RECRUIT

Recruit Holdings

Annual Report

FY2020

Translated from *“Yukashouken Houkokusho”*

April 1, 2020 - March 31, 2021

This document has been translated from the original document in Japanese ("*Yukashouken Houkokusho*"), which is legally required for Recruit Holdings as a listed company in Japan to support investment decisions by providing certain information about the Company for the fiscal year ended March 31, 2021 ("FY2020"), under Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

The Japanese original document was filed to the Director-General of the Kanto Local Finance Bureau in Japan on June 18, 2021. Please refer to "Note Regarding Reference Translation" below as a general warning for this translation document.

Document Name	Annual Report translated from *Yukashouken Houkokusho*
Filing Date	June 18, 2021
Fiscal Year	FY2020 (From April 1, 2020 to March 31, 2021)
Company Name in English	Recruit Holdings Co., Ltd.
Title and Name of Representative	Hisayuki Idekoba President, CEO and Representative Director of the Board
Address of Head Office	8-4-17 Ginza, Chuo-ku, Tokyo, Japan (The above address is a registered headquarters. Actual headquarters operation is conducted in the Contact Location below)
Telephone Number	+81-3-6835-1111
Contact Person	Junichi Arai Corporate Executive Officer
Contact Location	1-9-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

Definition of Abbreviations

In this document, the terms the "Company," "Recruit Group," "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. ("Recruit Holdings") on a standalone basis.

The Company's fiscal year starts on April 1 and ends on March 31 of each year. Accordingly, "FY2020" refers to the period from April 1, 2020 to March 31, 2021. References to "FY" or "fiscal year" indicate 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.

For other definitions, please refer to the chart below.

Abbreviation	Definition
SBU	Strategic Business Unit
IFRS	International Financial Reporting Standards

Definition of Financial Measures

Financial Measures	Definition
Adjusted EBITDA	Operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses
Adjusted profit	Profit attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
Adjusted EPS	Adjusted profit / (number of issued shares at the end of the period - number of treasury stock at the end of the period)
Profit available for dividends	Profit attributable to owners of the parent ± non-recurring income/losses ± tax reconciliation related to certain non-recurring income/losses
Adjustment items	Amortization of intangible assets arising due to business combinations ± non-recurring income/losses
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

Changes of Company Name

The names of the companies in this document are as of March 31, 2021, unless otherwise indicated. The names of the companies that changed during FY2020 are indicated below.

Company Name (prior to the change)	Company Name (as of March 31, 2021)	Date of Change
USG People France SAS	RGF Staffing France SAS	December 2020
USG People Interservices NV	RGF Staffing Interservices NV	December 2020
USG People Germany GmbH	RGF Staffing Germany GmbH	February 2021

Also, the names of the companies within Recruit Group that changed between April 1, 2021 and June 18, 2021 are indicated below.

Company Name (as of March 31, 2021)	New Company Name (as of June 18, 2021)	Date of Change
USG People Holdings B.V.	RGF Staffing the Netherlands B.V.	April 2021
ADVANTAGE RESOURCING UK LIMITED	RGF STAFFING UK LIMITED	June 2021

Recruit Co., Ltd., a consolidated subsidiary of the Company, has made an absorption-type merger of the following companies on April 1, 2021:
Recruit Career Co., Ltd., Recruit Jobs Co., Ltd., Recruit Sumai Company Ltd., Recruit Marketing Partners Co., Ltd., Recruit Lifestyle Co., Ltd., Recruit Communications Co., Ltd. and Recruit Technologies Co., Ltd.

Average Exchange Rate During The Period

(In yen)

	FY2019				FY2020			
	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative
US dollar	109.90	108.60	108.65	108.70	107.63	106.93	106.11	106.10
Euro	123.50	121.40	121.04	120.81	118.59	121.34	122.44	123.76
Australian dollar	76.95	75.24	74.91	74.11	70.74	73.32	74.35	76.21

The amount of exchange rate effects on revenue for Q4 FY2020 in this document is calculated by deducting the amount of the nine month period of FY2020 from the amount of the twelve month period of FY2020.

Table of contents

Company Overview

Key Performance Indicators

The Company - Consolidated Basis

(In millions of yen, unless otherwise indicated)

	IFRS				
Fiscal year	FY2016	FY2017	FY2018	FY2019	FY2020
Fiscal year end	March 2017	March 2018	March 2019	March 2020	March 2021
Revenue	1,941,922	2,173,385	2,310,756	2,399,465	2,269,346
Profit before tax	198,929	199,228	239,814	226,149	168,502
Profit for the year	137,260	152,329	175,381	181,249	131,690
Profit attributable to owners of the parent	136,654	151,667	174,280	179,880	131,393
Comprehensive income attributable to owners of the parent	132,135	154,405	172,216	151,649	208,633
Equity attributable to owners of the parent	737,575	835,605	965,775	988,449	1,091,571
Total assets	1,462,903	1,574,032	1,748,982	1,998,917	2,196,613
Equity attributable to owners of the parent per share (Yen)	441.51	500.20	578.04	599.65	667.96
Basic earnings per share (Yen)	81.33	90.79	104.31	108.27	79.83
Diluted earnings per share (Yen)	81.19	90.60	104.11	108.07	79.70
Ratio of equity attributable to owners of the parent (%)	50.4%	53.1%	55.2%	49.4%	49.7%
Return on equity attributable to owners of the parent (%)	19.5%	19.3%	19.3%	18.4%	12.6%
Price earnings ratio (Times)	23.3x	29.1x	30.3x	25.8x	67.7x
Cash flows from operating activities	154,373	194,117	276,960	303,325	286,597
Cash flows from investing activities	(213,886)	(65,937)	(204,619)	(88,993)	(40,373)
Cash flows from financing activities	107,152	(83,169)	(68,521)	(192,721)	(172,713)
Cash and cash equivalents at the end of the year	355,196	389,822	402,911	421,253	501,043
Number of employees	45,688	40,152	45,856	49,370	46,800
Average number of contract employees	2,278	2,331	2,449	2,530	1,720

[1] The consolidated financial statements have been prepared based on “IFRS” as issued by the International Accounting Standards Board from FY2017.

[2] Revenue does not include consumption taxes, etc.

[3] A three-for-one stock split of Recruit Holdings’ common stock was implemented on July 1, 2017. Equity attributable to owners of the parent per share, basic earnings per share and diluted earnings per share are calculated on the assumption that this stock split took place at the beginning of FY2016.

[4] The number of employees excludes contract employees.

(In millions of yen, unless otherwise indicated)

	JGAAP	
Fiscal year	FY2016	FY2017
Fiscal year end	March 2017	March 2018
Net sales	1,839,987	2,173,385
Ordinary income	131,718	152,547
Profit attributable to owners of the parent	85,422	99,513
Comprehensive income	61,219	93,362
Net assets	778,540	774,143
Total assets	1,449,614	1,541,543
Net assets per share (Yen)	461.39	463.41
Earnings per share (Yen)	50.84	59.97
Diluted earnings per share (Yen)	50.76	59.84
Capital adequacy ratio (%)	53.2%	49.8%
Return on equity (%)	11.1%	13.0%
Price earnings ratio (Times)	37.2x	44.1x
Cash flows from operating activities	142,161	194,403
Cash flows from investing activities	(214,257)	(66,223)
Cash flows from financing activities	110,557	(83,178)
Cash and cash equivalents at the end of the period	345,676	389,813
Number of employees	45,688	40,152
Average number of contract employees	2,278	2,331

[1] An audit based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan has not been performed for the JGAAP figures for FY2017.

[2] Net sales does not include consumption taxes, etc.

[3] A three-for-one stock split of Recruit Holdings' common stock was implemented on July 1, 2017. Net assets per share, earnings per share, and diluted earnings per share are calculated based on the assumption that this stock split took place at the beginning of FY2016.

[4] A Board Incentive Plan ("BIP") Trust was introduced in FY2016, and the shares of Recruit Holdings held in this trust have been recorded as treasury stock in the consolidated financial statements. Accordingly, in the calculation of earnings per share and diluted earnings per share, shares of Recruit Holdings held in this trust are included in treasury stock to be deducted for the calculation of the average number of shares during the period. In addition, in the calculation of net assets per share, shares of Recruit Holdings held in this trust are included in treasury stock to be deducted from the total number of issued shares at the end of the period.

[5] The number of employees excludes contract employees.

The Holding Company - Standalone Basis

(In millions of yen, unless otherwise indicated)

Fiscal year	FY2016	FY2017	FY2018	FY2019	FY2020
Fiscal year end	March 2017	March 2018	March 2019	March 2020	March 2021
Net sales or operating revenue	569,645	576,243	62,748	102,061	27,324
Ordinary income	82,358	429,431	55,413	94,065	19,574
Net income	73,142	444,077	34,247	85,854	14,063
Common stock	10,000	10,000	10,000	40,000	40,000
Total number of shares issued (Shares)	565,320,010	1,695,960,030	1,695,960,030	1,695,960,030	1,695,960,030
Equity	558,812	946,487	932,667	872,799	805,322
Total assets	1,437,740	1,493,380	1,424,884	1,409,458	1,372,520
Equity per share (Yen)	333.28	565.50	557.35	528.44	491.99
Dividend per share (Yen)	65.0	23.0	28.0	30.0	20.0
Interim dividend per share (Yen)	—	11.0	13.5	15.0	9.5
Earnings per share (Yen)	43.53	265.84	20.50	51.68	8.54
Diluted earnings per share (Yen)	43.46	265.28	20.46	51.58	8.53
Capital adequacy ratio (%)	38.7%	63.3%	65.4%	61.8%	58.6%
Return on equity (%)	13.1%	59.2%	3.7%	9.5%	1.7%
Price earnings ratio (Times)	43.5x	9.9x	154.2x	54.1x	632.1x
Payout ratio (%)	49.8%	8.7%	136.6%	58.1%	234.1%
Number of employees	512	609	181	158	138
Average number of contract employees	24	17	8	9	4
Total shareholder return (%)	167.2	234.9	282.4	253.2	482.3
Comparative indicator: TOPIX total return index (%)	114.7	132.9	126.2	114.2	162.3
Highest share price (Yen)	5,920	6,340 *2,877.5	3,845	4,615	5,568
Lowest share price (Yen)	3,225	5,500 *1,851	2,523	2,442.5	2,240.5

1 Net sales or operating revenue does not include consumption taxes, etc.

2 A three-for-one stock split of Recruit Holdings' common stock was implemented on July 1, 2017. As a result, the total number of shares issued stood at 1,695,960,030 shares.

3 A three-for-one stock split of Recruit Holdings' common stock was implemented on July 1, 2017. Equity per share, earnings per share, and diluted earnings per share are calculated on the assumption that this stock split took place at the beginning of FY2016.

4 A Board Incentive Plan ("BIP") Trust was introduced in FY2016 and shares of Recruit Holdings held in this trust have been recorded as treasury stock in the non-consolidated financial statements. Accordingly, in the calculation of earnings per share and diluted earnings per share, shares of Recruit Holdings held in this trust are included in treasury stock to be deducted for the calculation of the average number of shares during the period. In addition, in the calculation of equity per share, shares of Recruit Holdings held in this trust are included in treasury stock to be deducted from the total number of issued shares at the end of the period.

5 The method for attributing projected retirement benefits to individual periods of service and standards for revenue recognition were

changed in FY2017. The figures for FY2016 have been retrospectively reclassified to reflect these changes. Cumulative effects in and before FY2015 are reflected in equity at the beginning of FY2016.

[6] Effective April 1, 2018, the Holding Company transitioned to a pure holding company structure by way of a company split. Accordingly, major KPIs for FY2018 differ significantly from those during and before FY2017.

[7] The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, issued February 16, 2018) have been adopted from the beginning of FY2018. Major KPIs and other figures for FY2017 have been retrospectively adjusted to reflect the adoption of the said accounting standard.

[8] The highest and lowest share prices are those quoted on the First Section of the Tokyo Stock Exchange.

The share prices marked with an asterisk (*) are those after the ex-rights date due to the three-for-one stock split implemented on July 1, 2017.

[9] The number of employees excludes contract employees.

History

Organizational Transitions

The Company was founded in March 1960 in Minato-ku, Tokyo, Japan as the University Newspaper Advertising Company, publishing job advertisements in university newspapers. Following that, we began handling advertising for multiple university newspapers, and in October 1960, we established the University Advertising Co., Ltd. as a corporate organization. In 1962, we launched our publication *Invitation to Companies*, and in April 1963 changed the company name to the Japan Recruitment Center, Inc. In August 1963, the company name was further updated to Japan Recruit Center, Inc, a predecessor to today's Recruit Holdings, Co., Ltd.

Please refer to the timeline below for further information regarding organizational transitions.

Business Fields Expansion

We first established ourselves in the field of university newspaper advertising, before developing our two-sided marketplace business model in 1962, which continues to guide us today. Since then, we have widened our range of HR businesses, while also expanding into the life events field, including housing, automobiles, bridal, and the lifestyle field including travel, dining, and beauty. Recently, we have introduced software as a service ("SaaS") business tools to support operations within small and medium-sized enterprises ("SMEs"), such as retailers and restaurants.

Digital Transformation

The Company began using computers at a time when their use was still limited, putting digitization into practice for increased efficiency. Following the introduction of a supercomputer in the 1980s, we transitioned from paper magazines to online media in the 1990s, and then to mobile platforms. Not only did this allow for faster and more convenient delivery of information, but it also transformed how individual users and business clients interact, through the development of groundbreaking tools such as online reservation systems. Today we continue the evolution of digital solutions through the development of SaaS solutions.

Globalization

In the 2000s, the Company entered the global market with a bridal business in China. Although this ended with a withdrawal, this experience helped us to shape our mergers and acquisitions ("M&A") strategy, and we later succeeded in expanding our staffing businesses to the US, Europe, Australia and beyond. Further, the acquisitions of Indeed, Inc.* in 2012 and Glassdoor, Inc.* in 2018 have led to the successful establishment of our HR Technology SBU, spearheading the growth of the Company as a whole and bringing the number of countries we serve to over 60.

March 1960	Foundation. Started as an advertising agency specializing in job ads in university newspapers.
1962	Published *Invitation to Companies* which consolidated recruitment information for university students and established the two-sided marketplace business model.
August 1963	Japan Recruit Center, Inc. was established, a predecessor to today's Recruit Holdings Co., Ltd.
1968	Introduced the IBM 1130 Computing System, becoming the first company in Japan to use this groundbreaking computer.
1971	Established Recruit Computer Print, a company specializing in digitized pre-production processes focused on adopting leading-edge publishing technologies.
1976	Launched operations in the housing information industry in response to the oil crisis induced recession, and achieved rapid growth.
1980	Launched Travail, Japan's first career change magazine for women, published 5 years prior to Japan's legislative enactment of The Equal Employment Opportunity Law.
April 1984	Changed the company name to Recruit Co., Ltd.
1984	Launched the magazine Car Sensor. It was born from a training program for new employees and focused on the used car market.
1985	Against the backdrop of the privatization of Japan's telecommunications industry, launched Information Network Service operations and Remote Computing Service operations.
1985	Established Recruit U.S.A. Inc. to support Japanese companies with local hiring in the US.
1987	Established the Supercomputer Research Institute, aimed at developing insights into how to meet the challenges and opportunities of the approaching era of a data-driven society.
1990	Launched Jalan, a magazine about travel and leisure optimized for easier booking.
1993	Launched Zexy, a bridal information magazine born from our new internal business proposal system, "Ring."
1995	Launched Mix Juice (Currently ISIZE) marking the start of our online media business.
1996	Digitized our job information magazines and launched RB on the NET (Currently Rikunabi) and Digital B-ing (Currently Rikunabi Next).
2000	While the Company expanded its businesses in the field of life events such as housing and bridal, it also launched lifestyle information magazine Hot Pepper (Currently Hot Pepper Gourmet) which contains dining guides and coupons.
2000	Launched ISIZE Travel (Currently Jalan net), a platform for making accommodation reservations online.

2004	Launched the bridal information magazine Zexy in China. This experience helped the Company shape M&A strategy for global expansion.
2007	Launched Hot Pepper Beauty, an online beauty salon appointment reservation service.
January 2008	Moved the headquarters to Gran Tokyo SOUTH TOWER (Marunouchi 1-9-2, Chiyoda-ku, Tokyo, Japan)
July 2010	Acquired US-based staffing company, The CSI Companies, Inc.* and implemented our Unit Management System. With this acquisition, we began M&A-driven global expansion.
2011	Launched Juken Sapuri (Currently Study Sapuri), an online learning service for college entrance exams, then expanded into languages and other subjects, successfully growing into an affordable high-quality online learning platform.
2011	Acquired Staffmark Group, LLC* in October, Advantage Resourcing Europe B.V.* in December and expanded our staffing business in the US and Europe.
October 2012	Through an incorporation-type split the Company became a holding company, Recruit Holdings Co., Ltd., and established the following companies: - Recruit Sumai Company Ltd.* - Recruit Marketing Partners Co., Ltd.* - Recruit Lifestyle Co., Ltd.* - Recruit Technologies Co., Ltd.* Through a joint incorporation-type split by Recruit Office Support Co., Ltd.* newly established: - Recruit Administration Co., Ltd. (Currently Recruit Co., Ltd.)* Through an absorption-type split, transferred businesses to the following 100% subsidiaries of the Company: - Recruit Agent Co., Ltd. (Currently Recruit Career Co., Ltd.)* - Recruit HR Marketing (Currently Recruit Jobs Co., Ltd.)* - Recruit Media Communications Co., Ltd. (Currently Recruit Communications Co., Ltd.*)
October 2012	Acquired Indeed, Inc.* (founded in 2004), a job search engine based in the US. This marked our full entry into the HR technology business, which has since revolutionized the HR industry through disruptive digital innovation.
2012	Developed SALON BOARD, a cloud-based online reservation management system that improves operational efficiency at beauty salons through digitization, replacing paper-based reservation books.
2013	Released AirREGI, a point of sale (POS) system for SMEs of various industries such as retailers and restaurants, using smartphones and tablets to enhance operational efficiency of their businesses.
October 2014	Listed publicly on the First Section of the Tokyo Stock Exchange.
2015	Expanded the functions of AirREGI and launched AirPAY, a payment system service that can handle various payment methods including credit cards, electronic money, and QR Codes[1]. [1] "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

2015	Established Recruit Institute of Technology (Currently Megagon Labs) to work with external organizations on research and development of AI, machine learning, and other new technologies.
2015	Acquired the staffing companies Peoplebank Australia Ltd* in January and Chandler Macleod Group Limited* in April, companies with leading market positions and strong business fundamentals in the Australian market.
2016	Established Recruit Finance Partners*. Reinforced our expansion into the management support domain by providing loans to SMEs.
2016	Established a Fintech Promotion Division and launched digital innovation efforts in the financial industry.
2016	Launched Indeed Hire, an innovative recruitment service that goes beyond the job advertisement business.
June 2016	Acquired USG People Holdings B.V. (Currently RGF Staffing B.V.*), a leading European staffing company with a presence in the Netherlands, France, Germany, and Belgium among other countries, marking our full entry into Europe.
April 2018	Reorganized the Company and established a managing company for each SBU that oversees the operation of its subsidiary companies: - HR Technology SBU: RGF OHR USA, Inc.* - Media & Solutions SBU: Recruit Co., Ltd.* (Former Recruit Administration) - Staffing SBU: Recruit Global Staffing B.V. (Currently RGF Staffing B.V.*)
2018	Launched AirSHIFT, a system for the management of shift work using a SaaS solution, thereby contributing to operational efficiency in the service industry where labor shortages are a major problem.
June 2018	Acquired Glassdoor, Inc.*, a leading online job and company information site founded in the US in 2007. Glassdoor has developed a database of information and reviews posted by users, bringing transparency to the job seeking process and strengthening our HR Technology business.
2018	Launched Indeed Assessments, a platform that helps employers automate the screening process so they can quickly find candidates with the skills they need.
2020	Launched Indeed Interview, a video interviewing platform designed specifically for interviewing and hiring, which was created to allow employers to quickly adapt to virtual hiring needs during the pandemic so job seekers could interview safely from the convenience of their homes.
2021	Launched Indeed Hiring Platform, a new solution that allows employers to manage the hiring process – from posting through interview – directly on Indeed, with no additional software. Job seekers who meet an employers' objective job criteria can automatically advance to an interview.

* Consolidated subsidiaries as of March 31, 2021.

"Currently" in the chart above shows the name as of March 31, 2021.

History from April 1, 2021 to June 18, 2021

April 2021: Reorganization of the Media & Solutions SBU

Recruit Co., Ltd. ("Recruit"), the Media & Solutions SBU Headquarters, integrated its seven main core operating companies and functional companies into Recruit.

Business

The Company started in 1960 as a business providing job information to students by placing job advertisements for its clients in university newspapers in Japan. Since then, the Company has consistently created and operated matching platform businesses connecting individual users and business clients.

Currently, the Company provides individual users around the world the best possible choices and supports business clients in improving their operational efficiency by utilizing technology and data, all enabling simpler and faster matching.

In the course of connecting individual users and business clients, the Company positions data security and privacy, including the protection of individual users' privacy, as a material foundation for its corporate activities, and has established appropriate structures and measures to support that position.

The Company operates its businesses through each of its three Strategic Business Units ("SBU"s): HR Technology, Media & Solutions and Staffing and 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. The SBU structure also enables the Holding Company to focus on and strengthen its holding company functions, including strategic planning and execution as well as group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

As of March 31, 2021, the Company had 351 subsidiaries and 8 associates.

Business Overview by Segment

HR Technology

HR Technology consists 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 have missions that are aligned towards achieving success for job seekers - Indeed's mission is to help people get jobs and Glassdoor's mission is to help people everywhere find a job and company they love.

Indeed created the job aggregation and search model that transformed the job search process for job seekers, and in doing so has become the leading job search engine in the world[1], attracting over 200 million unique visitors per month[2]. Glassdoor has reshaped the way people search for and evaluate jobs and companies, by increasing workplace transparency for job seekers by bringing together jobs with user-generated employer reviews, salaries and insights. As a result, Glassdoor has become the recognized leader in company reviews and insights attracting over 50 million unique visitors per month[2].

Indeed and Glassdoor offer a suite of tools for job seekers that includes job search, resume posting, company information and reviews, and scheduling and conducting video interviews. For employers, Indeed and Glassdoor offer solutions to recruit and hire qualified talent in an easier and more efficient way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience. Together, they provide an efficient source of candidates through a pay-per-performance job advertising pricing model and provide a range of products for employers to source and screen candidates including from a database of millions of resumes, while providing a platform to directly connect with candidates through video interviewing.

