation 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 IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board member and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board member and Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

(Translation)
Independent Auditor's Report

May 27, 2020

The Board of Directors
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Designated Engagement Partner
Certified Public Accountant

Yoshifumi Mitsugi
Designated Engagement Partner
Certified Public Accountant

Takuto Miki
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of change in equity, the notes to the non-consolidated financial statements, and the related supplementary schedules (the "Financial Statements") of Recruit Holdings Co., Ltd. (the "Company") applicable to the 60th fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position and results of operations of the Company for the fiscal year ended March 31, 2020, in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Member and Audit & Supervisory Board for the Financial Statements

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

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board member and Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Financial Statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board member and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board member and Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit & Supervisory Board's Report

The Audit & Supervisory Board reports the following reflecting the discussion among its members on the execution of duties of Directors of the Board during the fiscal year 2019, from April 1, 2019 through March 31, 2020. The discussion was made based on audit reports prepared by each Audit & Supervisory Board member.

Procedures and Details of the Audits Conducted by the Audit & Supervisory Board and by Each Member

The Audit & Supervisory Board set the audit policies and division of duties among Audit & Supervisory Board members, and received a report from each Audit & Supervisory Board member. The Audit & Supervisory Board was also reported by Directors of the Board and, the Independent Auditor regarding the execution of their duties, requested explanations as necessary and received responses.

Each Audit & Supervisory Board member conducted the audit in accordance with the audit standards set by the Audit & Supervisory Board, and the audit policies and the division of duties among its members. In its audit activities, each member endeavored to collect information and ensure an appropriate audit environment, by proactively communicating with Directors of the Board, Internal Audit Department, and other employees. The detailed procedures are as follows:

- Each Audit & Supervisory Board member attended the Board of Director meetings and other important meetings. They received reports from Directors of the Board and employees on the status of execution of their duties, and requested explanations as necessary. Each Audit & Supervisory Board member also inspected the important approval documents, etc., and examined the status of operations and of assets at its head office and principal offices. For the audit of its subsidiaries, each Audit & Supervisory Board member communicated and shared information with the Directors of the Board and Audit & Supervisory Board members of the subsidiaries, and received their business reports as necessary.
- Each Audit & Supervisory Board member periodically received reports from Directors of the Board and employees requested explanations as necessary, and expressed his or her opinions on the following matters that are stated in the Business Report.
 - The resolutions by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Directors of the Board complies with laws and regulations and the Articles of Incorporation.
 - The resolutions by the Board of Directors regarding the establishment of systems stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan, to ensure the properness of operations of the Company.
 - The development and operation of the Internal Controls established based on the resolutions above.
- The Audit & Supervisory Board members monitored and verified that the Independent Auditor maintains its independence and conducts the audits appropriately. The members also received reports on the status of the execution of duties from the Independent Auditor, requested explanations as necessary and received responses. In addition, The Audit & Supervisory Board member 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, The Audit & Supervisory Board 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.

Audit Results

Audit Results of Business Report and Other Related Reports

The Audit & Supervisory Board acknowledges the followings:

- The Business Report and supplementary schedules present fairly the status of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company.
- Regarding the execution of duties by Directors of the Board, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company.
- The resolution of the Board of Directors regarding the Internal Controls 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 Directors of the Board in relation to such internal controls.

Results of the Audit of Non-consolidated Financial Statements and Supplementary Schedules

The Audit & Supervisory Board acknowledges that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

Results of the Audit of Consolidated Financial Statements and Supplementary Schedules

The Audit & Supervisory Board acknowledges that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 27, 2020

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

Standing Audit & Supervisory Board member	Yukiko Nagashima
Standing Audit & Supervisory Board member	Akihito Fujiwara
Outside Audit & Supervisory Board member	Hiroki Inoue
Outside Audit & Supervisory Board member	Yasuaki Nishiura