[1] Source: comScore Total Visits, March 2020

[2] Source: Internal data based on Google Analytics, quarter ending March 31, 2021

Media & Solutions

Media & Solutions consists of two businesses mainly in Japan, Marketing Solutions and HR Solutions. Marketing Solutions provides solutions which support business clients' operations such as customer acquisition, customer relationship management, and payments in a variety of industries, such as Housing & Real Estate, Beauty, Bridal, Travel, Dining, and others. HR Solutions helps individual users find jobs and helps business clients' hiring activities across a variety of industries.

Both Marketing Solutions and HR Solutions offer matching platforms which connect individual users and business clients, and cloud-based Software as a Service ("SaaS") solutions that utilize technology and data to improve the efficiency of the day-to-day management and operations of clients' businesses. These SaaS solutions include vertical SaaS solutions which are tailored to the unique requirements of each industry, and horizontal SaaS solutions which are applicable to business clients across a variety of industries.

Media & Solutions respects the privacy of individual users and complies with data utilization in accordance with the "Personal Data Policy," while providing optimal choices through online platforms and print media that individual users can trust and use with peace of mind.

Marketing Solutions

The matching platforms for each industry include: SUUMO for Housing & Real Estate, Hot Pepper Beauty for Beauty, Zexy for Bridal, Jalan for Travel, Hot Pepper Gourmet for Dining, and others. The matching platforms generate revenue primarily from advertising while Travel and other services generate revenue from transactions.

Along with online matching platforms, Marketing Solutions provides industry specialized vertical SaaS solutions; an online property inventory management system in Housing & Real Estate, a cloud-based reservation and CRM system in both Beauty (SALON BOARD) and Dining (RESTAURANT BOARD), and an online booking system and online payment service in Travel. Other services include, Car Sensor, which provides a used car purchasing solution and Study Sapuri, which is an online learning service for students and working adults.

Marketing Solutions aims to improve clients' business performance and efficiency of business operations by providing SaaS solutions not only with industry specific vertical SaaS solutions, but also with horizontal SaaS solutions such as Air BusinessTools, which aim to solve common operational issues across an expanding variety of businesses.

For example, AirPAY is a cloud-based payment service which enables the use of credit cards, electronic money, and QR Codes[1] at stores in a variety of business areas and environments, meeting the growing demand for cashless payment solutions. In addition, AirREGI, a point of sale (POS) system which provides inventory management and sales analysis and integrates with accounting software and reservation management systems, easily solves business clients' accounting and payment needs.

Other SaaS solutions include AirRESERVE, which allows for centralized management of reservations, including those made by phone, online, or in person and AirWAIT, a reception management system, which simplifies reservation and reception operations. SaaS Solutions generate revenue primarily from subscription and transaction fees.

[1] "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

HR Solutions

HR Solutions supports business clients' recruiting and hiring activities and individual users' job search activities through its job advertising services and placement services. The services include online matching platforms (Rikunabi for new graduates, Rikunabi NEXT for professionals, and TOWNWORK for part-time job seekers), print media for part-time job seekers, via TOWNWORK, and the placement service, Recruit Agent.

HR Solutions provides cloud-based horizontal SaaS solutions such as AirSHIFT, a worker shift management system, JobOpLite, a centralized application management system, and Job Quicker, a recruiting system for short-term part-time workers.

Others in HR Solutions include a human resources and organizational development consultation service in Japan and placement services in Asia.

Staffing

Staffing consists of two major operations: Japan and Overseas. Staffing offers temporary staffing and other related services primarily for clerical, manufacturing, light industry and various professional positions across a multitude of industries. The Company selects appropriate temporary staff, based on the skills needed by clients, from a large pool of workers registered with the Company, and then provides those temporary staff to business clients.

Both Japan and Overseas 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.

In its Japan operations, the Company has been licensed by the Minister of Health, Labour and Welfare in accordance with the provisions of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers, and operates temporary staffing services primarily through Recruit Staffing Co., Ltd. and STAFF SERVICE HOLDINGS CO., LTD.

In its Overseas operations, the Company offers services through Staffmark Group, LLC and The CSI Companies, Inc. in North America, Chandler Macleod Group Limited mainly in Australia, and, in Europe, through ADVANTAGE RESOURCING UK LIMITED, Unique NV, RGF Staffing France SAS, RGF Staffing Germany GmbH, and USG People Holdings B.V., as well as other companies.

Main Companies, Brands and Services for Each Reportable Segment

(As of March 31, 2021)

SEGMENT / SBU HEADQUARTERS	BUSINESS DESCRIPTION
HR Technology / RGF OHR USA, Inc.	Global job search platform offering advertising services and recruiting solutions

SUBSIDIARIES	BRANDS AND SERVICES
Indeed, Inc. Glassdoor, Inc.	**Indeed** Online job platform and company information site **Glassdoor** Online job platform and company information site

SEGMENT / SBU HEADQUARTERS	OPERATION
Media & Solutions / Recruit Co., Ltd.	**Marketing Solutions**

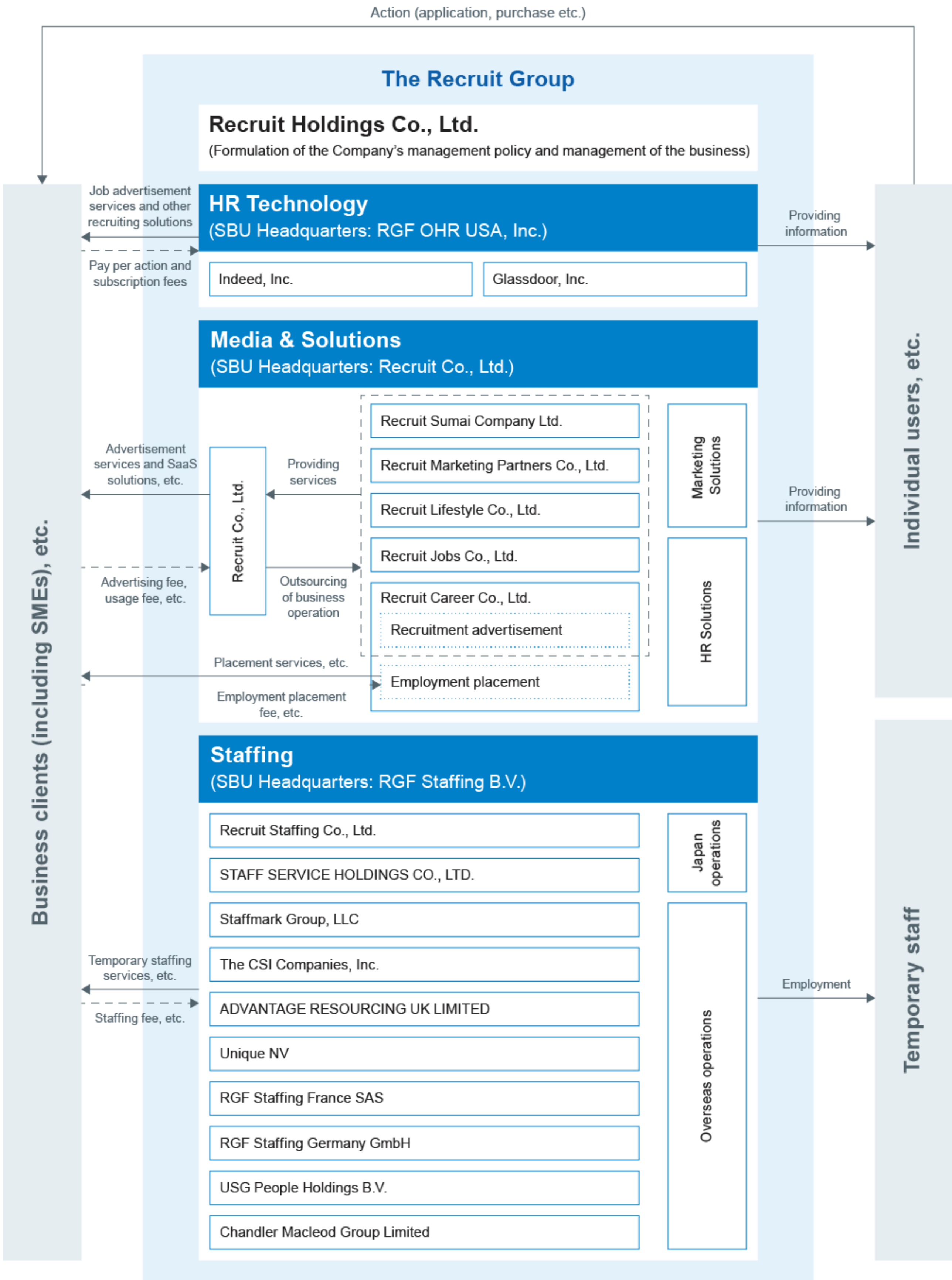
BUSINESS DESCRIPTION	BRANDS AND SERVICES
Provides matching platforms in a variety of industries, such as Housing & Real Estate, Beauty, Bridal, Travel, Dining and others, to connect individual users and business clients. Offers cloud-based SaaS solutions to improve business clients' efficiency of operations **SUBSIDIARIES**[1] 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 **Hot Pepper Beauty** Online platform and print media for beauty treatment **Zexy** Magazine, online platform and in-person consultation service for wedding planning **Jalan** Online platform and print media for travel in Japan **Hot Pepper Gourmet** Online platform and print media for dining **Car Sensor** Online platform and print media for pre-owned automobiles **Study Sapuri / Study Sapuri Shinro** Online learning support platform for students and adults / Online platform and print media to provide higher education and career information for high school students **Air BusinessTools** Cloud-based operational and management support solutions for business clients across an expanding variety of businesses

OPERATION	
HR Solutions	
BUSINESS DESCRIPTION	BRANDS AND SERVICES
A variety of HR services mainly in Japan through online platforms and print media for job seekers and business clients	**Rikunabi** Online matching platform for new graduates **Rikunabi NEXT** Online matching platform for professionals **RECRUIT AGENT** Employment placement service for professionals **TOWNWORK** Online matching platform and print media for part-time and full-time job seekers
SUBSIDIARIES	
Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	

SEGMENT / SBU HEADQUARTERS	OPERATION
Staffing / RGF Staffing B.V.	**Japan**
	BUSINESS DESCRIPTION
	Staffing services in Japan
	SUBSIDIARIES
	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.
	OPERATION
	Overseas
	BUSINESS DESCRIPTION
	Staffing services mainly in North America, Europe, and Australia
	SUBSIDIARIES
	Staffmark Group, LLC The CSI Companies, Inc. ADVANTAGE RESOURCING UK LIMITED Unique NV RGF Staffing France SAS RGF Staffing Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited

Since Recruit Holdings falls under the category of Specified Listed Company under the insider trading regulations, the criteria for determining the insignificance of material facts relative to the size of the Company with respect to insider trading regulations are decided based on the figures on a consolidated basis.

Operational Chart



[1] As of April 1, 2021, Recruit Co., Ltd ("Recruit"), Media & Solutions SBU Headquarters integrated the main core operating companies and functional companies into Recruit with the goal of further enhancing value added services and further contributing to society through the creation of new value.

Major Subsidiaries and Associates

Consolidated subsidiaries

Name	Address	Capital stock or capital	Description of major operations[1]	Ratio of voting rights held (%)	Relationship
RGF OHR USA, Inc.	Delaware, United States	10 US dollar	HR Technology	100.0	Concurrent directorships
Indeed, Inc.[6]	Delaware, United States	10 US dollar	HR Technology	100.0 (100.0)	Concurrent directorships Obligation guarantee
Glassdoor, Inc.	Delaware, United States	10 US dollar	HR Technology	100.0 (100.0)	Concurrent directorships
Recruit Co., Ltd.[3, 6]	Chuo-ku, Tokyo, Japan	350 million yen	Media & Solutions	100.0	Concurrent directorships Lending of funds Receipt of royalties
Recruit Sumai Company Ltd.	Chuo-ku, Tokyo, Japan	150 million yen	Media & Solutions	100.0 (100.0)	Borrowing of funds Receipt of royalties
Recruit Marketing Partners Co., Ltd.	Chuo-ku, Tokyo, Japan	150 million yen	Media & Solutions	100.0 (100.0)	Borrowing of funds Receipt of royalties
Recruit Lifestyle Co., Ltd.	Chuo-ku, Tokyo, Japan	150 million yen	Media & Solutions	100.0 (100.0)	Borrowing of funds Receipt of royalties
Recruit Career Co., Ltd.[3]	Chuo-ku, Tokyo, Japan	643 million yen	Media & Solutions	100.0 (100.0)	Borrowing of funds Receipt of royalties
Recruit Jobs Co., Ltd.	Chuo-ku, Tokyo, Japan	150 million yen	Media & Solutions	100.0 (100.0)	Borrowing of funds
RGF Staffing B.V.	Flevoland, Netherlands	1.5 euro	Staffing	100.0	Concurrent directorships
Recruit Staffing Co., Ltd.[3]	Chuo-ku, Tokyo, Japan	1,939 million yen	Staffing	100.0 (100.0)	Borrowing of funds Receipt of royalties
STAFF SERVICE HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo, Japan	500 million yen	Staffing	100.0 (100.0)	Lending of funds
Staffmark Group, LLC[3]	Ohio, United States	117,514 thousand US dollar	Staffing	100.0 (100.0)	-
The CSI Companies, Inc.	Florida, United States	2.0 US dollar	Staffing	70.0 (70.0)	-
ADVANTAGE RESOURCING UK LIMITED	London, United Kingdom	11,172 thousand GBP	Staffing	100.0 (100.0)	-

Unique NV[3]	Antwerp, Belgium	50,082 thousand euro	Staffing	100.0 (100.0)	-
RGF Staffing France SAS[3]	Moselle, France	48,431 thousand euro	Staffing	100.0 (100.0)	-
RGF Staffing Germany GmbH	Bayern, Germany	500 thousand euro	Staffing	100.0 (100.0)	-
USG People Holdings B.V.	Flevoland, Netherlands	1 thousand euro	Staffing	100.0 (100.0)	-
Chandler Macleod Group Limited[3]	New South Wales, Australia	191,490 thousand Australian dollar	Staffing	100.0 (100.0)	-
RGF International Recruitment Holdings Limited[3]	Hong Kong, China	836,224 thousand HKD	Media & Solutions	100.0 (100.0)	-
Staff Service Co., Ltd.[6]	Chiyoda-ku, Tokyo, Japan	300 million yen	Staffing	100.0 (100.0)	-
ADVANTAGE TECHNICAL SERVICES, INC.[3]	Ohio, United States	65,594 thousand US dollar	Staffing	100.0 (100.0)	-
Staffmark Investment, LLC[3]	Ohio, United States	708,928 thousand US dollar	Staffing	100.0 (100.0)	-
TECHNICAL AID CORPORATION[3]	Ohio, United States	157,428 thousand US dollar	Staffing	100.0 (100.0)	-
Chandler Macleod Services Pty Limited[3]	New South Wales, Australia	191,490 thousand Australian dollar	Staffing	100.0 (100.0)	-
Peoplebank Australia Ltd[3]	New South Wales, Australia	68,160 thousand Australian dollar	Staffing	100.0 (100.0)	-
RGF STAFFING PTY LTD[3]	New South Wales, Australia	440,756 thousand Australian dollar	Staffing	100.0 (100.0)	-
SPHN (ACT) Pty Limited[3]	New South Wales, Australia	248,879 thousand Australian dollar	Staffing	100.0 (100.0)	-
SPHN Australia Pty Limited[3]	New South Wales, Australia	248,879 thousand Australian dollar	Staffing	100.0 (100.0)	-
Start Holding B.V.[3]	Flevoland, Netherlands	92,653 thousand euro	Staffing	100.0 (100.0)	-
Start People B.V.[3]	Flevoland, Netherlands	34,050 thousand euro	Staffing	100.0 (100.0)	-
RGF Staffing Interservices NV[3]	Antwerp, Belgium	216,692 thousand euro	Staffing	100.0 (100.0)	-
318 other companies[5]					

Equity-method Associates

Name	Address	Capital stock or capital	Description of major operations[1]	Ratio of voting rights held (%)
51job, Inc.	Cayman Islands, British Overseas Territory	54 thousand RMB	Company-wide	34.7
kaonavi, inc.[4]	Minato-ku, Tokyo, Japan	1,066 million yen	Media & Solutions	21.6 (21.6)
6 other companies				

1 Segment names are shown in the “Description of major operations” section.

2 The percentages in parentheses in the “Ratio of voting rights held” section are indirect ownership of voting rights.

3 Specified subsidiary as defined by the Companies Act of Japan

4 A securities registration statement and *Yukashouken Houkokusho* has been submitted.

5 At the end of FY2020, the excess debt of Indeed Ireland Operations Limited amounted to 10.0 billion yen or more, and the exact amount is 14,282 million yen.

6 Revenue (excluding intercompany revenues among consolidated companies) from Recruit Co., Ltd., Staff Service Co., Ltd., and Indeed, Inc. each accounts for over 10% of the consolidated revenue. Because all of the following values are non-consolidated financial results, these do not include goodwill, intangible assets, and amortization of intangible assets related to the Company’s acquisition of each entity.

Major Profit (loss) items	Company name		
	Recruit Co., Ltd. (In million yen)	Staff Service Co., Ltd. (In million yen)	Indeed, Inc. (In million US dollar)
Revenue	560,980	265,055	2,942
Profit for the year	31,209	13,713	377
Total equity	117,439	39,933	451
Total assets	649,190	92,813	2,847

Ordinary income is not stated since the information above is based on IFRS as in “Consolidated Financial Statements” of the “Financial Information” section.

Employees

The Company including Its Consolidated Subsidiaries

As of March 31, 2021

Segment	Number of employees	Number of contract employees
HR Technology	10,694	9
Media & Solutions	20,597	527
Staffing	15,371	1,180
Holding Company corporate function	138	4
Total	46,800	1,720

1 The number of employees includes employees that have been assigned to the Company from companies outside the Company and excludes employees that have been assigned to companies outside the Company. It also excludes that of contract employees.

2 Contract employees represent the average number of contract employees during FY2020.

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.

The Holding Company excluding Its Consolidated Subsidiaries

As of March 31, 2021

Number of employees	Number of contract employees	Average age	Average length of service (years)	Average annual salary (yen)
138	4	38.7	8.19	9,505,870

Segment	Number of employees	Number of contract employees
HR Technology	-	-
Media & Solutions	-	-
Staffing	1	-
Holding Company corporate function	137	4
Total	138	4

1 The number of employees includes employees that have been assigned to the Holding Company and excludes employees that have been assigned to companies outside the Holding Company. It also excludes that of contract employees.

2 Contract employees represent the average number of contract employees during FY2020.

3 Contract employees include part-time employees and exclude temporary staff.

4 Average annual salary includes overtime and bonuses.

5 “Holding Company corporate function“ represents the number of employees in corporate functions of the Holding Company such as finance and risk management.

6 The number of employees decreased by 20 people, compared to the number of employees from the previous fiscal year. This is primarily a result of public relations for Japan employees who have transferred to Recruit Co., Ltd.

7 The average length of service years increased by 2.69, compared to the previous fiscal year. This is a result of the starting date of employment being changed from the date of joining Recruit Holdings to the date of joining Recruit Group.

Labor Unions

Employees are not members of labor unions. Management and employees have built a strong relationship and no special labor matters are noted.

Business Overview

Management Philosophy and Strategies

Management Philosophy

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 a two-sided marketplace business model to align with its management philosophy. Through its platforms, the Company facilitates the best possible matches for the mutual benefit of both individual users and business clients.

In recent years, technological advancement has enabled the Company to improve matching efficiency, providing better matching outcomes for individual users and improving operational efficiencies for business clients.

Material Foundation for Corporate Activities

The Company sets material foundations for corporate activities to increase its corporate value in a sustainable manner by prospering together with all stakeholders. The material foundations are identified based on dialogue, including environmental, social and governance ("ESG") topics, with its external stakeholders, and internal discussions of its Board of Directors and the Committees. The Company reinforces initiatives for each theme, and the Board of Directors monitors them based on discussions in the related Committees, which are advisory bodies to the Board of Directors.

Corporate Governance

The Company endeavors to strengthen its corporate governance by designating the COO, Managing Corporate Executive Officer and Director of the Board as a responsible person for corporate governance including ESG. Based on its initiatives, the Board of Directors confirms the appropriateness of its corporate governance and its compensation structure from a mid-to long-term perspective, based on discussions in its advisory bodies such as Nomination and Compensation Committees.

Specifically the Company focuses on enhancing gender diversity in the Board of Directors members including Audit & Supervisory Board members by setting a target. The Board of Directors has also decided to include ESG factors in compensation of each Executive Director beginning in FY2021.

Please refer to the "Corporate Governance" section in this document for more information about corporate governance and compensation. Please also refer to "Prosper Together - Seek sustainable growth shared by all stakeholders" in Business Strategies below for more details on the target regarding gender diversity.

Human Capital

The Company has positioned value creation produced by its empowered employees as a renewed priority for management, and will take further actions to reinforce human capital, especially focusing on initiatives for diversity, equity and inclusion (DEI) and employee engagement.

The Company will specifically accelerate its initiatives for gender diversity by setting group-wide targets as a corporate strategy, and the Board of Directors will discuss and monitor the progress, based on discussions in the Sustainability Committee. Please also refer to "Prosper Together - Seek sustainable growth shared by all stakeholders" in Business Strategies below for more details on the target.

Corporate Ethics and Compliance

The Company views corporate ethics and compliance as a fundamental prerequisite for our corporate activities, and defines it as meeting society's expectations and demands through appropriate action both as a company and as individuals, beyond the framework of solely legal compliance. The initiatives include employee training and whistleblowing programs. The Board of Directors monitors corporate ethics and compliance initiatives, based on discussions in the Compliance Committee. Please refer to "Internal Controls and their Operational Status" in this document for more details about corporate ethics and compliance.

Data Security and Data Privacy

The Company sets Data Security and Data Privacy as a high-prioritized risk, and takes appropriate initiatives depending on the importance of the data or information in our possession as well as the characteristics of the data or information to be protected. It has also established structures and measures required in the laws and regulations in each country and area in which it operates. The Board of Directors discusses and monitors the initiatives, based on discussions in the Risk Management Committee. Please refer to "Risk Factors" in this document for more details about Data Security and Data Privacy.

Human Rights

The Company sets the Recruit Group Human Rights Policy, which was resolved by the Board of Directors, based on discussions in the Sustainability Committee. This policy is set to protect all employees, temporary workers, including those who work for its business clients through the Staffing SBU, and its senior management. The Company is also committed to carefully identifying risks, and to respecting and protecting human rights which may be affected by the rapid development of technology.

Conservation of the Planet

To support the longevity of our world, which is the foundation of our corporate activities, the Company specifically considers climate change as important among various environmental issues, and commits to reducing greenhouse gas ("GHG") emissions by setting a group-wide target. The progress of the target will be monitored by the Board of Directors, based on discussions in the Sustainability Committee. Please also refer to "Prosper Together - Seek sustainable growth shared by all stakeholders" in Business Strategies below for more details on the target.

The COO, Managing Corporate Executive Officer and Director of the Board is responsible for climate change matters, and identifies, evaluates and oversees the Company's opportunities and risks related to climate change. In addition, the Company will also take initiatives including climate risk analyses, and aims to provide disclosures aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") framework from FY2021. The Board of Directors is also responsible for establishing a structure for the Company to take appropriate measures for climate change, and oversees its initiatives.

Target Management Key Performance Indicators (KPIs)

The Company aims to invest in new businesses, research and development, and mergers and acquisitions (M&A) in order to achieve profitable growth over the long-term, and maximize enterprise value as well as shareholder value. Therefore, the Company has set adjusted EBITDA[1] and adjusted EPS[1] as target management KPIs. Also, executive officers' compensation is linked to target management KPIs, especially adjusted EBITDA, to align with shareholder interests.

1 Definition of adjusted EBITDA and adjusted EPS are shown at the beginning of this document.

Business Strategies

The Company strives to maximize enterprise value and shareholder value by responding to the rapidly transforming technology and internet landscape and by identifying business opportunities globally. Through HR Technology, HR Solutions in Media & Solutions and Staffing, the Company aims to dramatically improve matching between job seekers and employment opportunities within the HR Matching market. And, through SaaS solutions provided by Media & Solutions, the Company strives to improve the business performance and productivity of clients' businesses.

In an environment of high uncertainty, the Company believes that making a positive impact on society and this shared planet is key to achieving sustainable growth, and prospering together with all stakeholders through all corporate activities with a sound governance foundation is important. Therefore, the Company has set specific targets for environmental, social and governance (ESG) matters as a corporate strategy which will be monitored by the Board of Directors, and will take initiatives through dialogue with stakeholders.

Business Strategies of the Company

***Simplify Hiring* - Aim to dramatically improve matching, connecting people with jobs, faster and easier**

The Company's strategy in HR Matching is to dramatically improve the quality and speed of matching to simplify the hiring process in the vast global HR Matching market by utilizing technology and data. With the online job matching platforms in HR Technology and HR Solutions, including Indeed, Glassdoor, Townwork, and Rikunabi, as well as placement services in HR Solutions, along with the temp staffing services in Staffing, the Company operates in many HR Matching markets, and is in a unique position to innovate and transform traditional recruiting and hiring.

By operating one of the largest job search and company information platforms, the HR Technology SBU, with Indeed and Glassdoor, has created a global talent marketplace with a wide ranging and comprehensive job seeker audience and millions of employers, from small and medium sized businesses to large enterprises. The Company's job seeker and employer platforms provide data and signals that create a unique ability to make the best job recommendations possible and offer the best candidate pool possible, a capability that can transform not only job advertising and talent sourcing, but other HR Matching markets.

The Company's long term vision is to leverage the combination of years of candidate matching data with AI and machine learning technology to more quickly, effectively and fairly connect job seekers and employers at the push of a button[1]. We believe this idea is applicable to all of the HR Matching markets that we are addressing.

The Company estimates the global HR Matching market to be roughly 144 billion US dollars[2] in terms of annual revenue in 2020. The HR Matching market includes job advertising and talent sourcing tools, direct hire, retained search, and temporary staffing.

Job Advertising and Talent Sourcing: 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 16 billion US dollars[3] in terms of annual revenue in 2020. Although the size of the global online job advertising and talent sourcing tools market contracted in 2020 due to the impact of COVID-19, in the future, the Company expects the online job advertising and talent sourcing tools market to grow in the long term. The offline job advertising market, which the Company estimates was more than 3 billion US dollars[4] in terms of annual revenue in 2020, contracted due to COVID-19, and the Company expects the market to continue 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.

Placement and Search: In prior years the Company had identified the placement and search market as a component of the HR Matching market. This year the Company is segmenting this market into the direct hire and retained search markets as described below.

- **Direct Hire:** The direct hire market is estimated to have been roughly 32 billion US dollars[5] in terms of annual revenue globally in 2020. The company currently operates in this market through HR Solutions in Media & Solutions, and this market has been dominated by the traditional relationship-based business model. The Company aims to achieve long-term growth in this market by automating the sourcing, screening, interview scheduling, and the employer's candidate disposition processes via tools like the recently introduced Indeed Hiring Platform, building on the learnings and technology from Indeed Hire and Indeed Hiring Events. Through technology driven efficiency and cost reduction the Company aims to replace external resources currently in use by business clients.

The Company also aims to achieve long-term growth using the same technology to automate the sourcing, screening, interview scheduling and the employer's candidate disposition processes that are currently accomplished by internal resources within companies and other employers. The Company defines this opportunity when combined with the direct hire market as the recruitment automation market. Recruitment automation is in the early stages of development and as such the Company believes it is not yet practical to quantify the size of the market at this time.

- **Retained Search:** The retained search market is estimated to have been roughly 21 billion US dollars[5] in terms of annual revenue globally in 2020. The Company currently operates in this market primarily through HR Solutions in Media & Solutions, and similar to the direct hire market, 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.

Temporary Staffing: The temporary staffing market is estimated to be roughly 393 billion US dollars[5] in annual revenue globally in 2020, 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 72 billion US dollars[6] in 2020. 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[7] decreased significantly 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 Company expects that the HR Matching market will resume growing in 2021 as the effects of the COVID-19 pandemic lessen. During these unprecedented times, the Company remains fully committed to supporting job seekers and employers through its resources and technology.

1 The Company is aware there may be legal restrictions in this area and so will endeavor that the Company's work meets those requirements.

2 Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market, the direct hire market, and the retained 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.

3 Sum of the revenue of HR Technology in 2020, the Company's estimates for revenue of competing job advertising boards in the Company's target operating markets in 2020 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 2020 based on publicly available information and internal research.

4 Amount derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in 2020 based on third party reports and the estimated size of global online job advertising and talent sourcing tools market, which the Company estimates was 16 billion US dollars in 2020 using the methodology described in note 3 above.

5 Source: SIA, Global Staffing Market Estimates and Forecast: 21 May 2021. Placement & Search market is derived by applying 12%, which was Placement & Search's share of 2020 Global Staffing Revenue to 445 billion US dollars, which was 2020 Global Staffing Revenue. Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA's Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct

Hire Market and derived as the difference between these two segments.

6 Amount derived by applying a gross profit margin of 18.2%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2020 to 393 billion US dollars, which was the revenue of the temporary staffing market in 2020 from SIA, Global Staffing Market Estimates and Forecast: 21 May 2021.

7 As described above, the estimates of the job advertising & talent sourcing tools market, the direct hire market, the retained 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.

***Help Businesses Work Smarter* - Aim to improve the performance and productivity of clients' businesses through SaaS solutions in Japan**

The Company aims to support further improvement of the performance and productivity of business clients in Japan by providing online platforms and SaaS solutions, which are operational and management support tools that utilize technology and data. By transforming the services Marketing and HR Solutions have been providing to business clients, the Company aims to further build an ecosystem that supports business operations such as customer acquisition, customer relationship management, hiring, workforce management, and payments.

Providing solutions empowered by data and technology to solve business clients' operational and productivity hurdles is essential and can best be identified and developed by engaging and supporting their daily operations. Media & Solutions develops and provides online platforms, specializing mainly in customer acquisition, in multiple business industries, as well as vertical SaaS solutions focusing on solving industry specific operational inefficiencies, and industry agnostic horizontal SaaS solutions designed to solve common operational challenges for businesses.

As of April 1, 2021, Media & Solutions integrated seven main core operating and functional subsidiaries. The new organizational structure enables engineers, data scientists, and the sales function, which has cultivated long term relationships with business clients, to collaborate in order to provide business clients the best possible solutions, all faster and simpler.

The Company has determined the number of registered SaaS solution accounts in Japan is the most important KPI as Media & Solutions aims to evolve the wide range of solutions offered into an integrated ecosystem to support the operations of our business clients. As of March 31, 2021, the total number of registered SaaS solution accounts exceeds the total number of matching platform accounts.

Regarding the potential number of registered accounts and outlook for growth, the Company estimates there may be roughly 2.9 million business locations and stores[8] in Japan at which Air BusinessTools can be used, which represents a sizable market opportunity. Recently, the number of accounts for AirPAY has significantly increased, supported by the growing demand for contactless payments due to the spread of COVID-19. AirPAY had approximately 210,000 registered accounts[9] as of March 2021, an increase of 41.7% compared to March 2020.

The number of clients who use AirPAY together with other Air BusinessTools solutions has also been increasing. Among the approximately 210,000 AirPAY registered accounts as of March 2021, approximately 135,000 registered accounts have also subscribed to other Air BusinessTools solutions. The Company believes the growth in AirPAY accounts will lead the overall growth of SaaS solutions accounts.

8 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.

9 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).

***Prosper Together* - Seek sustainable growth shared by all stakeholders**

The Company believes that making a positive impact on society and the global environment through our corporate activities, and thereby prospering together with all stakeholders, is key to achieving sustainable growth. Therefore, the Company has set targets for environmental, social and governance ("ESG") matters as a corporate strategy.

As an environmental goal, in order to address climate change, the Company's target is to achieve carbon neutrality in greenhouse gas ("GHG") emissions by FY2021 through its business activities, and to achieve carbon neutrality in GHG emissions by FY2030 through its business activities and its entire value chain[10].

Regarding social issues, the Company believes that having a job is one of the most important facets for many people, and therefore it is critical to make a positive impact on this throughout its business activities. The Company looks to contribute to eliminating poverty and economic vulnerability by reducing the time it takes job seekers to get hired. Specifically, the Company targets reducing the time it takes to get hired by half by FY2030 compared to FY2021[11].

There also exist barriers for job seekers in the labor market from underrepresented or vulnerable groups. These barriers are difficult to remove through improving matching efficiency alone. For this reason, the Company also targets helping approximately 30 million people facing such barriers to get hired from FY2021 through FY2030[12], by using technology and partnership to promote inclusive hiring, to eliminate such barriers.

From its foundation, the Company has created new services and products, and brought value to society by respecting each employee's diverse characteristics. The Company has positioned value creation produced by its empowered employees as a renewed priority for management, and will take further actions toward diversity, equity and inclusion (DEI). The Company will specifically accelerate its initiatives for gender diversity and is committed to achieve an approximately 50% ratio of women in senior executive roles, in managerial positions, and of total employees within the Company by FY2030[13].

For governance, the Company focuses further on enhancing diversity of members of the Board of Directors, to help raise the quality of decision-making and further ensure transparency and soundness in its governance structure. The Company aims to propose candidates for election to its Annual Meeting of Shareholders, to achieve an approximately 50% ratio of women out of the total number of Directors of the Board and Audit & Supervisory Board members by FY2030[14].

10 GHG emissions through business activities are the sum of direct emissions from the use of fuels in the owned or controlled sources ("Scope 1") and indirect emissions from the use of purchased electricity, heat, or steam in the owned or controlled sources ("Scope 2"). GHG emissions through the value chain are indirect emissions other than Scope 1 and Scope 2, occurring in the value chain. Carbon neutrality includes reducing the GHG emissions as well as offsetting residual emissions.

11 Average estimated duration it takes for people who get hired through Indeed online job-search platform after they started to apply to a job on the platform, calculated by available data.

12 Initiatives aim to support racial and ethnic minority groups, people without higher education, people facing barriers due to age bias, and people with disabilities. The Company may also aim to reduce other various barriers, including newly emerging issues in the labor market by FY2030. The initiative as of today includes help through the Indeed online job-search platform, and through partnerships such as Goodwill Industries International and Shaw Trust with whom Indeed collaborates.

13 Ratio of women as of April 1, 2021: 10.0% for senior executive roles, 41.5% for managerial positions, and 51.5% for employees. Senior executive roles are defined as Corporate Executive Officers and Corporate Professional Officers of Recruit Holdings and Media & Solutions SBU, and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology and Staffing SBU. Figures for managerial positions and employees are calculated from Recruit Holdings, SBU Headquarters, and primary operating companies of each SBU. Managerial positions mean all of those that have subordinates except for senior executive positions.

14 Members of the Board of Directors are defined as Directors of the Board and Audit & Supervisory Board members, and its ratio of women out of the total members is 20% as of June 18, 2021.

Business Strategies of Each SBU's

In support of the Company's strategies, each SBU's business strategies are as follows:

HR Technology
HR Technology aims to further grow sponsored job advertising and recruiting solutions revenue globally through Indeed and Glassdoor while the demand for an efficient job seeking experience and hiring process empowered by technology continues to rise.

Media & Solutions
While transforming its business to provide a wider array of services, Media & Solutions Marketing business aims for long-term revenue growth, by helping business clients attract individual users through online platforms in each industry with its established unique position in each market. Media & Solutions HR business aims to grow the number of business clients by promoting alliances with Indeed and through product development. For its SaaS solutions, Media & Solutions focuses on growing the number of business client accounts.

Staffing
Staffing aims to achieve steady financial performance by providing job seekers with flexible working opportunities, and by offering employers a flexible workforce across a wide range of industries. Japan operations aim to maintain a stable adjusted EBITDA margin while overseas operations focus on continuous improvement of adjusted EBITDA margin.

Capital Allocation Policy

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

- Investment in existing businesses for future growth
- Continuous payment of stable dividends
- Strategic M&A mainly focused on HR Technology in the HR Matching Market
- 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.

Risk Factors

Risk Management Structure

Internal Regulations for Risk Management

We consider risk management to be a key priority to ensure the continuity and stable development of its businesses and endeavor to take an active approach to risk management across our operations. We have established the Recruit Group Risk Management Regulations, which provide a comprehensive risk management structure and reporting system for the entire group, and the Recruit Group Escalation Bylaws, which aim to achieve prompt reporting and information sharing related to major issues within the Company.

Risk Management Committee

The Holding Company established the Risk Management Committee, which serves as an advisory body to the Board of Directors, with Corporate Executive Officers as members. The Committee monitors the status of each of the SBU risk management functions, and engages in comprehensive discussions concerning the risks affecting the Company based on a group-wide risk map addressing the risk items of the Company including each SBU. The Risk Management Committee then selects the high-priority risks of the Company and implements appropriate countermeasures including monitoring policies.

Risk Management Structure in the Holding Company and Each SBU

Because we believe that the viewpoints and perspectives appropriate for responding to such risks differ between Japan and overseas markets, we have assigned separate Corporate Executive Officers in charge of Japan (Risk Management Japan) and overseas (Risk Management International) matters to serve under the Risk Management Division of Recruit Holdings with the aim of responding to the high-priority risks applicable to each relevant region in a manner that is appropriate to the characteristics of such region.

The department in charge of risk management shares information and collaborates with our Internal Audit Department in a timely manner so that our Internal Audit Department can efficiently conduct operational audits of the status of responses to high-priority risks of the Company.

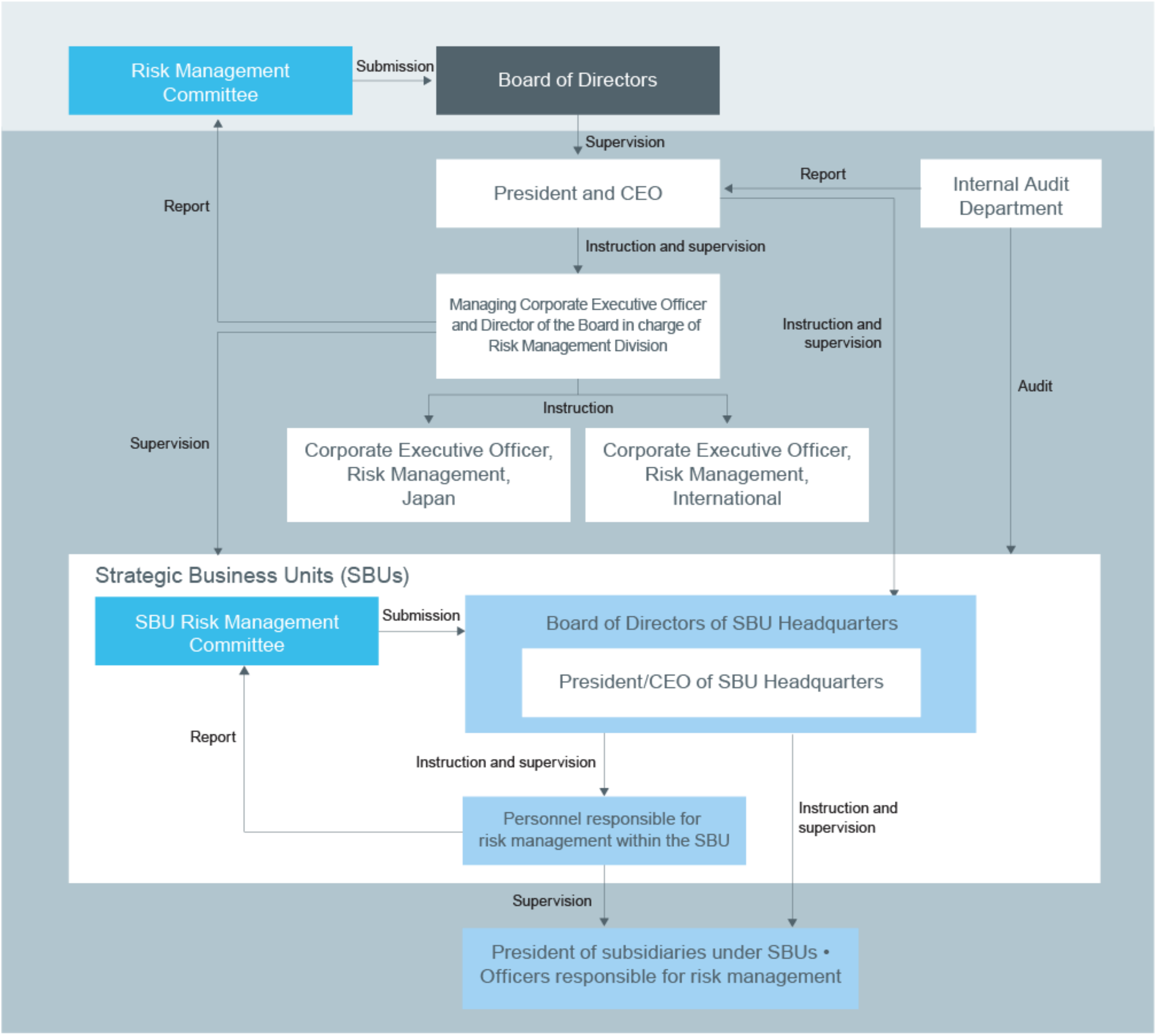
Risk management structure of each SBU is as follows.

- Subsidiaries of each SBU are required to carry out risk management functions by identifying relevant risks, assessing materiality of such risks, and implementing countermeasures in response to such risks. The SBU Headquarters of each SBU appoints a personnel responsible for risk management within the SBU with the task of overseeing the risk management function of the SBU and monitoring the risk management status related to the business of the SBU including its subsidiaries.

- The SBU Risk Management Committee convenes on a semi-annual basis in order to assess and discuss the risks concerning the businesses operated under the SBU, determine high-priority risks relevant to the SBU and implement countermeasures, and monitor the risk management status of such risks. The Managing Corporate Executive Officer and Director of the Board in charge of the Risk Management Division of Recruit Holdings also participates in the SBU Risk Management Committee meetings to oversee the status of risk management functions in each SBU.

The Risk Management Division of the Holding Company, which oversees the secretariat of the Risk Management Committee, regularly reports on risk management activities to our Board of Directors, and has established a structure and reporting system that enables the Board of Directors to properly monitor the status of risks affecting the Company and the countermeasures in response to such risks.

Our Risk Management Structure



High-Priority Risk and Key Countermeasures

Among the risks that may affect the Company's financial condition, results of operations and cash flows, the high-priority risks that the Directors or the Board and Corporate Executive Officers perceives to be of particular importance and need for countermeasures are as follows.

For a detailed explanation of risks associated with Data Security and Data Privacy which is identified as the high-priority risks below, please refer to "The Company may be subject to liability and regulatory action or suffer reputational damage if the Company is unable to maintain the security and the privacy of its data or maintain effective policies and procedures for the storage, management, usage and protection of personal, confidential or sensitive information. " in the "Risks Related to the Company's Business" below.

High-priority Risk

Risks associated with Data Security and Data Privacy

Risk Awareness

The Company acquires, manages, and utilizes personal information, including the information of a large number of individual users, in each of our SBUs. We believe it is our obligation not only to comply with the laws of each area and country, but also to respect and protect the privacy of individual users in conformance with the expectations of society.

In the unlikely event of an incident involving personal information, this may not only cause great inconvenience to individual users, but we may suffer from a loss in the value and reputation of our brand and confidence in our services from our individual users. We are also aware that we may be subject to business suspension orders, fines and other sanctions by the authorities, as well as lawsuits filed by individual users or business clients, which could seriously harm the Company's operating results.

For this reason, the Risk Management Committee of Recruit Holdings and the Risk Management Committee of each SBU recognize that data security and data privacy are high-priority risks and continue to implement appropriate measures.

Key Countermeasures[1]

Depending on the importance of the data or information in our possession, as well as the characteristics of the data or information to be protected, we have established structures and reporting systems, and measures necessary for each country and area's laws and regulations. For example, we monitor for unauthorized access, detect and block computer viruses, preserve communications and access records that may be used for investigations, and conduct periodic vulnerability tests.

Countermeasures relevant outside of Japan (overseas)

In order to meet industry requirements with regard to data privacy, we have established standards for responding to the laws and regulations in each jurisdiction, such as the GDPR in Europe, CCPA in the State of California, United States, and others. With regard to data security, we have established reference standards such as NIST, ISOs, and CIS20, according to the business and risk characteristics of each SBU.