Sustainability Activities

Aiming for a Brighter World Where All Individuals Can Live Life to the Fullest

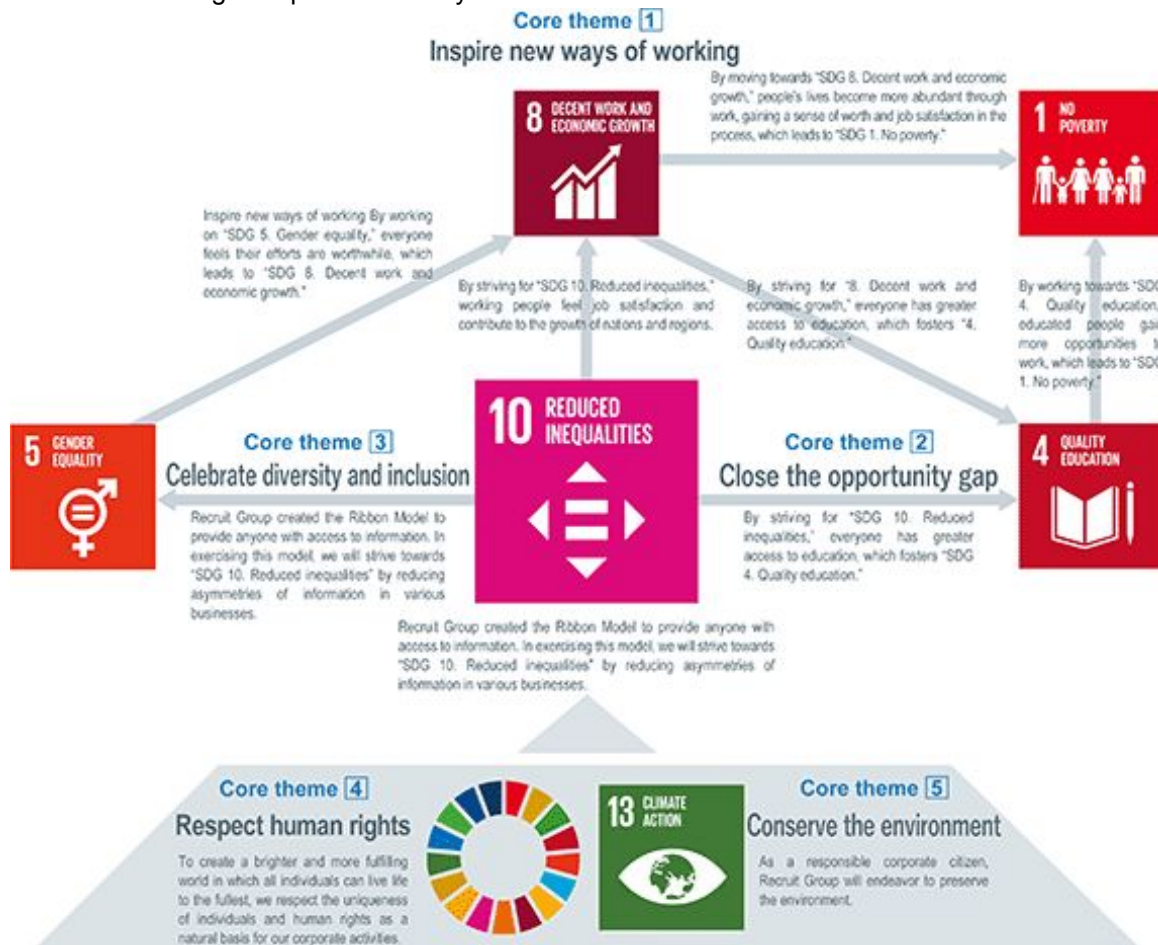
In order to realize our corporate vision of creating a brighter world where all individuals can live life to the fullest, we have established the following three guiding principles and established five core themes based on the perspectives of expectations on the Company, and the level of contribution of our business. We also identified six development goals that we should address in particular from the SDGs. We will contribute to the society through 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 SDGs Domino Effect

We are committed to creating the optimal matching of individual users and enterprise clients through our business activities with the aim of creating a world where each and every person is able to find what really matters to them. We believe this helps reduce asymmetries in information and broadens choices, which contributes to the realization of 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 to have a meaningful impact on society.



Sustainability activities

<https://recruit-holdings.com/sustainability/activities/>



In order to achieve its corporate vision, the Company strives to create a society where people at work can feel lively and motivated. We are aiming to do so primarily by creating value for society through our business activities. We believe that every step of what we do counts toward the realization of our vision, and that's where our sustainability activities are carried out. We also serve our communities by making various social contributions beyond business, while at the same time also making ourselves an inclusive, diverse organization to live up to our vision. Please visit our corporate website (the URL is as noted above) to find out more about what we do to contribute to achieving a better and sustainable tomorrow.



Sitting volleyball athlete Jun Tazawa

■ Recruit / Recruit Office Support - supporting athletes

Started in 2018 in Japan, our sponsorship today supports 4 athletes to help them achieve their athletic goals while balancing their professional life at work. To enhance the supporting environment for them, we also host community events called “ParaRing,” which is named after the words “paradigm shift” and “ring,” portraying our aspiration of growing the connecting ring of supporters for athletes.



Earth day initiative

■ Indeed - Earth day and the Go Green initiative

Our employees at Indeed in the U.S. are actively participating in the voluntary environmental initiatives “Earth day” and “Go Green.” Activities include picking up garbage, planting trees to repopulate species, and promoting environmental awareness within the organization.



Refugee support activities in Myanmar

■ Advantage Resourcing & Staffmark – career support

In the U.S., we support the careers of military service members and veterans through providing career assistance such as resume writing and partnering with external organizations. We also helped over 300 refugees from Myanmar, providing training and assistance with finding jobs for them as well as providing technical and housing assistance.



Working from home

■ Recruit Office Support - remote work for employees with special needs

In Japan, at our special subsidiary Recruit Office Support, approximately 70 employees are working remotely from their home. Where they live varies across the country, but they are working closely with our group companies via calls and video meetings, providing services like proofreading of recruitment ads. We believe making our work style flexible is the key to enabling us to include more people with special needs, and ultimately to help people achieve their full potential.