Countermeasures relevant to Japan

With regard to data privacy, we have established a “Personal Data Policy” and established a privacy center. With regard to data security, we have established dedicated security departments, such as Recruit-CSIRT, to detect damage at an early stage, implement measures to minimize such damage and prevent data breaches.

The Company is proceeding with the implementation of the above measures upon consideration of the necessity of such measures as well as the order of priority of implementing various measures with respect to each subsidiary within the Company.

[1] Here, we describe the key countermeasures that we believe to be effective, as of the date of this document, in mitigating the anticipated impact of our high-priority risks on the performance of our businesses. However, it is possible that such countermeasures may not be effective due to a number of reasons, including information leakage caused by human error or voluntary acts by our personnel or other parties. In addition, even if such countermeasures are appropriately implemented, there is no guarantee that the risks affecting our businesses will be eliminated. Furthermore, it is possible that the significance or nature of

the risks we face may change or that the effectiveness of our measures to address such risks may decrease due to amendments to existing laws and regulations or the introduction of new laws and regulations concerning the handling of personal information in the future, the development of new methods of unauthorized access or computer viruses or other factors.

Risks That May Affect the Company's Financial Condition, Results of Operations and Cash Flows

The Company is subject to a number of risks and uncertainties, including but not limited to those described below. Our business, results of operations, financial condition and cash flows could be materially and adversely affected by any such risks and uncertainties.

In particular, COVID-19 affects many of the individual risks described below. In light of the importance of the risks relating to COVID-19 as of the date of this document, we have presented an overview of these risks under the section titled “The Company’s results of operations could be adversely affected by the recent developments relating to the COVID-19 pandemic in the Company’s main operating markets and globally.” below.

The following 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, 2021 unless the context otherwise indicates.

Summary

Risks Related to the Company’s Business
1. The Company’s results of operations could be adversely affected by the recent developments relating to the COVID-19 pandemic in the Company’s main operating markets and globally.
2. The Company’s results of operations could be adversely affected by negative economic, social and geopolitical conditions in the Company’s main operating markets and globally.
3. Competition in the various industries in which the Company operates could reduce its profitability or result in a decrease in its market share.
4. The Company may be unable to innovate and adapt with sufficient speed to meet the rapidly changing needs and preferences of its individual users and business clients.
5. The Company must rapidly advance its technological capabilities.
6. The Company may not succeed in executing its business strategies, and its estimate of the scope and size of its total addressable market may not be correct.
7. The Company’s past and future acquisitions, joint ventures and strategic alliances could fail to deliver the anticipated benefits or otherwise have an adverse effect on the Company’s businesses and results of operations.
8. The Company’s expansive global operations expose it to various risks and challenges.
9. The Company’s inability to attract and retain qualified employees and maintain a positive work environment for its employees could harm its business and inhibit its ability to operate, grow and achieve innovation successfully.
10. The Company may be subject to liability and regulatory action or suffer reputational damage if the Company is unable to maintain the security and the privacy of its data or maintain effective policies and procedures for the storage, management, usage and protection of personal, confidential or sensitive information.
11. Information technology systems are a critical part of the Company’s operations and any cyberattacks, systems failures or other disruptions affecting these systems could have an adverse effect on its business.
12. The Company’s software applications may contain defects.

13. The Company’s businesses are subject to various laws and regulations.
14. The Company may be subject to legal and arbitration proceedings and litigation, which could be costly and could materially and adversely affect its brands, reputation, business and results of operations.
15. Our reputation and those of our brands are important to our success, and any damage to them could materially and adversely affect our business, financial condition and results of operations.
16. The Company relies on third-party service providers, such as search engine platforms, data center providers, payment providers, sales agents and Internet service providers in various areas of its business.
17. The Company’s advertising, sales and marketing efforts may be ineffective, may lead to increased costs and may negatively affect its revenue and margins.
18. The Company’s business operations are exposed to natural disasters, terrorism, pandemics, calamities or other factors.
19. Any impairment of the Company’s non-current assets, including goodwill and intangible assets, or fluctuations in the value of its securities holdings, could adversely affect its results of operations or financial condition.
20. The Company may have additional tax liabilities.
21. Fluctuations in currency exchange rates could materially and adversely affect the Company’s business, financial condition and results of operations.
22. The Company relies on borrowings to finance its operations, and factors such as increases in interest rates for its borrowings could materially and adversely affect us.
23. The Company’s operating results may fluctuate, which makes its results difficult to predict and could cause its results to fall short of expectations.
24. The Company’s stock price may be volatile or difficult to predict due to fluctuations in its operating results or other factors.

Detailed Description

1. The Company’s results of operations could be adversely affected by the recent developments relating to the COVID-19 pandemic in the Company’s main operating markets and globally.

The global spread of COVID-19 has created significant uncertainty, financial market volatility and global macroeconomic disruption. As a result, economic conditions in the Company’s main operating markets, including Japan, the United States, Europe and Australia have significantly changed. In response to the outbreak of COVID-19, authorities in various countries implemented and continue to implement numerous measures to try to contain the spread of the disease, such as travel bans and restrictions, quarantines, shelter-in-place orders and lockdowns and other restrictions on mobility and targeted activities. The economic impact of the COVID-19 pandemic and the countermeasures adopted in responses thereto remains highly uncertain and may vary significantly in terms of severity and duration depending on the country, and it is possible that the economic slowdown in some or all of the Company’s main operating markets could continue for an extended period.

The Company’s HR Matching business, which comprises its HR Technology and Staffing segments and the HR Solutions of its Media & Solutions segment, has been negatively affected, as some employers in the Company’s operating markets have become cautious on hiring while assessing the current economic situation and adapting to social distancing and other restrictions being imposed in many countries around the world.

Revenue growth in the Company’s HR Technology segment and HR Solutions of its Media & Solutions segment may decline in the near term to the extent employers decrease the number of sponsored job advertisements and suspend in-person recruiting events. Due in large part to continuing weakness in economic conditions, revenues in the Company's Staffing segment decreased and this trend may continue to the extent that demand for temporary staff from business clients continues to remain weak or declines further in any of the Company's target markets.

In addition, in the Company's HR Matching business, if it is unable to respond to rapid shifts in business client or individual user needs as a result of changing social and business practices in light of COVID-19, or if economic conditions continue to be negative, it is possible that its business could continue to be impacted over the longer term.

Marketing Solutions in the Media & Solutions segment has also been negatively affected by reduced demand for advertising services due to decreased demand for travel and dining and the cancellation and postponement of wedding ceremonies as a result of the state of emergency and shelter-in-place request in Japan. This may be impacted by more lasting changes in demand for these services in Japan in response to COVID-19 such as fundamental societal shifts in attitudes towards travel, dining or wedding ceremonies. Revenue will continue to decline to the extent business clients temporarily suspend spending on advertising or choose lower priced advertising packages as a result of the weak business environment.

Regarding the Air BusinessTools by Media & Solutions segment, the increase in the number of registered accounts of AirPAY has not been significantly affected by the spread of COVID-19. However, the number of registered accounts, particularly for AirPAY, may increase at a slower rate or decline if business clients choose to suspend their subscriptions in response to the weakened business environment.

In addition to the risks discussed above, the Company's business and financial results may be negatively impacted by COVID-19 due to any of the following:

- If the Company is unable to promptly and effectively address changes in the needs and preferences of business clients and individual users, the Company's market share and revenue may be negatively affected.

- In the case where forecasted financial results decline over the long term, the Company may be required to recognize impairments of goodwill or intangible assets recorded in connection with acquisitions that exceed impairment losses it has already recognized.

- The Company's liquidity may be negatively impacted if its creditworthiness declines as a result of declining financial performance or a weakening of the business environment, or if the Company is unable to collect, or experience delays in collecting, receivables.

- Exchange rates may be volatile as a result of unstable currency exchange markets.

- The Company may be unable to obtain financing on attractive terms or at all due to an economic downturn, volatility in financial markets, increases in interest rates, decreases in its creditworthiness or credit ratings downgrades, declining financial performance or weakening of the business environment.

- The Company may experience operational or business disruptions, or be forced to suspend certain operations or businesses, in certain operating markets if a large portion of its workforce or third-party service providers, are unable to support our business or are otherwise affected by COVID-19.

2. The Company's results of operations could be adversely affected by negative economic, social and geopolitical conditions in the Company's main operating markets and globally.

The performance of the Company's businesses is generally sensitive to economic, social and geopolitical conditions in its main operating markets, including Japan, the United States, Europe and Australia, as well as global economic conditions more generally.

In the Company's HR Matching business, the results of its operations are sensitive to negative developments in the labor and employment market resulting from economic downturns or uncertainty. In times of negative economic conditions, employers may reduce spending on job advertising and other job placement and staffing services or reduce hiring employees or temporary staff due to cost cutting initiatives or increased access to qualified job seekers without the use of advertising or other third-party services. Any such reduction in spending or hiring by employers would in turn reduce demand for the Company's HR Matching business.

In addition, in the Company's Marketing Solutions in its Media & Solutions segment, adverse economic conditions may affect its business clients' demand for its services due to reduction in advertising expenditures and other cost reduction initiatives or changes in consumer spending activity that negatively affect their businesses. Negative economic trends also typically result in lower sales and downward competitive pressure on the pricing of the Company's services across its businesses, and the Company may be unable to reduce selling and administrative expenses without negatively impacting its market presence, quality of service, infrastructure or capacity to respond to future increases in demand for its services. As a result, the Company's results of operations have historically been negatively impacted by economic downturns.

The outlook for the economy in the Company's main operating markets remains highly uncertain and could be adversely affected by a range of economic, social and geopolitical developments.

In particular, as described in the immediately preceding risk factor, the COVID-19 pandemic and the various countermeasures adopted in response thereto have negatively affected economic activity globally, including consumer and business activity, and the duration and extent of the future impact of COVID-19 remains highly uncertain. Although a number of stimulus and other measures have been implemented by governments and central banks to mitigate the economic impact of the COVID-19 pandemic, there is no assurance that such measures will be effective, and such measures may be discontinued or scaled back in the future.

In addition, with respect to Japan, the economic environment continues to be challenging due to a number of other factors, including continued deflation and longer-term challenges surrounding the impact of unfavorable demographic trends such as the declining birthrate and the decline and aging of the overall population. In the United States, there remains significant economic uncertainty surrounding ongoing political disputes and trade tensions between the United States and China and other major trading partners as well as other trade policies being pursued in the United States. In Europe, the impact of the exit of the United Kingdom from the European Union as well as the volatile political environment in many major European countries remains highly uncertain.

Any of these regional factors as well as factors outside of the Company's main operating markets, including a slowdown of economic growth in China and the potential escalation of geopolitical risks associated with the Middle East and North Korea, could impact the regional economy and the global economy more generally.

3. Competition in the various industries in which the Company operates could reduce its profitability or result in a decrease in its market share.

The markets in which the Company operates are highly competitive, and competition has generally intensified in recent years across its businesses. In particular, certain of the Company's operating markets have relatively low barriers to entry, which enables new competitors, including those operating in different industries, to enter these markets relatively easily.

In addition, the Company's ability to keep pace with increasingly rapid advances in technology is also a key competitive factor in many of its businesses. If the Company fails to adapt to changes in technology or if its competitors develop more advanced technologies than the Company's, its competitive position and market share could be materially and adversely impacted. The Company may be unable to maintain its competitive position in its operating markets by relying on the strength of its brands, its ability to navigate current laws and regulations, financial resources and individual user and business client bases or other competitive advantages.

The Company's current and potential competitors include large global technology companies, including platform businesses, and a variety of global and regional companies operating in one or more of its target markets. These companies may have more advanced technological resources, more compelling business models, greater financial resources, more competitive pricing or ability to provide such pricing, greater global or regional brand awareness, larger user bases, stronger relationships with business clients, greater access to potential employees, temporary staff and other personnel or superior service, sales, marketing and other resources than the Company does.

Market shares, particularly in Internet-based services in the Company's HR Technology and Media & Solutions segments, have in the past been subject to significant shifts from time to time due to the relative ease for individual users to switch to other services. As a result, the Company's ability to compete effectively depends on its ability to achieve continued innovation and to improve the functionality of existing services and introduce compelling new services in order to effectively respond to the evolving needs and preferences of individual users and business clients.

If the Company fails to keep providing services that gain market acceptance among individual users and business clients and are differentiated from services provided by its competitors, the Company's competitive position and market share could be materially harmed.

The Company's Media & Solutions segment has a strong market position and has achieved the top market share in terms of revenue for many of their core businesses in Japan, which may make future growth for these businesses more challenging relative to other businesses. If the Company is unable to convince its business clients to maintain or increase their spending with it or if the Company is unable to expand its client base, the Company may not be able to continue to grow these businesses. Even if the Company is able to maintain and further increase its market share, the Company's margins may decrease if the Company is forced to undertake additional advertising and marketing expenditures, lower its pricing for existing services or introduce new services with lower profitability to do so.

4. The Company may be unable to innovate and adapt with sufficient speed to meet the rapidly changing needs and preferences of its individual users and business clients.

The Company's business model depends on its ability to offer individual users and business clients services that meet their respective needs and preferences. Accordingly, maintaining the Company's competitive position and market share requires that the Company adapts quickly to changes in such needs and preferences.

For example, increased use of the Internet, social network platforms, mobile devices and other new technologies, such as video conferencing and voice activated speakers, has resulted in information being available more rapidly in real time while new technologies have made it relatively easy for new entrants to build user bases relatively quickly without significant investment. In particular, the Company's ability to offer effective mobile applications that provide individual users with an appealing, easy-to-use mobile experience is an increasingly important factor in maintaining and growing its individual user base and direct user traffic for many of its online services. These and other changes in technology and user behavior have in turn resulted in changes in the needs of the Company's business clients.

The Company must invest significant resources to continually enhance and improve its existing services and to introduce new and innovative features and services that are compelling to individual users and business clients and respond effectively to rapidly evolving technology and the way it is used or implemented by individual users or business clients. If the Company is unable to accurately identify and understand the changes in the needs of its individual users and business clients, including the appropriate balance between such changes in the needs and interests of its individual users and business clients, or if the Company fails to improve or develop its products and services to meet the needs of its individual users or business clients and predict or respond to technological changes in a timely and cost effective manner before its competitors, the Company's individual users and business clients may discontinue use of its products and services.

The Company's businesses are also affected by changes in business client preferences and how and to what extent business clients choose to use its services.

A substantial portion of the Company's revenue is generated from business clients advertising on the Company's online platforms in its HR Technology and Media & Solutions segments. For certain services, the Company provides more flexible arrangements to meet the needs of business clients including SMEs, and contracts with such business clients are sometimes in the form of relatively short-term advertising arrangements. These short-term arrangements may expose it to the risk that the Company's business clients may switch their advertising to its competitors' platforms or reduce the amount of their spending on its platforms, or may not continue to do business with it entirely.

In addition, the Company's business clients could decide to reduce or eliminate the budgets they are willing to commit to it if the Company does not provide effective advertising solutions, or if they do not believe that their investment in advertising with it will generate a competitive return relative to other alternatives.

Individual user preferences may change in a manner that increases the Company's costs, such as expenditures required for development of new features or services or increased expectations for user perks or other programs that result in additional costs.

In addition, initiatives taken to respond to rapid changes in individual user needs or preferences can reduce the profitability of the Company's existing services and business models, and there is no assurance that the Company will be able to adjust its business models, including maintaining the appropriate balance between the needs and interests of its individual users and business clients, or develop new business models that allow it to maintain profitability.

5. The Company must rapidly advance its technological capabilities.

The markets in which the Company competes are characterized by rapidly changing technologies, which in turn impact individual user and business client demands and the competitive environment more generally. The Company accordingly believes it is critical to continuously invest in and improve its technological capabilities, the functionality of its system infrastructure and the reliability of its products and systems in response to technological innovation.

In addition, because many of the Company's services are provided over the Internet, the Company needs to continuously modify and enhance its platform to keep pace with changes in Internet-related hardware, software, communications and database technologies and standards. If the Company is unable to respond in a timely and cost-effective manner to these rapid technological developments and changes in standards, the Company's platform may become less marketable, less competitive, or obsolete, and its operating results will be harmed. In addition, the Company may be required to make significant investments in order to advance its technological capabilities, which could in turn impact its profitability.

Developing new technology presents significant technical and business challenges and risks, including the following:

- the Company may invest in technologies or uses of technology that ultimately fail to deliver the benefits the Company anticipates or become obsolete by the time they are launched or fully implemented;

- the Company must attract, train and retain highly skilled engineers and managers in order to build, maintain and expand its information technology services and achieve innovation, and these engineers and managers may be difficult to recruit and expensive to retain;

- the number of different types of mobile devices in use, or the applicable technical standards, could further diversify including as the result of the adoption of 5G mobile technology across the Company's operating markets, substantially increasing its product development and modification costs, and the Company may be unsuccessful in developing appealing products for these devices;

- the Company may fail to maintain or update its technological infrastructure, products and systems to rapidly changing industry or technical standards;

- the cost of upgrading the Company's technology or implementing and operating new technology may be substantial and such upgrades or implementations may not be cost effective;

- any upgrades to the Company's technology and infrastructure may not achieve the desired results or may otherwise prove ineffective;

- the Company may face competition from businesses that have implemented new technology faster than it or make better use of such technology than the Company does;

- products and services incorporating new technology may contain bugs, defects or other design flaws; and

- the continuous development of new devices and technologies makes it difficult to predict future trends in the areas in which the Company operates.

6. The Company may not succeed in executing its business strategies, and its estimate of the scope and size of its total addressable market may not be correct.

In order to achieve further growth of the Company's business, the Company has adopted a number of business strategies as well as its long-term strategic objectives for each of its operating segments. The Company's business strategies entail achieving sustainable growth through the development of a broad, geographically diverse portfolio of businesses and calls for the expansion of existing businesses along with entry into and development of new businesses, in part through prudent use of strategic alliances and acquisitions. Furthermore, the Company's strategies may not be effective, or the Company may be forced to change its strategies in the future due to any number of factors.

The Company has established a number of strategies for each of its operating segments that the Company believes will allow it to achieve long-term revenue and profit growth. However, each of these strategies is subject to a number of risks and uncertainties, including the following:

HR Technology

In the Company's HR Technology segment, the Company intends to pursue continued growth in its online job advertising business primarily through the Indeed and Glassdoor platforms, which the Company recently integrated more closely, while expanding its capabilities through continued growth investments including acquisitions. However, the Company's ability to achieve growth will largely depend on developments in overall economic and employment conditions. In addition, the online job advertising market may not grow at the pace the Company currently anticipates for a number of other factors, including the transition of offline job advertisements to online job advertisements progressing at a slower pace than the Company expects.

The Company may fail to capitalize on anticipated market opportunities for a variety of reasons, such as its failure to adapt to new technologies, the failure of the integration strategy of Indeed and Glassdoor to achieve the intended benefits, changes in the needs of individual users and business clients in the employment market and the constantly evolving regulatory and competitive landscape. As a result, there is no assurance that the Company will be able to achieve growth to the extent the Company expects or at all, or that its investments will achieve the expected benefits.

Media & Solutions

In the Company's Media & Solutions segment, the Company operates its advertising and HR businesses while expanding its SaaS offerings targeting SMEs. The Company may be unable to grow its business in this segment if SMEs do not adopt its SaaS solutions including Air BusinessTools or its advertising services to the extent or within the timeframe the Company expects, or if the Company is required to incur significant costs to acquire new clients, whether due to the Company's failure in effectively acquiring new individual users or SMEs as business clients or the Company's services being less attractive or innovative than those offered by its competitors.

Staffing

In the Company's Staffing segment, the Company intends to focus on improving profitability across its global operations. However, the Company may experience decreases in profitability, or be unable to achieve improvements in profitability to the extent the Company expects due to the tightening of regulations in any of its major operating environments, or other factors.

The Company also intends to invest in expanding its presence in the market for its HR Matching business. While the Company's HR Matching business currently operates in the online job advertising market through its HR Technology and Media & Solutions segments, the Company also intends to continue expanding technology-driven solutions from its HR Technology segment, such as the recently introduced Indeed Hiring Platform, a product that allows employers to manage the hiring process [– from posting through interview –] directly on Indeed, with no additional software, that offer different pricing models and create cost efficiencies through automation of traditional human-driven processes in the direct hire, retained search, recruitment automation, and temporary staffing markets.

However, there can be no assurance that the Company will be able to successfully develop and introduce such solutions or that its solutions will gain market acceptance, and the Company may be unable to achieve a return on its investments in these new solutions. Moreover, although the Company has a long-term vision of offering cloud-based recruitment automation solutions that connect job seekers and employers without traditional human-driven processes, there is no assurance that the Company will be able to realize this vision due to a number of factors, including its failure to develop effective solutions or the lack of demand for such solutions materializing or regulatory restrictions. In addition, even if the Company is successful, such development may also result in a reduction in the profitability of its existing traditional businesses.

As the Company expands its existing services or launch new ones, the Company may face intense competition, greater than expected costs in establishing or expanding services and hiring and training the necessary personnel, difficulties predicting market and individual user and business client trends and the performance of its new businesses, returns from new initiatives that are smaller than expected or slower to materialize, unanticipated costs and difficulties, or other challenges that prevent it from successfully realizing its business goals.

On the other hand, it is also possible that the Company may need to exit from existing businesses or withdraw from planned investments or expansions if the Company determines that such business would not yield the desired impact or the growth potential of such business could not justify the required investment outlay. In these cases, such exit or withdrawal may cause the Company to incur substantial costs and its business, financial condition and results of operations could be materially and adversely affected.

7. The Company's past and future acquisitions, joint ventures and strategic alliances could fail to deliver the anticipated benefits or otherwise have an adverse effect on the Company's businesses and results of operations.

As part of the Company's business strategy, the Company has actively engaged in acquisitions, minority investments, joint ventures and other strategic alliances with third parties primarily to expand its businesses globally, acquiring new users, to expand its product and service offerings and acquiring related technologies. For example, the Company acquired Glassdoor, Inc. in June 2018 in order to expand and strengthen its HR Technology segment. The Company intends to continue to pursue acquisitions and other strategic investments or alliances in the future as attractive opportunities emerge.

Acquisitions, strategic investments and alliances entail a number of risks, including, among others:

- expenses incurred and difficulties in integrating or assimilating the operations, technology, personnel and culture of acquired businesses;

- the inability to realize the synergy effects, such as technological development, expansion of individual user traffic and business client base or cost reductions, that were anticipated in connection with the transaction;
- the difficulty in ensuring that an acquisition reaches its required regulatory compliance standards;
- the potential disruption of, and the distraction of management from, the Company's regular business operations;
- difficulties and substantial costs in connection with retaining the individual users, business clients, key management or employees of an acquired company;
- the possibility that strategic alliance partners could later become competitors and utilize the know-how and business relationships they developed or acquired while in partnership with us;
- the failure to ensure that the companies the Company acquires operate in accordance with its regulatory compliance standards;
- with respect to foreign acquisitions and global expansion, uncertainty regarding, and changes in, foreign laws and regulations, local restrictions on foreign investments and challenges with respect to different employee/employer relationships, labor conditions, existence of workers' councils and labor unions, cultural, linguistic or operational differences and additional risks arising from the local and regional social, political, regulatory and economic environment;
- the possibility of overestimating the value of an acquired company, underestimating its legal or contingent liabilities or receiving insufficient indemnification of liabilities or insufficient escrowed amounts or insurance to secure such indemnities from the seller;
- recording significant goodwill and intangible assets that could be subject to future impairment, as described elsewhere in this section; and
- incurrence of additional debt in connection with financing acquisitions and investments.

As a result of such risks, the Company may not be able to fully realize the benefits that the Company anticipates from any given transaction, including increased revenue and profits and other expected strategic benefits, within the expected timeframe or at all.
Furthermore, for strategic reasons, the Company has in the past acquired and may in the future acquire target companies that are unprofitable, and the consolidation of such target companies into its overall results may materially and adversely affect its consolidated financial condition and results of operations.

Although the Company conducts due diligence reviews of acquisition targets, there can be no assurance that its due diligence process will disclose all relevant risks, legal, compliance or regulatory issues, losses and other liabilities or that its assessment of the target's risks and liabilities will be accurate. In particular, with respect to acquisitions and investments in the technology sector, the Company may have difficulty accurately assessing the future viability and growth trajectory of target companies or technologies, especially where the relevant technologies are in the early stages of development and still relatively untested or are rapidly evolving in ways that are difficult to predict. As a result of these uncertainties, technology companies the Company acquires may not attain profitability in the timeframe the Company expects or at all, and the Company may be unable to achieve the expected benefits from its investment.

The Company may also face uncertainties when the Company acquires companies with a limited operating history or a management system that requires improvement, which is often the case for early stage companies the Company targets in the technology sector, including potential compliance issues or liabilities that were not identified in due diligence. Accordingly, such risks, losses or other liabilities could have an adverse impact on its business, financial condition and results of operations.

In addition, in cases where the Company acquires non-controlling interests in entities, the Company may not have the capability to effectively monitor or exercise control over the management of the entities in which the Company invests or the direction that the entity will take. As a result, the Company may not be able to cause any companies in which the Company holds non-controlling interests to implement what the Company views as optimal management policies or strategies that would enable it to achieve the expected benefits from strategic investments. This could have an adverse effect on the Company's business, financial condition and results of operations. In addition, joint ventures and other strategic alliances could limit its future flexibility to work with other potential partners.

While the Company intends to continue to explore future opportunities for acquisitions, business alliances and other strategic investments, there is no assurance that the Company will be able to correctly identify attractive opportunities. Even if the Company does correctly identify potential acquisitions, alliances and investments that the Company believes would further its growth strategy, the Company may be unable to negotiate favorable terms with the target company or otherwise be unable to pursue the opportunity due to its inability to secure the necessary financing or obtain necessary regulatory approvals or other reasons.

8. The Company's expansive global operations expose it to various risks and challenges.

The Company has operations in a number of countries and regions including Japan, the United States, Europe and Australia, and the Company is working to further expand its businesses globally. However, the performance of its operations in any particular country or region could suffer or might otherwise fail to meet its expectations due to the following factors, among others:

- adverse economic conditions in the global economy or in its main operating markets as a result of the COVID-19 pandemic;

- poor regional or national economic and political conditions that could adversely impact, among other things, the advertising spend of its business clients;

- difficulties complying with legal or regulatory requirements and oversight by local regulators;
- changes in legal or regulatory requirements that could impact its operating strategies, access to global markets, hiring, and profitability;
- differing individual user and business client expectations and preferences;
- lower availability of Internet access and adoption of mobile devices;
- taxation issues;
- difficulties adapting to local market practice or local culture and customs;
- labor disputes or strikes;
- adverse political developments or general political uncertainty;
- linguistic and communication difficulties;
- a worsening of international relations involving any of the countries in which the Company operates;
- seasonal reductions in business activity;
- a higher risk of litigation in certain regions;
- restrictions on share ownership by foreign entities;
- difficulties hiring and retaining highly skilled management personnel, engineers and other staff;
- lower brand name recognition; and
- difficulties in monitoring business the Company conducts across a diverse range of countries and regions.

Unfavorable performance of the Company's global operations for the above reasons or any other factors would have an adverse effect on its businesses and results of operations. In addition, the Company's exposure to the risks discussed above will increase as its global operations continue to expand.

9. The Company's inability to attract and retain qualified employees and maintain a positive work environment for its employees could harm its business and inhibit its ability to operate, grow and achieve innovation successfully.

For the Company's businesses to be successful, many of its employees must have high levels of technical skill and know-how, strong client relationships and client management skills, a thorough understanding of relevant markets and other specialized knowledge, and have a strong drive to innovate all of which are in high demand in the Company's industries.

In order for it to remain competitive, grow its businesses and adapt its business models to changing markets, the Company needs to attract, develop and retain talented personnel in a number of areas including management, engineering, sales, and other fields and develop a diverse workforce that brings a wide range of unique backgrounds and perspectives to its businesses. The Company must also continually train its employees to respond to changes in the market for its products and services and evolving technology.

In addition, the Company must also maintain a positive and safe work environment that provides the necessary support and flexibility for its employees and temporary staff in its temporary staffing business, including allowing for remote working arrangements where necessary. Any failure to maintain a positive working environment could result in the infringement of the civil rights of such employees or temporary staff, which could harm the Company's reputation and brands or materially and adversely affect its business, financial condition and results of operations.

Any failure to hire, train, retain, motivate and manage the required workforce may limit the Company's growth, damage its reputation, negatively affect its financial performance, impede its ability to achieve innovation and otherwise harm its business.

In particular, talented and experienced IT engineers have become increasingly important in the Company's HR Technology and Media & Solutions segments. Due to the Company's increasing dependence on and the scarcity of such engineers, the Company's success going forward depends in part on its ability to continue to recruit, train, develop and retain such personnel, which could have a negative impact on its profitability if the Company is required to pay higher compensation to secure or retain qualified personnel.

If the Company loses key personnel, including key members of its management team and engineers, to competitors or at a rate greater than the Company anticipates, or if the Company has difficulty attracting new, highly talented employees, the Company's reputation and its business, financial condition and results of operations could be materially and adversely affected. There is also a risk that a former employee could utilize knowledge and business relationships developed while employed with it in a competing business.

10. The Company may be subject to liability and regulatory action or suffer reputational damage if the Company is unable to maintain the security and the privacy of its data or maintain effective policies and procedures for the storage, management, usage and protection of personal, confidential or sensitive information.

Due to the nature of the Company's business operations, and the large number of individual users who utilize its services and transmit and store personal information through its systems, the Company possesses a substantial amount of personal, confidential or otherwise sensitive information with respect to current, past or prospective individual users, business clients, and business partners.

The requirements under the Act on Protection of Personal Information of Japan (Act No. 57 of 2003, as amended), or the Act on Protection of Personal Information, which was recently amended in June 2020, that apply to the Company's handling and use of personal information in its Japanese operations are stringent, and the Company is also subject to laws and regulations regarding personal information in the other countries in which the Company operates, such as the General Data Protection Regulation, or the GDPR, in the EU. Furthermore, many individual US states, such as California, which enacted the California Consumer Privacy Act of 2018, or the CCPA, are also increasing regulatory compliance standards regarding the handling and use of personal information.

Certain of these regulations impose fines or direct liability on businesses for data breaches where data security systems are found to be inadequate, in some cases regardless of harm to the affected users, and the potential amount of fines or liability can be substantial. For example, certain violations of the GDPR can result in fines of up to 4% of annual worldwide revenue at the parent company level, and certain violations of the CCPA can result in liability of $750 per person affected by the relevant incident even in cases where individual users experienced no harm. Compliance with these laws and regulations, the requirements and interpretations of which may differ significantly from country to country, has become more complex in recent years due to the increasing awareness of management of personal, confidential and sensitive information.

Accordingly, the cost of complying with these laws and regulations is substantial and has been increasing. In addition, such laws and regulations related to the handling and use of personal, confidential and sensitive information have become stricter in recent years and may become even more stringent in the future, or the Company may change its policies concerning handling and usage voluntarily or in response to violations of applicable laws and regulations, perceived wrongdoing or for other reasons. As a result, it may become difficult for it to utilize certain information that is critical to the Company's existing products and services or to develop new products and services, which in turn may harm its ability to maintain or grow the number of the Company's individual users or business clients.

Authorities in various countries are considering a number of legislative and regulatory proposals concerning data protection, including measures to ensure that encryption of users' data does not hinder law enforcement agencies' access to that data. In addition, as many consumer and data protection laws and regulations have been in force for a relatively short period, the interpretation and application of consumer and data protection laws and regulations are often uncertain and in flux, and it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with the Company's current data practices.

If the Company fails to comply with any such laws and regulations, the Company could suffer damage to its reputation and its brands, including loss of confidence in its platforms by individual users, business clients or other third parties or in its ability to manage its businesses by current or potential individual users, business clients and business partners. The Company could also be subject to liability or regulatory investigations or legal or other actions from regulators, users or other third parties relating to actual or alleged violations of laws and regulations surrounding data protection and privacy or otherwise. Any new restrictions or limitations relating to data protection and security may result in the deterioration of the quality of the Company's products and services that rely on data and its overall competitive advantage, and possibly result in a loss of individual users or business clients or necessitate a revision or overhaul of its business models and strategies.

The personal and other data the Company collects in connection with its business as well as the technologies the Company uses to manage this data have become increasingly important parts of its business, and the Company relies on the integrity of its systems and security procedures to ensure adequate protection of its data.

However, there can be no assurance that the Company's efforts to ensure the security and proper management of such information will be fully effective. In particular, the Company has in the past experienced cyberattacks of varying degrees targeting its services, and there can be no assurance that such attacks will not occur in the future or that the Company will be able to successfully protect its data from unauthorized access in the event of any future attacks.

In such an event, the number of individual users affected, due to the size of the Company's user base, could be extremely large, potentially resulting in a correspondingly large liability. In addition to cyberattacks, information could be leaked or improperly accessed, used or handled as a result of a range of factors including third-party security breaches, system failures or errors, software bugs, inadequate policies or procedures, employee error, malfeasance, hacking, theft, faulty password management or other irregularity.

Any unauthorized disclosure or use of, or other failures to properly store, manage or protect, personal, confidential or sensitive information, including any failure to obtain valid consent from affected individual users or business clients, could adversely affect the Company's businesses in a number of ways, including legal liability stemming from claims from individual users, business clients, temporary staff or other third parties, or government investigations, actions or sanctions.

The Company may also incur additional expenses associated with updating or strengthening its systems, policies and procedures, either voluntarily or in response to administrative guidance or other regulatory initiatives. In addition, such incidents could create a negative public perception of the Company's operations or harm its reputation and brand, which could in turn decrease its individual users' and its business clients' confidence in it and damage its relationships with them, causing current or potential individual users or business clients to decline to use its services.

11. Information technology systems are a critical part of the Company's operations and any cyberattacks, systems failures or other disruptions affecting these systems could have an adverse effect on its business.

The analysis, storage, retrieval, management and security of large amounts of data is an important part of the Company's business. Any impairment in the reliability or availability of, or any security breach in, the Company's information systems due to cyberattacks, systems failures or other factors could:

- have an adverse effect on its products and services and their continued availability;
- result in negative publicity about it or its brands or harm its brand strength, reputation and relationships with individual users and business clients;
- harm the continued adoption of its services by individual users and business clients or negatively impact accessibility, performance and load times of its services, which could cause a loss of individual user or business client traffic on its services;
- subject it to legal and regulatory risk including litigation, government investigations or other legal actions;
- result in large monetary judgments or a duty to remediate against us, or result in it voluntarily offering monetary or other compensation to affected parties; and
- materially and adversely affect its business, results of operations and financial condition.

Although the Company has implemented policies and procedures to address these risks, no system can be designed to be completely immune to breaches or outages. The Company's systems are not fully redundant and its disaster recovery planning may not be sufficient. System interruptions and malfunctions can occur for a number of reasons, including cyberattacks, hacking, computer viruses, sabotage, human error, natural disasters, power failures, software errors, hardware problems, network failures, terrorism, geopolitical conflict, difficulties with the Company's service providers, overwhelming online traffic and similar factors.

In particular, cybersecurity-related attacks, intrusions and disruptions, including through spyware, viruses, phishing, denial of service and similar attacks by criminal organizations, hackers, foreign governments and terrorists, have become increasingly prevalent in the Company's industry. The Company has in the past experienced cyberattacks of varying degrees targeting its services, and there can be no assurance that such attacks will not occur in the future or that the Company will be able to successfully defend its systems from any future attacks.

Certain of its services have also experienced downtime due to systems disruptions or other outages. As the Company expands its information technology-based offerings to support business clients' workflows, the Company may be more likely to experience malfunctions of this kind despite any preventative measures the Company may take, which may result in legal liability for damages or voluntary compensation or other costs or in damage to its reputation.

For example, as part of its efforts to expand operational and management support services for its business clients including SMEs, the Company launched Air BusinessTools, which includes such cloud-based services as point-of-sale (POS) and payment systems. If the Company experiences systems failures in connection with such services, the Company may be held responsible by its individual users and business clients for losses, and the perception of the reliability of its services and its overall reputation could be negatively impacted.

In addition, the Company depends on third parties to provide and maintain certain of its information systems, and accordingly some system problems and failures may be outside of its control. For example, the Company relies on third-party cloud infrastructure providers to host all of its cloud-based services, and its reliance on cloud infrastructure providers will increase as the Company intends to migrate more of its services and data storage to cloud infrastructure in the future. Potential security breaches to the systems of these third-parties, whether resulting from internal or external sources, could significantly harm its business. Furthermore, the cost of developing, maintaining and expanding its information technology infrastructure could also increase substantially in the future.

12. The Company's software applications may contain defects.

The Company provides certain of its services to individual users and business clients through software applications and in some cases, such as AirPAY, a payment system service offered through Marketing Solutions in its Media & Solutions segment, hardware devices, including mobile and online applications that are highly technical and complex.

The Company's software applications or hardware devices may contain bugs and other defects that interfere with their intended operation that the Company is unable to detect prior to introducing the relevant service. Any defects the Company does not detect and fix may prevent it from providing its services in a responsive and reliable manner and could cause degradations or interruptions of service, negative experiences for individual users and business clients, repair or remediation costs, delays in the release of new products or versions, difficulties in adequately protecting the data of its individual users and business clients or legal liability from various issues such as loss or leakage of confidential or personal information or under applicable regulatory regimes. In particular, as many of its online services have significant user bases, any defects in the Company's software applications could potentially affect a significant user population.

As a result of any such defects, the Company may suffer damage to its reputation, loss of individual users or business clients, loss of revenue or liability for damages, any of which could adversely affect its business and financial results.

In addition, in certain of its businesses, the Company provides its business clients with platforms through which they operate key business functions, such as online reservations, POS, cash registers, payments, and attracting and connecting with individual users.

If there is any defect in the software used to provide these platform services, the Company's business clients may experience disruptions in their business operations or losses or leakage of sensitive or personal data relating to their business or their users, and the Company expects its exposure to these risks will increase as the Company expands its SaaS business through Air BusinessTools, a comprehensive suite of tools aimed at enhancing the efficiency and productivity of business clients including SMEs, in its Media & Solutions segment.

13. The Company's businesses are subject to various laws and regulations.

The businesses that the Company currently operates, as well as those that the Company may operate in the future, span many fields and countries and consequently are subject to a variety of laws and government regulations such as personal information and data protection, electronic communications, consumer reporting, labor, civil rights and social welfare, anti-bribery, taxation and antitrust laws.

Furthermore, the Company is required to obtain government permission or approval or to register for licenses in order to conduct certain of its businesses, and certain of its businesses are subject to supervision and monitoring by regulatory authorities.

Being subject to these laws and regulations exposes its businesses to certain risks. As a general matter, the legal and regulatory structures that apply to the Company's various businesses are complex and even an inadvertent failure to comply with them could result in fines, penalties, losing permission to operate some of its businesses, being ordered to suspend operations, litigation and other legal proceedings and have an adverse effect on its reputation.

Furthermore, future changes in such laws or regulations or entry into new regulated businesses could necessitate costly compliance expenditures and increase the risk that the Company could fail to comply with applicable requirements or miss business opportunities as a result of restrictions imposed or delays caused by responding to such changes in laws or regulations.

Any new or amended laws and regulations may require it to change its business models or practices, or may prevent it from conducting existing businesses or entering into new businesses, which could adversely impact its business and results of operations and impede it from executing its growth strategy as planned.

For example, there have recently been active discussions among companies globally regarding civil rights and social welfare issues, and if the Company is unable to appropriately respond to changes in the laws and regulations concerning such issues, the Company's brand and reputation may be adversely affected. In addition, taxes imposed on the use of social media, digital services or other mobile applications in certain countries, or other actions by governments that may affect the accessibility of its products or users' technology usage patterns in their countries, may cause a decline in its individual users' engagement with its products.

HR Technology

The Company's HR Technology segment is subject to various laws and regulations. For example, in the United States, the Company's activities may be subject to the Communications Decency Act, the CCPA, the Telephone Consumer Protection Act, the Wiretap Act, the Stored Communications Act and the Fair Credit Reporting Act as well as various state legislation covering the same or similar topics. In addition, the Company's HR Technology segment is also subject to other regulations including the GDPR in the EU and the Act on Protection of Personal Information and the Employment Security Act in Japan.

If any new laws and regulations are introduced, or if existing laws and regulations are amended or interpreted in a manner that is unfavorable to us, the Company's HR Technology segment operations may become subject to additional restrictions and costs, and it may require significant time and resources to respond to any new or amended laws or regulations.

For example, there are currently legislative proposals to amend the Communications Decency Act in the United States to significantly increase the Company's potential liability by eliminating or reducing immunities currently available to its platforms which publish material posted by third parties, such as reviews and job solicitations. As another example, the proposed Algorithmic Accountability Act in the United States, similar proposed laws regarding Artificial Intelligence, and interpretations of existing U.S. Civil Rights laws, may require it to undertake additional compliance costs in implementing its search algorithms and may reduce the effectiveness and confidentiality of its algorithms depending on the extent of government intervention.

Other laws may restrict the use of algorithms or background checks regarding potential employee candidates or even the ability to make recommendations regarding candidates, all of which could have a negative impact on its business. In addition, there are a variety of new laws and proposals in the United States on the federal, state and even local levels placing new security and privacy obligations on companies that handle personal data which could place burdens on the Company that may negatively affect its business.

Additionally legislators are examining companies that maintain digital marketplaces, such as the Indeed search engine, and may place restrictions on companies placing their own products on such marketplaces. The applicable laws and regulations in the technology sector are still evolving, particularly in Europe and the United States, and more stringent laws and regulations concerning the technology sector may be implemented in the future.

For example, if new requirements or restrictions are imposed on the collection, use and analysis of information regarding user behavior in connection with its services, the Company may be restricted from using such information as planned and be forced to change its strategy and business practices.

As a result of any of the foregoing, the business, financial condition and results of operations of its HR Technology segment may be adversely affected.

Media & Solutions

In the Company's Media & Solutions segment, the Company's various services are subject to a number of laws and regulations. For example, the Company is subject to personal information and data protection laws relating to individual user and business client data stored on its systems. With respect to the Company's payment business of its Marketing Solutions, which is offered through AirPAY, which is a cloud-based payment service, the Company is also subject to regulations under the Installment Sales Act of Japan (Act No. 159 of 1961, as amended), or the Installment Sales Act, and are operating with the registration from and under the supervision of the Minister of Economy, Trading and Industry.

In addition, the Company's placement service of its HR Solutions operates on a fee basis with the permission of the Minister of Health, Labour and Welfare in compliance with the Employment Security Act. Changes to the applicable regulations could affect the pricing of the Company's fees. Noncompliance with applicable laws, rules and regulations could lead to the loss of permission to operate or being directly ordered to suspend operations.

Staffing

The Company's Staffing segment is also subject to a number of laws and regulations relating to temporary staffing and employment.

The Company's Staffing segment in Japan operates with a license from and under the supervision of the Minister of Health, Labour and Welfare and is also subject to the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers of Japan (Act No. 88 of 1985, as amended), or the Staffing Labor Act and related rules and regulations.

Any business that provides staffing services in Japan but does not comply with applicable laws, rules and regulations, including the Staffing Labor Act, is subject to the risk of being issued a business improvement order, losing its permission to operate as a staffing business or being directly ordered to cease its operations. If temporary workers suffer a work-related accident, the Company may be obligated to make compensation payments as the dispatching agency.

The Company's Overseas operations in the Company's Staffing segment are concentrated in the United States, Europe and Australia. Laws and regulations regarding temporary staffing in these regions may be implemented on a state-by-state (or, in the case of the European Union, member state-by-member state) basis, as well as on a federal, nationwide or region-wide basis. It is also possible that any failure to comply with local laws, rules or regulations in the Company's Overseas operations in its Staffing segment, whether in the United States, Europe, Australia or elsewhere, could result in it losing permission to operate its businesses in the relevant jurisdiction.

In Japan, the Staffing Labor Act was amended to introduce new protections for temporary staff. In addition, regulations that amend the Staffing Labor Act to require less compensation disparity between permanent and temporary workers, which is often referred to as "Equal Pay For Equal Work," came into effect in April 2020. Although these new regulations have not significantly impacted its business, the Company may in the future incur additional costs as a result, which could negatively impact the financial results of its Staffing segment.

Further reforms may be proposed in the future that would introduce additional restrictions on permitted staffing in certain industries and provide additional protections for temporary staff, which could negatively impact the Company's business and results of operations.

As a general matter, future changes in employment-related laws and regulations in Japan and overseas could necessitate costly compliance expenditures and increase the risk that the Company could fail to comply with the applicable requirements.

Changes related to any of the above could materially and adversely affect the Company's business, financial condition and results of operations.

14. The Company may be subject to legal and arbitration proceedings and litigation, which could be costly and could materially and adversely affect its brands, reputation, business and results of operations.

The Company is subject to litigation and other legal and arbitration proceedings in the ordinary course of its business.

The Company may in the future be subject to claims, allegations, lawsuits, including class action lawsuits, minimum statutory penalties and regulatory investigations regarding antitrust or competition law violations, patents and other intellectual property, the protection of personal information, data privacy and security, consumer protection, tax, labor and employment, commercial disputes, content generated by its individual users, goods and services offered by advertisers or publishers using its platforms, false or deceptive advertising, delivery of services and alleged actions or other issues relating to the monitoring of its temporary staff, among other matters, from individual users, business clients, competitors, regulators and others, including proceedings originally commenced against third parties such as its individual users and business clients. These proceedings can be expensive and disruptive to its normal business operations.

In addition, the Company cannot be certain that its services, products and features do not infringe on the intellectual property rights of others, and the Company may be subject to infringement claims from third parties. In certain countries non-practicing entities have purchased patents for the sole purpose of filing lawsuits based on these patents or obtaining license fees on them. These proceedings are often protracted and costly, regardless of the merit of the claims involved, and the results may be difficult to predict. The Company cannot be certain that it will succeed in defending future claims, that judgments will not be rendered against it or that any reserves the Company set aside or insurance policies will be adequate to cover any such judgments.

A determination adverse to it in any of these legal proceedings could result in significant costs, penalties or fines or require the Company to pay royalty fees and modify its services and products in order to provide non-infringing substitutes or cease the use of certain services, products or features altogether, which could materially and adversely affect its brands, reputation, business and results of operations.

15. Our reputation and those of our brands are important to our success, and any damage to them could materially and adversely affect our business, financial condition and results of operations.

The Company believes that the brand identity the Company has developed has significantly contributed to the success of its business and will continue to be a significant competitive factor going forwards. The Company depends on our brands and reputation to maintain and expand its user base, which in most businesses comprises mainly general consumers who tend to have a relatively high level of sensitivity to and awareness of brand and reputation. Our business clients, which include a large number of SMEs, are also highly sensitive to our brand and reputation.

The Company's brand and reputation could be harmed due to a number of factors, including defects or errors in its services, cyberattacks and other cybersecurity breaches, failure to adequately protect individual user and business client data, inadequate investments to maintain and enhance its brand and reputation, its competitors' achieving greater brand recognition, adverse media coverage or rumors including on the Internet or social network platforms about it or its business, regardless of whether such content is true or not, misconduct by its employees or its temporary staff, claims against it by its temporary staff or employees relating to its employment practices, unpermitted use of its brands by a third-party, unfavorable litigation or other factors, regardless of whether such damage was caused by its fault or the fault of others.

Furthermore, as the use of technology and data in its business has become increasingly important, the use of algorithms such as artificial intelligence in its services and its use and management of data on its platforms could lead to negative outcomes or be viewed negatively by some individual users and business clients and adversely affect its reputation and brands.

In addition, in the event that the Company, or one of its individual users or business clients in any of its businesses, engage in misconduct or inappropriate behavior or acts through its platforms or engage in illegal activity such as infringement of third-party intellectual property, violation of personal privacy rights, libel or any other illegal act or malfeasance, its reputation and that of its brands could be materially damaged directly or by association due to its relationship with such individual user or business client.

For example, for certain of our platforms such as our job search engines that provide content or host advertisements that come from or can be influenced by third parties, its reputation or brands may be negatively affected if its individual users or business clients engage in misconduct, illegal activity or other inappropriate behavior such as web spam, phishing, impersonating other people or organizations or posting false, misleading or inappropriate job information or user generated content (UGC) such as employer information or other information. The Company has limited ability to affect the behavior of our individual users and business clients, and even in the event that we are able to do so our proposed solution may not be satisfactory to all affected parties. In such cases we could be subject to claims or legal proceedings, face harm to our and our brands' reputation, business and results of operations.

The Company is also subject to the risk that third parties could imitate its products or services or use its brands, trademarks, logos or other intellectual property without permission.

Although the Company believes it has in place robust protections for its intellectual property, there can be no assurance that these measures will be successful in preventing others from infringing its intellectual property rights and damaging its and its brands' reputation. Effective intellectual property protection may not be available in every country in which our products and services are made available. In addition, we may not be able to discover or determine the extent of any unauthorized use of our proprietary rights, particularly as policing the Internet for improper use of our brands, trademarks and logos increases in difficulty as the Internet expands. Other parties could also initiate claims or legal proceedings alleging that we infringe their proprietary rights, which may result in the loss of our ability to use certain brands, trademarks or logos, which could damage our market presence and reputation.

16. The Company relies on third-party service providers, such as search engine platforms, data center providers, payment providers, sales agents and Internet service providers in various areas of its business.

The Company relies on third-party service providers in a number of critical areas of its business. The occurrence of any of the below, including the termination or deterioration of its relationships with such third-party service providers, could materially and adversely affect its competitiveness and its business, financial condition and results of operations.

Certain of the Company's services in its HR Technology and Media & Solutions segments rely on Internet search engines provided by global technology companies primarily for the purposes of ensuring its individual users access to its online platforms. User traffic on the Company's online platforms can be significantly impacted by changes in the search algorithm of the search engine operators or as a result of actions by its competitors that render online search results through its third-party search providers less favorable to us, which would in turn impact its business and presence among users.

The Company's HR Technology segment also relies on third-party publisher networks to drive traffic to its platforms by adding its content to their websites. Any failure of such publisher networks to effectively promote its services could result in reduced user traffic and harm to its business and competitive position.

The Company also offers mobile applications through the platforms of third-party global technology companies to enhance the accessibility of its services and expand its individual user traffic. If the Company becomes unable to provide its applications through these platforms, either due to vendor policies, platform updates or otherwise, the Company's ability to expand its mobile user base and increase user traffic on its services would be adversely affected.

Furthermore, the Company relies on third-party data center providers in its operations, and any disruption or interruption to the data center service or deterioration of the network performance of such service, as well as any increase in server usage fees or other additional costs, could materially and adversely affect the Company's competitiveness and its business, financial condition and results of operations.

The Company also relies on third parties to provide certain payment methods and payment processing services, including the processing of credit card transactions. As a general matter, any third party that has access to data on its systems is a potential entry point for unauthorized access, which exposes it to the risk of security breaches of such third-party systems.

The Company also makes use of third-party sales agents or media agencies to manage sales to, and other relationships with, the Company's business clients to enhance its sales ability and maintain a cost structure that allows it to respond more flexibly to economic volatility. However, the Company's reliance on such sales agents involves certain risks. In particular, because the Company generally works closely with these sales agents over long periods of time, the loss of a sales agent reduces the strength of its sales network and could result in the loss of business clients and transfer of know-how to a competitor.

Additionally, the Company exerts less direct control over third-party sales agents compared to its own employees, and the agents' actions in the course of their work for it or otherwise may harm its reputation or expose it to litigation.

The Company's online services also more generally depend on the ability of the Company's individual users and business clients to access its services through the Internet. Currently, this access is provided by companies that have significant market power in the broadband and Internet access marketplace, and these providers may take measures that could degrade, disrupt, or increase the cost of user access to certain of its products by restricting or prohibiting the use of their infrastructure to support or facilitate its offerings, or by charging increased fees to the Company or its users to provide its offerings.

The Company's services may also be subject to government-initiated restrictions or blockages in some jurisdictions. Any such interference or disruption of access to its online services through the Internet could result in a loss of existing individual users and business clients and increased costs, and could impair its ability to attract, maintain or increase the number of users, customers and advertisers, thereby harming its revenues and growth.

Furthermore, any limitation from the Company's third-party Internet access providers on the use of third-party cookies could reduce its ability to provide targeted information to its individual users and negatively impact various areas of its business.

17. The Company's advertising, sales and marketing efforts may be ineffective, may lead to increased costs and may negatively affect its revenue and margins.

As part of its strategy to expand its business, the Company engages in advertising, sales and marketing activities in order to increase recognition of new or existing services and expand its individual user and business client bases. The Company is substantially dependent on its advertising, sales and marketing operations to maintain brand recognition and user traffic on its services and to acquire new business clients and enhance client satisfaction with its services.

In particular, as many Internet users rely on search engines to refer them to products and services, the Company's HR Technology segment and Media & Solutions segment depend in part on various such search engines to generate user traffic on its websites, particularly when the Company expands into new markets or business areas where the Company does not have an established presence. Thus, maintaining a strong search engine ranking is an important factor in the Company's success in those businesses, and the Company may be required to incur expenses to enhance its search engine rankings as the Company seeks to maintain and expand the market presence of certain businesses. However, there is no guarantee that such efforts to enhance its search engine rankings would yield the outcome the Company desires.

The Company may also engage in other advertising including online, television and radio advertising to increase awareness of its services on the Internet and more generally among potential individual users and business clients. In the Company's Staffing segment, the Company may also rely on advertising to increase registered temporary staff, particularly in markets where there are labor shortages.

Although the Company may undertake significant additional advertising, marketing and sales costs in order to expand certain businesses, the Company's efforts may not be effective in building its brand recognition or expanding its business to the extent the Company expects or at all.

18. The Company's business operations are exposed to natural disasters, terrorism, pandemics, calamities or other factors.

Despite any preparatory measures the Company takes, the Company's business operations, technology infrastructure, employees and physical assets will remain subject to the risk of fire, earthquakes, tsunamis, typhoons, hurricanes and other natural disasters, blackouts and other power losses, acts of terrorism, criminal cyberattacks, power loss, pandemics and other catastrophic events. Any of these events could impact the Company's ability to provide its services or otherwise operate its business, including due to disruptions affecting the workforce the Company needs to operate its business including its employees, employees of its service providers and its temporary staff, business restrictions under stay-at-home orders and other government measures or damage to its properties.

In particular, any of these catastrophic events could result in disruptions to its operations, including failure of its information systems or data servers that have not been backed up, and in such circumstances its ability to successfully implement its business continuity plan will be crucial to its recovery. In the event that the Company experiences a system failure or systems delays, particularly if these issues are widespread within its infrastructure, or are unable to fully implement its business continuity plan, the Company may be unable to offer certain products and services, and even if they are available, the Company's Internet-based products and services may experience increased load times or other disruptions.

In such an event, the Company's individual users may become dissatisfied and reduce their usage of its products and services or switch to those of its competitors. In addition, disruptions to the business or information systems of its individual users and business clients could damage its brand and reputation and lead to reduced revenues for us, errors in the transactions that the Company is involved in, or other problems.

In addition, large-scale natural disasters could have secondary adverse effects, such as the destruction or incapacitation of or other harm to its business clients' business operations or deterioration in economic conditions generally or cause its individual users to refrain from engaging in lifestyle activities.

Any of these outcomes could impair its business operations and materially and adversely affect its business, results of operations and financial condition.

19. Any impairment of the Company's non-current assets, including goodwill and intangible assets, or fluctuations in the value of its securities holdings, could adversely affect its results of operations or financial condition.

The Company may be required to record a significant charge on its consolidated financial statements during the period in which any impairment of its non-current assets is determined. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services the Company provides, challenges to the validity of certain registered intellectual property, disposals of group assets, changes in its strategies and a variety of other factors.

Accordingly, any determination of impairment of goodwill or other intangible assets could have a material adverse effect on the Company's results of operations.

Moreover, to the extent that the Company acquires early stage companies that have not achieved profitability, the Company may be subject to impairment risk relating to any goodwill and intangible assets recorded in connection with the acquisition.

In addition to goodwill and intangible assets, the Company's other non-current assets, including property and equipment and investments in associates and joint ventures, are also subject to the risk of impairment.

Furthermore, the Company also holds equity securities of certain companies it considers to be necessary business partners in order to maintain and strengthen business relationships with these companies to support its long-term growth. The Company generally recognizes changes in the fair value of these securities as part of other comprehensive income, which has the effect of increasing or decreasing its retained earnings. Declines in the value of such securities could thus have an adverse effect on its financial condition.

20. The Company may have additional tax liabilities.

The Company is subject to income taxes in Japan and many foreign jurisdictions. Significant judgment is required in determining its worldwide provision for income taxes. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company regularly is under audit by tax authorities in different jurisdictions.

Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes favorably more difficult. Although the Company believes its tax calculations are reasonable, the final determination of tax audits, and any related litigation in the jurisdictions where the Company is subject to taxation could be materially different from its historical tax calculations. The results of an audit or litigation could have a material effect on its consolidated financial statements in the period or periods in which that determination is made.

The Company earns a portion of its operating income from outside Japan, and any repatriation of funds currently held in foreign jurisdictions to Japan may result in higher effective tax rates for us. In addition, there is risk that the Company's tax exposure could be adversely affected if, for example, tax related laws and regulations, including the interpretation thereof, change due to political or economic conditions in the jurisdiction in which the Company operates.

Further, because the Company is subject to tax examinations by relevant tax authorities on a regular or irregular basis, it is difficult to accurately predict their timing and results. The Company's exposure to the above tax risks could materially and adversely affect its business, results of operations and financial condition.

The Company may also become subject to new taxes applicable to online businesses based on changes in tax laws and regulations and enforcement of such laws and regulations by tax authorities. In particular, France, the United Kingdom, Italy, Austria, and other countries have enacted or are considering digital services taxes, which could lead to inconsistent and potentially overlapping international tax regimes.

However, there are a number of uncertainties surrounding the actual procedures for applying any of these taxes, and the financial impact of any such taxes on the Company's business and results of operations is unclear.

In addition, in the United States, the Company may become subject to increased state sales taxes in connection with possible changes to its service offerings. In addition, state tax authorities may assert additional state taxes are owed based on interpretations of the current law.

Any changes to international tax laws could impact the tax treatment of the Company's foreign earnings and adversely impact its effective tax rate. Further, changes to tax laws and additional reporting requirements could increase the complexity, burden and cost of compliance.

Due to the large and expanding scale of the Company's international business activities, any changes in taxation of its activities or the combined effect of tax laws in multiple jurisdictions may increase its worldwide effective tax rate, increase the complexity and costs associated with tax compliance (especially if changes are implemented or interpreted inconsistently across tax jurisdictions), and adversely affect its results of operations and financial condition.

21. Fluctuations in currency exchange rates could materially and adversely affect the Company's business, financial condition and results of operations.

The Company has substantial operations outside Japan and have significantly expanded its global businesses in recent years. The Company principally conducts its global business transactions in foreign currencies, in particular the US dollar, the Euro and the Australian dollar.

Foreign currency-denominated assets and liabilities are reported in the relevant local currencies and then translated to Japanese yen at the period-end applicable exchange rate, while foreign currency-denominated results of operations are reported in local currencies and then translated to Japanese yen using the spot exchange rate at the date of the transaction or a rate that approximates such rate.

As a result of these factors, fluctuations in foreign currencies against the Japanese yen may adversely affect the impact of favorable results or amplify the impact of unfavorable results at the Company's overseas subsidiaries.

Although the Company may enter into derivatives transactions to hedge a portion of its foreign currency exchange rate risk, there is no assurance that its hedging efforts will be effective in protecting the Company against exchange rate fluctuations. Depending on the size of the exposures and the relative movements of currency exchange rates, if the Company chooses not to hedge or fail to hedge its exposures effectively, the Company could experience a material adverse effect on its results of operations and financial condition.

Furthermore, volatility in foreign exchange rates could negatively affect economic conditions in the Company's operating markets, potentially leading to decreased advertising spending by its business clients or harm its ability to execute acquisitions or other strategic transactions abroad, which is an important piece of its strategy for growth globally, at an acceptable price.

22. The Company relies on borrowings to finance its operations, and factors such as increases in interest rates for its borrowings could materially and adversely affect us.

Although the Company finances its operations and investment activities primarily through operating cash flows, the Company also obtains financing through loans from banks and other financial institutions and issuing bonds in the capital markets. The Company may incur additional indebtedness in the future depending on the overall funding environment including interest rate trends. Increases in interest rates could substantially increase its financing costs and may impair its ability to borrow necessary funds on a timely basis.

In addition, the Company's creditworthiness may decline in the future due to adverse changes in the Company's financial condition or business, which would negatively affect its ability to obtain additional borrowings in the future on terms that are acceptable to the Company or at all.

The Company may enter into additional borrowings in the future that may subject it to covenants or other restrictions that can impede its ability to manage its operations.

If the Company fails to comply with such covenants, the repayment of the principal of, or accrued interest on, the Company's loans could be accelerated or the Company could be required to post collateral to secure its borrowings. The Company may also have difficulties in obtaining additional financing on acceptable terms to the extent that its credit ratings decline.

In addition, as a holding company with no business operations of its own, the Company relies on cash flows from subsidiaries to meet its obligations, including to service any debt obligations. The Company's subsidiaries may be restricted in their ability to pay cash dividends or to make other distributions to it and therefore, the Company's ability to meet its obligations may be adversely affected by such restrictions.

23. The Company's operating results may fluctuate, which makes its results difficult to predict and could cause its results to fall short of expectations.

The Company's operating results may fluctuate as a result of a number of factors, many of which are outside of its control.

As a result, comparing its operating results on a period-to-period basis may not be meaningful, and you should not rely on its past results as an indication of its future performance. The Company's operating results in future periods may fall below market expectations as well as its internal business objectives or financial targets. For example, although its HR Technology segment has been a key growth driver in recent years, it is uncertain whether its HR Technology segment will continue to achieve revenue growth at the expected pace or at all. Any of these events could cause its stock price to fall. Each of the risk factors listed in this section in addition to the following factors may affect the Company's operating results:

- its ability to continue to attract and retain individual users and business clients to its services, including by successfully responding to changes in individual user preferences and business client needs;
- its ability to keep pace with rapid changes in technology;
- the amount of revenues and expenses generated and incurred in currencies other than Japanese yen, and its ability to manage the resulting foreign exchange risk;
- the amount and timing of advertising expenses, other operating expenses and capital expenditures related to the maintenance and expansion of its businesses;
- its focus on long-term goals over short-term results;
- acquisitions and other strategic investments;
- introduction of new businesses, products, services and technologies; and

- changes in economic conditions or the business environment, including due to the impact of the COVID-19 pandemic.

Because its businesses are changing and evolving, the Company's historical operating results may not be useful to you in predicting its future operating results.

24. The Company's stock price may be volatile or difficult to predict due to fluctuations in its operating results or other factors.

The trading price of its common stock has been, and is likely to continue to be, volatile. In particular, the Company's operating results may fluctuate significantly due to a number of factors, including the various risk factors discussed in this section, which could negatively affect its stock price.

In addition, the trading price of the Company's common stock may fluctuate significantly in response to numerous other factors, many of which are beyond its control, including:

- the financial projections the Company may provide to the public, any changes in these projections or its failure to meet these projections;
- actions of securities analysts who initiate or maintain coverage of the Company, changes in financial estimates by any securities analysts who follow it, or its failure to meet these estimates or the expectations of investors;
- additional shares of its common stock being sold into the market by the Company, its existing stockholders, or in connection with acquisitions, or the anticipation of such sales;
- changes in the Company's dividend policy or planned share repurchases;
- investor sentiment with respect to the Company's competitors, its business partners, and its industry in general;
- announcements by the Company or its competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of technology companies in the Company's industry, including its competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in global political or economic conditions;
- the inclusion, exclusion, or deletion of the Company's stock from any trading indices;
- media reports regarding the Company's business and financial performance;
- lawsuits threatened or filed against us, or developments in pending lawsuits;
- developments in anticipated or new legislation or regulatory actions; and
- other events or factors, including those resulting from pandemics, war or incidents of terrorism, or responses to these events.

Broad market and industry fluctuations and general economic, political and market conditions, such as recessions, interest rate changes or foreign currency exchange fluctuations, may negatively impact the market price of the Company's common stock regardless of its actual operating performance.

Management's Discussion and Analysis of Financial Position, Results of Operations, and Cash Flows

The following 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, 2021 unless the context otherwise indicates.

Consolidated Results of Operations for FY2020

Consolidated Results of Operations

The Company's consolidated revenue for Q4 FY2020 was 613.1 billion yen, an increase of 4.0% year on year. Excluding revenue of 18.8 billion yen from the Rent Assistance Program by The Small and Medium Enterprise Agency of the Ministry of Economy in Japan ("Rent Assistance Program"), consolidated revenue for Q4 FY2020 increased 0.8% year on year. The global spread of COVID-19 and measures to help prevent the spread continued to have a broad impact on business performance. Restrictions and measures put in place to limit the spread of COVID-19 were eased in some countries, specifically the US, while economic activities were negatively impacted in many countries and regions such as Japan, where a state of emergency was declared for the second time, and Europe where multiple cities repeatedly imposed lockdowns.

In Q4 FY2020, revenue of HR Technology and Staffing increased year on year and revenue of Media & Solutions decreased year on year. Excluding the positive impact of foreign exchange rate movements of 4.9 billion yen during the quarter, consolidated revenue increased 3.1% year on year. Consolidated revenue for FY2020 was 2.26 trillion yen, a decrease of 5.4% year on year (excluding the negative impact of foreign exchange rate movements of 3.8 billion yen, a decrease of 5.3%). Excluding revenue of 79.0 billion yen from the Rent Assistance Program, consolidated revenue for FY2020 decreased 8.7% year on year.

Consolidated operating income for Q4 FY2020 was 19.5 billion yen, compared to consolidated operating loss of 6.2 billion yen for Q4 FY2019. Consolidated operating income for Q4 FY2020 decreased 21.2% year on year compared to 24.7 billion yen for Q4 FY2019 which excludes impairment losses on goodwill and intangible assets. Consolidated operating income for FY2020 was 162.8 billion yen, a decrease of 21.0% year on year.

Profit before tax for Q4 FY2020 was 21.6 billion yen compared to loss before tax of 3.5 billion yen in Q4 FY2019. Profit for the period for Q4 FY2020 was 13.9 billion yen, an increase of 2.6% year on year. Profit attributable to owners of the parent for Q4 FY2020 was 13.8 billion yen, an increase of 3.5% year on year. For FY2020, profit before tax was 168.5 billion yen, a decrease of 25.5%, profit for FY2020 was 131.6 billion yen, a decrease of 27.3%, and profit attributable to owners of the parent was 131.3 billion yen, a decrease of 27.0%.

Consolidated adjusted EBITDA for Q4 FY2020 was 30.7 billion yen, a decrease of 44.4% year on year, and adjusted EBITDA margin for Q4 FY2020 was 5.0%. This was mainly due to increased investments, such as advertising expenses, for future growth in each business. Consolidated adjusted EBITDA for FY2020 was 241.6 billion yen, a decrease of 25.7% year on year, and adjusted EBITDA margin was 10.6%.

Adjusted EPS for Q4 FY2020 was 6.78 yen, a decrease of 61.0% year on year. Quarterly profit available for dividends was 7.3 billion yen, a decrease of 70.5% year on year. For FY2020, adjusted EPS was 82.56 yen, a decrease of 31.8% year on year, and profit available for dividends was 121.7 billion yen, a decrease of 34.0%.

Research and development expenses in Q4 FY2020 and for FY2020 were 22.1 billion yen and 74.4 billion yen, respectively. This consists primarily of compensation expenses for engineering and other technical employees responsible for the development of new products and enhancement of existing products using new technologies. The majority of research and development expenses were related to HR Technology.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% change	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	% change
Consolidated operating results						
Revenue	589.7	613.1	4.0%	2,399.4	2,269.3	-5.4%
Operating income	-6.2	19.5	-	206.0	162.8	-21.0%
Profit before tax	-3.5	21.6	-	226.1	168.5	-25.5%
Profit for the period	13.5	13.9	2.6%	181.2	131.6	-27.3%
Profit attributable to owners of the parent	13.3	13.8	3.5%	179.8	131.3	-27.0%
Management Key Performance Indicators						
Adjusted EBITDA	55.2	30.7	-44.4%	325.1	241.6	-25.7%
Adjusted EBITDA margin	9.4%	5.0%	-	13.6%	10.6%	-
Adjusted EPS (yen)	17.38	6.78	-61.0%	121.03	82.56	-31.8%

Revenue for the three months and the year ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

Significant accounting policies, estimates, and assumptions

The consolidated financial statements of the Company have been prepared in accordance with IFRS.

The significant accounting policies used for the preparation of the consolidated financial statements are mainly described in “Financial Information, Consolidated Financial Statements and Notes, 3 Significant Accounting Policies.”

The significant accounting estimates and assumptions used for the preparation of the consolidated financial statements are mainly described in “Financial Information, Consolidated Financial Statements and Notes, 4. Significant Accounting Judgments, Accounting Estimates and Assumptions.” Assumptions used for the impairment tests on goodwill are described in “Financial Information, Consolidated Financial Statements and Notes, 11. Goodwill and Intangible Assets.”

These estimates and assumptions are based on management’s best judgment based on historical experience and various factors deemed to be reasonable. By their nature, however, due to uncertainties in these estimates and assumptions, they may differ from the amounts recognized in the consolidated financial statements of future periods.

Management Actions for Q4 FY2020

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

Amidst the spread of COVID-19, the Company has continued to prioritize the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, business clients, and business partners, and operates its businesses while implementing measures to help prevent the spread of COVID-19. In addition, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period.

Completion of share repurchase program

The Company completed its share repurchase program on February 26, 2021 which had been announced on November 30, 2020. The share repurchases were conducted in line with the Company's capital allocation policy and upon consideration of a range of factors including the Company's capacity to pursue investments, the capital market environment, and the outlook for its financial position. The total number of shares repurchased as of February 26, 2021, was 15,157,100 shares and the total purchase price was 68,576,962,887 yen.

Results of Operations by Segment

HR Technology

Revenue for Q4 FY2020 was 131.1 billion yen, an increase of 23.3% year on year, and on a US dollar basis, reported revenue increased 26.8%[1] for Q4 FY2020 as a surge in hiring activity from small and medium sized businesses, particularly in the US, led to increased demand for sponsored job advertising[2].

During the fourth quarter, restrictions and measures put in place to limit the spread of COVID-19 were eased in the US and many European countries, which led to a rebound in recruiting and hiring activity in many industries as economic conditions improved. Hiring demand from new and existing customers, particularly small and medium size employers in the US, accelerated as they reopened, expanded operations, or created new businesses.

However, many job seekers remained hesitant to rejoin the workforce or change jobs due to COVID-19 related factors, which may have included health concerns, childcare responsibilities, and government financial support, resulting in dampened job seeker activity in Q4 FY2020 on Indeed and Glassdoor. The imbalance during the quarter between muted job seeker activity and significant hiring demand increased competition for talent on Indeed and Glassdoor, and that competition was a significant driver of revenue growth in Q4 FY2020.

Adjusted EBITDA for Q4 FY2020 increased by 107.2% year on year to 17.3 billion yen, primarily driven by an increase in revenue. Increased investments focused on product and technology initiatives while increases in sales, marketing and other administrative costs were controlled. Adjusted EBITDA margin was 13.3% for Q4 FY2020, an increase from 7.9% for Q4 FY2019.

As revenue trends continued to improve, HR Technology increased marketing investments compared to Q3 FY2020, and continued to hire engineers and technical employees to drive product enhancements in support of HR Technology's goal to improve the job seeker experience, dramatically simplify recruiting processes, and significantly reduce the cost and time to hire for employers.

For FY2020, revenue was 423.2 billion yen, a decrease of 0.4% year on year. On a US dollar basis, reported revenue increased 2.2%[1] year on year. Adjusted EBITDA was 66.7 billion yen, a decrease of 6.3% year on year, and adjusted EBITDA margin was 15.8%.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2020	2021		2020	2021	
Revenue	106.3	131.1	23.3%	424.9	423.2	-0.4%
Adjusted EBITDA	8.3	17.3	107.2%	71.2	66.7	-6.3%
Adjusted EBITDA margin	7.9%	13.3%	-	16.8%	15.8%	-
Revenue in million US dollars[1]	$974	$1,235	26.8%	$3,907	$3,993	2.2%

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 Indeed and Glassdoor product availability varies by country.

Media & Solutions

Revenue for Q4 FY2020 was 179.3 billion yen, a decrease of 7.0% year on year. Excluding revenue of 18.8 billion yen from the Rent Assistance Program, revenue for Q4 FY2020 decreased by 16.8% year on year. Revenue in Q4 FY2020 was negatively affected by the state of emergency in Tokyo and other prefectures from January 7, 2021 to March 21, 2021 and the increase in COVID-19 cases in Japan.

Adjusted EBITDA for Q4 FY2020 was 7.2 billion yen, a decrease of 78.8% year on year. Adjusted EBITDA margin was 4.1%. In addition to the decrease in revenue, the significant decrease in adjusted EBITDA and adjusted EBITDA margin was due to an increase in costs related to the reorganization of the Media & Solutions SBU on April 1, 2021, an increase in allowance for doubtful accounts in Q4 FY2020 due to negative impacts of COVID-19, as well as strategic and proactive marketing investments in anticipation of future growth in FY2021 and beyond in both Marketing Solutions and HR Solutions.

For FY2020, revenue was 672.0 billion yen, a decrease of 11.1% year on year, and revenue excluding the Rent Assistance Program was 592.9 billion yen, a decrease of 21.6% year on year. Adjusted EBITDA was 106.7 billion yen, a decrease of 41.6% year on year, and adjusted EBITDA margin was 15.9%.

	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
(In billions of yen)	2020	2021		2020	2021	
Revenue						
Marketing Solutions	113.0	121.0	7.1%	438.5	456.0	4.0%
HR Solutions	79.1	58.2	-26.5%	314.1	214.0	-31.9%
Eliminations and Adjustments	0.6	0.0	-89.4%	3.1	1.9	-39.0%
Total	192.8	179.3	-7.0%	755.9	672.0	-11.1%
Adjusted EBITDA						
Marketing Solutions	18.6	12.7	-31.3%	115.9	96.4	-16.9%
HR Solutions	18.8	4.6	-75.2%	83.4	36.8	-55.9%
Eliminations and Adjustments	(3.1)	(10.1)	-	(16.5)	(26.4)	-
Total	34.2	7.2	-78.8%	182.9	106.7	-41.6%
Adjusted EBITDA margin						
Marketing Solutions	16.5%	10.6%	-	26.4%	21.1%	-
HR Solutions	23.7%	8.0%	-	26.6%	17.2%	-
Media & Solutions	17.8%	4.1%	-	24.2%	15.9%	-

Revenue in Media & Solutions and in Marketing Solutions for the three months and twelve months ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

Marketing Solutions

Revenue in Marketing Solutions for Q4 FY2020 was 121.0 billion yen, an increase of 7.1% year on year. Revenue excluding the Rent Assistance Program was 102.1 billion yen, a decrease of 9.7% year on year and lower compared to Q3 FY2020, mainly due to the state of emergency in Tokyo and other prefectures and the increase in COVID-19 cases.

Revenue in Housing & Real Estate increased 7.2%, due to continued stable advertising demand for newly built and existing homes, as well as rental properties.

In Beauty, revenue increased 10.6% year on year, mainly due to an increase in new business clients. The number of online reservations during Q4 FY2020 on Hot Pepper Beauty was 30.94 million, an increase of 9.0% year on year. For FY2020, the number of online reservations on Hot Pepper Beauty was 112.85 million, a decrease of 1.5% year on year.

In Bridal, a continued lack of demand for wedding ceremonies and a decrease in business clients' advertising resulted in a decrease in Q4 FY2020 revenue of 38.2% year on year.

In Travel, revenue in Q4 FY2020 decreased 29.1% year on year as a result of a significant decrease in both the number of hotel guests booked and prices per night due to the state of emergency in Japan from January to March and the increase in the number of COVID-19 cases.

In Dining, in addition to the reduced demand for dining out, and the reduced number of tables per establishment, the limited opening hours required by the state of emergency severely affected business clients. As a result, advertising demand declined resulting in a 61.3% decrease in revenue year on year in Q4 FY2020. The number of seats reserved online on Hot Pepper Gourmet was lower compared to Q4 FY2019 with 14.16 million seats reserved online during Q4 FY2020, a decrease of 29.0% year on year. For FY2020 the cumulative number of seats reserved online was 65.51 million, a decrease of 29.5% year on year.

The number of AirPAY accounts, a SaaS solution for accepting cashless payments, continued to grow steadily, as individual users' preference for contactless payments continued to grow in response to the spread of COVID-19. The number of AirPAY accounts was approximately 210,000, an increase of 41.7% year on year, at the end of March 2021. Of the AirPAY registered accounts[1] as of March 31, 2021, approximately 135,000 accounts also subscribed to other Air BusinessTools solutions. The number of paid users for Study Sapuri, an online learning platform for students and adults, was 1.57 million as of March 31, 2021, up 97.4% year on year. This growth was driven by the continued promotion of Information and Communications Technology (ICT) utilization in schools and continued demand for online education services during the pandemic in Japan. Revenue from these services, other miscellaneous services, and revenue of 18.8 billion yen from the Rent Assistance Program are included in Others.

Adjusted EBITDA in Marketing Solutions was 12.7 billion yen, a decrease of 31.3% year on year. In addition to a decrease in revenue excluding the Rent Assistance Program, Marketing Solutions proactively invested in marketing in an attempt to capture the potential growth opportunity in FY2021 and beyond, resulting in an adjusted EBITDA margin of 10.6%.

For FY2020, revenue was 456.0 billion yen, an increase of 4.0% year on year, and revenue excluding the Rent Assistance Program was 376.9 billion yen, a decrease of 14.0% year on year. Adjusted EBITDA was 96.4 billion yen, a decrease of 16.9% year on year, and adjusted EBITDA margin was 21.1%.

[1] Registered accounts refer to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts)

(In billions of yen) Marketing Solutions	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% change	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	% change
Revenue						
Housing & Real Estate	30.6	32.8	7.2%	113.3	116.9	3.2%
Beauty	21.1	23.4	10.6%	81.6	82.9	1.6%
Bridal	12.2	7.5	-38.2%	52.0	29.9	-42.4%
Travel	16.8	11.9	-29.1%	73.4	53.8	-26.6%
Dining	9.8	3.8	-61.3%	39.2	14.1	-64.0%
Others	22.3	41.4	85.5%	78.9	158.1	100.4%
Total	113.0	121.0	7.1%	438.5	456.0	4.0%
Adjusted EBITDA	18.6	12.7	-31.3%	115.9	96.4	-16.9%
Adjusted EBITDA margin	16.5%	10.6%	-	26.4%	21.1%	-

Revenue in Marketing Solutions and in Others for the three months and twelve months ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

HR Solutions

Revenue in HR Solutions for Q4 FY2020 was 58.2 billion yen, a decrease of 26.5% year on year, however both revenue and year on year revenue decline improved compared to Q3 FY2020.

In the part-time job advertising business operated in HR Solutions, revenue declined year on year, particularly impacted by the lack of hiring demand in the restaurant industry due to reduced opening hours of restaurants in response to the state of emergency. As a result, revenue in the job advertising business for Q4 declined year on year.

The placement service operates on a pay-per-hire model in which revenue is recorded at the time a candidate is hired by a business client. Despite continued increasing hiring demand from business clients, which had dropped to a low in Q1 FY2020, the number of orders remained below prior year levels. As a result, revenue from the placement service in Q4 FY2020 declined year on year.

Adjusted EBITDA in HR Solutions was 4.6 billion yen, a decrease of 75.2% year on year primarily due to significantly lower revenue, and adjusted EBITDA margin was 8.0%. HR Solutions proactively invested in marketing in an attempt to capture the potential growth opportunity in FY2021 and beyond.

For FY2020, revenue was 214.0 billion yen, a decrease of 31.9% year on year, adjusted EBITDA was 36.8 billion yen, a decrease of 55.9% year on year, and adjusted EBITDA margin was 17.2%.

(In billions of yen) HR Solutions	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% change	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	% change
Revenue						
Recruiting in Japan	70.0	50.3	-28.1%	277.8	186.5	-32.9%
Others	9.1	7.8	-13.7%	36.2	27.4	-24.3%
Total	79.1	58.2	-26.5%	314.1	214.0	-31.9%
Adjusted EBITDA	18.8	4.6	-75.2%	83.4	36.8	-55.9%
Adjusted EBITDA margin	23.7%	8.0%	-	26.6%	17.2%	-

Staffing

Revenue for Q4 FY2020 was 309.3 billion yen, an increase of 3.9% year on year. Excluding the positive impact of foreign exchange rate movements of 8.4 billion yen, revenue increased 1.1% year on year. Revenue for FY2020 was 1,198.8 billion yen, a decrease of 4.0% year on year. Excluding the positive impact of foreign exchange rate movements of 7.1 billion yen, revenue decreased 4.5% year on year.

For Japan operations, the number of temporary staff in Q4 decreased year on year due to persistently lower demand for new orders amid continued economic uncertainty. These factors were partially offset by an increase in billing prices following the implementation of the "equal pay for equal work" regulations from April 1, 2020 and an additional two business days in the fourth quarter compared to the previous year. Revenue for Q4 FY2020 was 142.5 billion yen, a decrease of 0.8% year on year, and revenue for FY2020 was 569.9 billion yen, an increase of 0.4% year on year.

For Overseas operations, despite continued restrictions on some business clients' operations in order to mitigate the spread of COVID-19, revenue showed a continuous recovery trend in Q4, supported by logistics roles to support e-commerce and healthcare roles to support COVID-19 mitigation efforts. As a result of these conditions, as well as the positive impact of foreign exchange rate movements, revenue for Q4 FY2020 was 166.8 billion yen, an increase of 8.3% year on year. Excluding the positive impact of foreign exchange rate movements of 8.4 billion yen, revenue in Overseas operations increased 2.9% year on year. Revenue for FY2020 was 628.8 billion yen, a decrease of 7.6% year on year. Excluding the positive impact of foreign exchange rate movements of 7.1 billion yen, revenue decreased 8.6% year on year.

Adjusted EBITDA for Q4 FY2020 was 9.0 billion yen, a decrease of 44.2% year on year, and adjusted EBITDA margin was 2.9%. Adjusted EBITDA for FY2020 was 76.2 billion yen, a decrease of 6.2% year on year, and adjusted EBITDA margin was 6.4%.

Adjusted EBITDA for Japan operations for Q4 FY2020 was 3.7 billion yen, a decrease of 63.0% year on year, mainly due to increased advertising expenses to attract temporary staff and business clients, and investments to improve remote work capabilities in FY2021 and beyond. Adjusted EBITDA margin was 2.7% in Q4 FY2020. Adjusted EBITDA for FY2020 was 48.7 billion yen, an increase of 3.4% year on year, and adjusted EBITDA margin was 8.6%.

Adjusted EBITDA for Overseas operations for Q4 FY2020 was 5.2 billion yen, a decrease of 12.0% year on year, mainly due to investments in personnel in anticipation of growth in FY2021 and beyond. Adjusted EBITDA margin was 3.1%. Adjusted EBITDA for FY2020 was 27.4 billion yen, a decrease of 19.6% year on year, and adjusted EBITDA margin was 4.4%.

	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
(In billions of yen)	2020	2021		2020	2021	
Revenue						
Japan	143.6	142.5	-0.8%	567.8	569.9	0.4%
Overseas	154.0	166.8	8.3%	680.3	628.8	-7.6%
Total	297.7	309.3	3.9%	1,248.1	1,198.8	-4.0%
Adjusted EBITDA						
Japan	10.2	3.7	-63.0%	47.1	48.7	3.4%
Overseas	5.9	5.2	-12.0%	34.1	27.4	-19.6%
Total	16.2	9.0	-44.2%	81.2	76.2	-6.2%
Adjusted EBITDA margin						
Japan	7.1%	2.7%	-	8.3%	8.6%	-
Overseas	3.9%	3.1%	-	5.0%	4.4%	-
Staffing	5.4%	2.9%	-	6.5%	6.4%	-

Staffing Revenue by Region for FY2020[1] is as follows.

(In billions of yen)	Japan	North America	Europe	Australia
Revenue	569.9	167.4	321.8	139.5

1 Sum of revenue from individual companies before consolidation adjustments for North America, Europe and Australia.

The Outstanding Amount of Goodwill for each SBU as of March 31, 2021

(In billions of yen)

		Outstanding Goodwill
HR Technology		201.5
Media & Solutions		-
	Japan	-
	Overseas	-
Staffing		197.7
	Japan	27.5
	North America	14.1
	Europe	149.0
	Australia	7.0
Total		399.3

Capital Resources and Liquidity

Basic Policy

The Company's basic policy is to obtain funds from global financial markets through debt as necessary, while maintaining appropriate credit ratings and strong consolidated financial position, in order to secure liquidity required for smooth operations and to invest flexibly for its long-term business strategy that will lead to increasing its enterprise value.

The Company aims to maintain a sufficient level of shareholders’ equity while achieving appropriate capital efficiency, in order 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.

Use of Capital

The Company allocates its capital mainly to working capital, corporate taxes, mergers and acquisitions, asset acquisitions and capital expenditures by its SBUs as well as repayments of borrowings, payment of interest, payment of dividends, and share repurchases.

Fundraising

The Company’s primary source of liquidity for working capital and investments are cash flows from operating activities. However, the Company may consider and execute external financing when various conditions are deemed favorable, such as demand for funds, interest rate trends, repayment amount, redemption period of existing interest-bearing debt, amount to be raised, and financing structure.

For short-term working capital, the Company primarily utilizes borrowings from financial institutions and/or commercial paper. For mid-to long-term needs, the Company will raise funds mainly through borrowings from financial institutions and/or the corporate bond market. To maintain flexible financing capabilities, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which is unused as of March 31, 2021.

Additionally, the Company has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital funds efficiently. The maximum amount of borrowings under these overdraft agreements is 113.0 billion yen as of March 31, 2021, and the entire amount remains unused. In addition, the Company entered into a committed credit facility agreement providing for a total commitment amount of 399.9 billion yen on April 30, 2020. The entire amount available under these credit facilities remains unused as of March 31, 2021. Reviewing the Company's liquidity situation and other factors after the conclusion of the above-mentioned committed credit facility agreement, the Company terminated it as of March 31, 2021 and entered a new agreement providing for a commitment amount of 200.0 billion yen effective as of April 1, 2021. The Company maintains these overdraft agreements and credit facilities to ensure sufficient liquidity in the event of significant changes in the business environment.

The table below sets forth a breakdown of the book value of interest-bearing debt by payment due period as of March 31, 2021. Each amount shown is the required cash outflow by payment due period excluding discounts and including interest payments.

(In millions of yen)	Book value	Payment due period		
		1 year or less	Over 1 year through 5 years	Over 5 years
Bonds	49,955	30,071	20,088	-
Borrowings	62,825	24,946	37,216	1,222
Total	112,780	55,017	57,304	1,222

Credit Ratings

The Company has long-term credit ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A from S&P Global Rating Japan as of March 31, 2021.

Cash Management

In order to maximize overall capital efficiency, the Company prioritizes internal lending and borrowing within the Company over external financing, mainly through a cash management system, when it is legally permissible and economically reasonable to do so.

The Company maintains internal liquidity of cash and cash equivalents by consolidating the cash management operations of all currencies to the Holding Company and its subsidiaries, which provide internal treasury management services. The Company seeks to maintain a sufficient cash position to maintain financial stability through potential changes in the economic environment including financial crises, and to create flexibility for investment opportunities that enable future growth. The amount of cash and cash equivalents is 501.0 billion yen and the amount of net cash[1] is 388.2 billion yen as of March 31, 2021.

1 Net cash = cash and cash equivalents - interest-bearing debt[2]

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

Fund Management

The Company invests only in principal-guaranteed financial instruments that are deemed safe and efficient, and does not engage in such investments for speculative purposes.

Analysis of Consolidated Financial Position

As of the end of Q4 FY2020, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis were 501.0 billion yen and 112.7 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 388.2 billion yen, an increase of 103.7 billion yen compared to the end of FY2019.

Total current assets as of March 31, 2021 increased by 97.5 billion yen (11.8%) from the end of FY2019. This was mainly due to an increase in cash and cash equivalents. Total non-current assets increased by 100.1 billion yen (8.6%) from the end of FY2019. This was due to an increase in investment securities of 61.2 billion yen through increases in market values and the additional acquisition of investment securities and an increase in right-of-use-assets of 25.4 billion yen mainly due to renewals of office lease contracts.

Total liabilities as of March 31, 2021 increased 92.1 billion yen (9.2%) from the end of FY2019. This was mainly due to an increase in lease and operating liabilities, which were 33.2 billion yen and 24.8 billion yen, respectively.

Total equity attributable to owners of the parent increased 103.1 billion yen (10.4%) from the end of FY2019. This was mainly due to an increase in profit for the year and other comprehensive income of 208.6 billion yen, despite a decrease in equity through the purchase of 68.5 billion yen of treasury stock from December 7, 2020 to February 26, 2021, and a decrease in retained earnings with 40.3 billion yen of dividend payments.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of March 31, 2021, and the entire amount remained unused. In addition, committed credit facilities with a total maximum borrowing amount of 200.0 billion yen, for which the Company entered into an agreement on March 31, 2021, remained unused as of May 17, 2021.

Also, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which was unissued as of March 31, 2021.

(In billions of yen)	As of March 31, 2020	As of March 31, 2021	Variance	% Change
Assets				
Total current assets	829.9	927.5	97.5	11.8%
Total non-current assets	1,168.9	1,269.0	100.1	8.6%
Total assets	1,998.9	2,196.6	197.6	9.9%
Liabilities				
Total current liabilities	511.7	603.1	91.4	17.9%
Total non-current liabilities	491.4	492.1	0.7	0.1%
Total liabilities	1,003.1	1,095.3	92.1	9.2%
Equity				
Total equity attributable to owners of the parent	988.4	1,091.5	103.1	10.4%
Non-controlling interests	7.2	9.7	2.4	33.2%
Total equity	995.7	1,101.2	105.5	10.6%

Analysis of Consolidated Cash Flows

Cash and cash equivalents as of March 31, 2021 were 501.0 billion yen, an increase of 79.7 billion yen from the end of FY2019, since cash inflows from operating activities exceeded cash outflows of investing and financing activities.

Net cash provided by operating activities was 286.5 billion yen, a decrease of 16.7 billion yen year on year. This was primarily due to a decrease in profit before tax of 57.6 billion yen for FY2020, although payment costs for FY2020 decreased due to a decrease in profits in FY2019.

Net cash used in investing activities was 40.3 billion yen, a decrease of 48.6 billion yen year on year. This was primarily attributable to payments for the purchase of intangible assets such as software.

Net cash used in financing activities was 172.7 billion yen, a decrease of 20.0 billion yen year on year, despite payments for the purchase of treasury stock.

(In billions of yen)	FY2019	FY2020	Variance
Net cash flows from operating activities	303.3	286.5	(16.7)
Net cash flows from investing activities	(88.9)	(40.3)	48.6
Net cash flows from financing activities	(192.7)	(172.7)	20.0
Effect of exchange rate changes on cash and cash equivalents	(3.2)	6.2	9.5
Net increase (decrease) in cash and cash equivalents	18.3	79.7	61.4
Cash and cash equivalents at the beginning of the period	402.9	421.2	18.3
Cash and cash equivalents at the end of the period	421.2	501.0	79.7

Production, Orders, and Sales

Production and Orders

This information is not disclosed as it does not fit with the nature of the Company's services.

Sales

This information is stated in "Consolidated Results of Operations for FY2020."

Material Contracts

Not applicable.

Research and Development

Research and development expenses in FY2020 were 74.4 billion yen. This consists primarily of compensation expenses for engineering and other technical employees responsible for the development of new products and enhancement of existing products using new technologies. The majority of research and development expenses were related to HR Technology.

Facilities

Overview of Capital Expenditures

The total amount of capital expenditures for FY2020 was 114.5 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, and the development and acquisition of software.

HR Technology

For FY2020, capital expenditures of 31.9 billion yen were made primarily for office expansion and remodeling and the enhancement of various facilities for the business expansion. There was no significant disposal or sale of facilities.

Media & Solutions

For FY2020, capital expenditures of 66.3 billion yen were made primarily for the development and acquisition of software. There was no significant disposal or sale of facilities.

Staffing

For FY2020, capital expenditures of 16.2 billion yen were made primarily due to an increase in right-of-use assets from the renewal of lease contracts and the enhancement of various facilities. There was no significant disposal or sale of facilities.

Others

There were no significant acquisitions, disposals or sales of facilities.

Status of Major Facilities

The Holding Company

There are no major facilities because Recruit Holdings is a pure holding company.

Subsidiaries in Japan

As of March 31, 2021

Company name	Office name (Address)	Segment name	Description of facilities	Carrying amount (In millions of yen)					Number of employees[2]
				Buildings and structures	Software	Right-of-use assets	Other[1]	Total	
Recruit Co., Ltd.	Headquarters, etc. (Chuo-ku, Tokyo, Japan)	Media & Solutions	Offices, facilities, etc.	8,163	87,566	149,433	13,801	258,965	3,736 [50]

1 "Other" under Carrying amount is the total for tools, furniture, and fixtures.

2 The figures in parentheses in the "Number of employees" section are the annual average number of contract employees.

Overseas Subsidiaries

As of March 31, 2021

Company name	Office name (Address)	Segment name	Description of facilities	Carrying amount (In millions of yen)					Number of employees[4]
				Buildings and structures	Software	Right-of-use assets	Other[1]	Total	
RGF OHR USA, Inc.[2]	Headquarters, etc. (Delaware, United States)	HR Technology	Offices, facilities, etc.	33,087	954	100,663	14,184	148,889	10,694 [9]
RGF Staffing B.V.[3]	Headquarters, etc. (Flevoland, Netherlands)	Staffing	Offices, facilities, etc.	1,273	2,581	10,233	720	14,809	2,906 [520]

1 "Other" under Carrying amount is the total for tools, furniture, and fixtures.

2 The figures shown in the table above are the total amounts which include the amounts for RGF OHR USA, Inc. and its subsidiaries, etc., as well as Indeed Ireland Operations Limited and its subsidiaries, etc.

3 The figures shown in the table above are the total amounts which include the amounts for RGF Staffing B.V., Unique NV, RGF Staffing France SAS, RGF Staffing Germany GmbH, USG People Holdings B.V., and 62 other companies.

4 The figures in parentheses in the "Number of employees" section are the annual average number of contract employees.

Facility Establishment and Disposal Plans

Major Facility Establishment Plans

The Company has no major facility establishment plans.

Major Facility Disposal Plans

The Company has no major facility disposal plans.

Status of Shares, Acquisition of Treasury Stock and Dividend Policy

Status of Shares

Total Number of Shares

Total Number of Authorized Shares

Type	Total number of authorized shares
Common stock	6,000,000,000
Total	6,000,000,000

Total Number of Issued Shares

Type	Number of issued shares as of the end of the current fiscal year (March 31, 2021)	Number of issued shares as of the submission date[2] (June 18, 2021)	Name of the listed financial instruments exchange or registered financial instruments dealers association
Common stock[1]	1,695,960,030	1,695,960,030	First Section, Tokyo Stock Exchange
Total	1,695,960,030	1,695,960,030	-

[1] The number of shares constituting a unit is 100.

[2] The number of issued shares as of the submission date does not include the number of shares issued from the exercise of stock options from June 1, 2021 to the submission date of this document.

Stock Options

Stock Option Plan

The Company adopts a stock option plan under which stock options are issued based on the Companies Act of Japan. The number of the grantees of the stock options resolved as of the submission date of this document are as follows.

Resolution Date	Meeting of Resolution	Directors of the Board	Corporate Executive Officer	Corporate Officer
June 20, 2013	Annual Meeting of Shareholders	4	13	-
June 26, 2014	Annual Meeting of Shareholders	4	13	-
August 10, 2015	Board of Directors meeting	4	16[1]	1
July 16, 2019	Board of Directors meeting	5	6	-
July 8, 2020	Board of Directors meeting	4	5	-

[1] This includes one Corporate Executive Officer who had already retired as of the allotment date of the stock options, as a stock option as equity compensation had been granted to this Corporate Executive Officer as performance-based compensation for FY2014.
At the Annual Meeting of Shareholders on June 19, 2019, it was resolved to issue stock options for up to 700 million yen per year as compensation for Directors, excluding outside Directors. The maximum number of stock options granted per year shall be 9,000, and the number of shares underlying each option shall be 100 shares.

The status of stock options as of the end of March 2021 and the end of May 2021 was as follows.

Stock Options Issued in 2013

Stock Options as equity compensation resolved at the following meetings were issued on August 31, 2013.

- Resolution of the Annual Meeting of Shareholders held on June 20, 2013
- Resolution of the Board of Directors meeting held on July 31, 2013

	As of the end of the current fiscal year (March 31, 2021)	As of the end of the month prior to the submission date (May 31, 2021)
Number of stock options	114[1]	93[1]
Type, details, and number of shares underlying stock options	342,000 shares of common stock[1,3,4]	279,000 shares of common stock[1,3,4]
Amount to be paid in upon exercise of stock options (Yen)	1	Same as left
Exercise period of stock options	September 1, 2013 - August 31, 2033	Same as left
Issue price and amount to be capitalized upon exercise of stock options (Yen)	Issue price: 317[3,4] Amount to be capitalized: 159	Same as left
Conditions for exercise of stock options	A holder of stock options can only exercise their options within 10 days from the date on which they lose their position as Director, Corporate Executive Officer, or Corporate Professional Officer of the Company.	Same as left
Matters concerning transfer of stock options	The acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Same as left
Matters concerning allotment of stock options following reorganization	Please refer to the Note below[2]	Same as left

Stock Options Issued in 2014

Stock Options as equity compensation resolved at the following meetings were issued on December 26, 2014.

- Resolution of the Annual Meeting of Shareholders held on June 26, 2014
- Resolution of the Board of Directors meeting held on November 13, 2014

	As of the end of the current fiscal year (March 31, 2021)	As of the end of the month prior to the submission date (May 31, 2021)
Number of stock options	106[1]	93[1]
Type, details, and number of shares underlying stock options	318,000 shares of common stock[1,4]	279,000 shares of common stock[1,4]
Amount to be paid in upon exercise of stock options (Yen)	1	Same as left
Exercise period of stock options	December 27, 2014 - December 26, 2034	Same as left
Issue price and amount to be capitalized upon exercise of stock options (Yen)	Issue price: 1,016[4] Amount to be capitalized: 508	Same as left
Conditions for exercise of stock options	A holder of stock options can only exercise their options within 10 days from the date on which they lose their position as Director, Corporate Executive Officer, or Corporate Professional Officer of the Company. The successor of a holder of stock options shall be able to exercise their stock options for a period of one year from the date of death of the holder of stock options or until the end of the exercise period prescribed above, whichever is earlier.	Same as left
Matters concerning transfer of stock options	The acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Same as left
Matters concerning allotment of stock options following reorganization	Please refer to the Note below[2]	Same as left

Stock Options Issued in 2015

Stock Options as equity compensation resolved at the Board of Directors meeting held on August 10, 2015 were issued on September 25, 2015.

	As of the end of the current fiscal year (March 31, 2021)	As of the end of the month prior to the submission date (May 31, 2021)
Number of stock options	1,219[1]	1,091[1]
Type, details, and number of shares underlying stock options	365,700 shares of common stock[1,4]	327,300 shares of common stock[1,4]
Amount to be paid in upon exercise of stock options (Yen)	1	Same as left
Exercise period of stock options	September 26, 2015 - September 25, 2035	Same as left
Issue price and amount to be capitalized upon exercise of stock options (Yen)	Issue price: 1,061[4] Amount to be capitalized: 531	Same as left
Conditions for exercise of stock options	A holder of stock options can only exercise their options within 10 days from the date on which they lose their position as Director, Corporate Executive Officer, or Corporate Professional Officer of the Company (If a holder of stock acquisition options has retired from all of these positions on the allotment date of the stock options, within one year from the day following the allotment date of the stock options). The successor of a holder of stock options shall be able to exercise their stock options for a period of one year from the date of death of the holder of stock options or until the end of the exercise period prescribed above, whichever is earlier.	Same as left
Matters concerning transfer of stock options	The acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Same as left
Matters concerning allotment of stock options following reorganization	Please refer to the Note below[2]	Same as left

1 The number of shares underlying each stock option (the "Number of Shares Granted") shall be as follows: 3,000 shares for stock options resolved in 2013 and 2014, and 300 shares for stock options resolved in 2015.

In the event that the Company conducts a stock split (which shall include gratis allotment of shares of common stock of Recruit Holdings; the same shall apply hereinafter for statements concerning a stock split) or reverse stock split of its common stock, the Number of Shares Granted shall be adjusted in accordance with the following formula. Any fractional shares resulting from such adjustments shall be rounded down.

Number of Shares Granted after adjustment	=	Number of Shares Granted before adjustment	×	Ratio of stock split or reverse stock split

If other unavoidable circumstances that require an adjustment of the Number of Shares Granted occur, the Company may adjust the Number of Shares Granted to a reasonable extent.

2 If the Company implements organizational restructuring, such as a merger in which the Company is dissolved, or share exchange or transfer in which the Company becomes a wholly-owned subsidiary, the holders of remaining stock options at the time the organizational restructuring comes into effect (the "Remaining Stock Options") shall be provided with stock options in the restructured company as described in Article 236, Paragraph 1, Item 8, (a), (d), or (e) of the Companies Act of Japan (the "Restructured Company") based on the following conditions. In this case, the Remaining Stock Options shall become void. However, this shall be limited to cases in which the provision of stock options in the Restructured Company in accordance with the following conditions to provide with stock options in the Restructured Company is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, a share exchange agreement, or a share transfer plan.

- Number of stock options in the Restructured Company to be granted

  The same number as the number of Remaining Stock Options held by each holder of Remaining Stock Options shall be granted.

- Type of shares of the Restructured Company underlying the stock options

  This shall be shares of common stock of the Restructured Company.

- Number of shares of the Restructured Company underlying the stock options

  This shall be a number based on reasonable adjustments to the number of underlying shares determined in consideration of the conditions of the organizational restructuring (the "Number of Shares After Succession"). Any fractional shares due to such adjustments shall be rounded down.

- Amount of assets to be contributed upon exercise of stock options.

  The amount of assets to be contributed upon exercise of a stock acquisition right shall be the amount calculated by multiplying the amount to be paid in (1 yen per share) for shares to be contributed upon exercise of a stock acquisition right by the Number of Shares Granted.

- Period for exercising the stock options

  This shall be the period from either the commencement date of the period during which the stock options can be exercised as set forth in the "Exercise period of stock options" in the above table, or the effective date of the organizational restructuring, whichever is later, through the final date of the period during which the stock options can be exercised as set forth in the "Exercise period of stock options."

- Matters regarding common stock and legal capital surplus that will be increased due to issuance of shares upon exercise of stock options

  The above matters shall be determined based on the following conditions:

  - The amount of common stock to be increased when shares are issued upon the exercise of stock options shall be half of the maximum amount of common stock to be increased, which is calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting of Japan. Fractions of less than one yen due to the calculation shall be rounded up.
  - The amount of legal capital surplus to be increased when shares are issued upon the exercise of stock options shall be the amount calculated by deducting the amount of common stock to be increased as stated above from the maximum amount of common stock to be increased as stated above.

- Restrictions on the acquisition of stock options by transfer

  The acquisition of stock options by transfer shall require the approval of the Restructured Company.

- Conditions for the acquisition of stock options

  The Company may acquire stock options for no consideration, on a date separately prescribed by the Board of Directors, if one of the following proposals is approved by a resolution of an Annual Meeting of Shareholders of the Company (or if it has been approved by a resolution of the Board of Directors meeting, in case a resolution of the Annual Meeting of Shareholders is not required): a proposal to approve the amendment of the Articles of Incorporation that creates a provision for the Company to acquire all of the shares underlying the stock options by a resolution of an Annual Meeting of Shareholders of the Company; a proposal to approve a merger agreement in which the Company is a dissolving company; or a proposal for a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary.

- Conditions for the exercise of stock options

  Conditions for the exercise of stock options shall be determined in accordance with the "Conditions for exercise of stock options" in the above table.

- In cases where the number of shares to be granted to the holder of stock options who had exercised their stock options includes a fraction of less than one share, such fraction shall be rounded down.

3 The Company implemented a ten-for-one stock split on July 31, 2014. As a result, adjustments were made to the "number of shares underlying stock options" and the "issue price and amount to be capitalized upon issuance of shares through exercise of stock options" for the stock options resolved in 2013. The initial Number of Shares Granted for the stock options resolved in 2014 has been adjusted to reflect the stock split.

4 The Company implemented a three-for-one stock split on July 1, 2017. As a result, adjustments were made to the "number of shares underlying stock options" and the "issue price and amount to be capitalized upon issuance of shares through exercise of stock options."

Stock Options Issued in 2019

Stock Options as equity compensation resolved at the Board of Directors meeting held on July 16, 2019 were issued on July 31, 2019.

	As of the end of the current fiscal year (March 31, 2021)	As of the end of the month prior to the submission date (May 31, 2021)
Number of stock options	4,036[1]	4,036[1]
Type, details, and number of shares underlying stock options	403,600 shares of common stock[1]	403,600 shares of common stock[1]
Amount to be paid in upon exercise of stock options (Yen)	3,718	Same as left
Exercise period of stock options	July 31, 2019 - July 30, 2029	Same as left
Issue price and amount to be capitalized upon exercise of stock options (Yen)	Issue price: 3,718 Amount to be capitalized: 1,859	Same as left
Conditions for exercise of stock options	Stock options cannot be exercised in fractional portions. If a holder of the stock options (the "Stock Options Holder") loses all of his or her status as a Director of the Board and/or Corporate Executive Officer of the Company during the period in which the Stock Options Holder may exercise the stock options, such Stock Options Holder may exercise the stock options only for the period up to the earlier of the day that is three years from the date of such loss of status or the last day of the exercise period of the stock options. A Stock Options Holder is prohibited to pledge or otherwise dispose of the stock options in any way. Other conditions will be set out in the stock options allotment agreement to be executed between the Company and the Stock Options Holder pursuant to the resolution of the Company's Board of Directors.	Same as left
Matters concerning transfer of stock options	The acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Same as left
Matters concerning allotment of stock options following reorganization	Please refer to the Note below[2]	Same as left

Stock Options Issued in 2020

Stock Options as equity compensation resolved at the Board of Directors meeting held on July 8, 2020 were issued on July 27, 2020.

	As of the end of the current fiscal year (March 31, 2021)	As of the end of the month prior to the submission date (May 31, 2021)
Number of stock options	2,821[1]	2,821[1]
Type, details, and number of shares underlying stock options	282,100 shares of common stock[1]	282,100 shares of common stock[1]
Amount to be paid in upon exercise of stock options (Yen)	3,558	Same as left
Exercise period of stock options	July 27, 2020 - July 26, 2030	Same as left
Issue price and amount to be capitalized upon exercise of stock options (Yen)	Issue price: 3,558 Amount to be capitalized: 1,779	Same as left
Conditions for exercise of stock options	Stock options cannot be exercised in fractional portions. If a holder of the stock options (the "Stock Options Holder") loses all of his or her status as a Director of the Board and/or Corporate Executive Officer of the Company during the period in which the Stock Options Holder may exercise the stock options, such Stock Options Holder may exercise the stock options only for the period up to the earlier of the day that is three years from the date of such loss of status or the last day of the exercise period of the stock options. A Stock Options Holder is prohibited to pledge or otherwise dispose of the stock options in any way. Other conditions will be set out in the stock options allotment agreement to be executed between the Company and the Stock Options Holder pursuant to the resolution of the Company's Board of Directors.	Same as left
Matters concerning transfer of stock options	The acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Same as left
Matters concerning allotment of stock options following reorganization	Please refer to the Note below[2]	Same as left

1 The number of shares underlying each stock option (the "Number of Shares Granted") shall be 100.
In the event that the Company conducts a stock split (which shall include gratis allotment of shares of common stock of Recruit Holdings; the same shall apply for statements concerning a stock split) or reverse stock split of its common stock after the allotment date of the stock options (the "Allotment Date"), the Number of Shares Granted shall be adjusted in accordance with the following formula. Any fractional shares resulting from such adjustments shall be rounded down.

Number of Shares Granted after adjustment	=	Number of Shares Granted before adjustment	×	Ratio of stock split or reverse stock split

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

2 If the Company implements organizational restructuring, such as a merger in which the Company is dissolved, absorption-type company split in which the Company is a splitting company, incorporation-type company split, or share exchange in which the Company becomes a wholly-owned subsidiary, or share transfer, the holders of remaining stock options at the time the organizational restructuring comes into effect (the “Remaining Stock Options”) shall be provided with stock options in the restructured company as described in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act of Japan (the “Restructured Company”) based on the following conditions.

In this case, the Remaining Stock Options shall become void. However, this shall be limited to cases in which the provision of stock options in the Restructured Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

- Number of stock options in the Restructured Company to be granted

  The same number as the number of Remaining Stock Options held by each Stock Options Holder shall be granted.

- Type of shares of the Restructured Company underlying the stock options

  This shall be shares of common stock of the Restructured Company.

- Number of shares of the Restructured Company underlying the stock options

  This shall be a number determined in accordance with Note 1 above, in consideration of the conditions of the organizational restructuring.

- Amount of assets to be contributed upon exercise of stock options

  The amount of assets to be contributed upon exercise of the options to be delivered shall be the amount calculated by multiplying the exercise price after the organizational restructuring obtained as a result of the adjustment of the exercise price by the number of shares of the Restructured Company underlying the stock options to be determined pursuant to the above item “Number of shares of the Restructured Company underlying the stock options,” in consideration of the conditions of the organizational restructuring.

- Period for exercising the stock options

  This shall be the period from either the commencement date of the period during which the stock options can be exercised as set forth in the “Exercise period of stock options” in the above table, or the effective date of the organizational restructuring, whichever is later, through the last date of the period during which the stock options can be exercised as set forth in the “Exercise period of stock options.”

- Matters regarding common stock and legal capital surplus that will be increased due to issuance of shares upon exercise of stock options

  The above matters shall be determined based on the following conditions:

  - The amount of common stock to be increased when shares are issued upon the exercise of stock options shall be half of the maximum amount of common stock, etc. to be increased, which is calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting of Japan. Fractions of less than one yen due to the calculation shall be rounded up.

  - The amount of legal capital surplus to be increased when shares are issued upon the exercise of stock options shall be the amount calculated by deducting the amount of common stock to be increased as stated above from the maximum amount of common stock, to be increased as stated above.

- Restrictions on the acquisition of stock options by transfer

  The acquisition of stock options by transfer shall require the approval of the Restructured Company.

- Conditions for the exercise of stock options

  Conditions for the exercise of stock options shall be determined in accordance with the “Conditions for exercise of stock options” in the above table.

- Matters relating to the acquisition of stock options

  If a stock acquisition right holder becomes unable to exercise the stock options in accordance with the provisions of the “Conditions for exercise of stock options” in the above table or the provisions of the stock options allotment agreement before the exercise of the options, the Company may acquire the relevant stock options for no considerations, on a date separately prescribed by the Board of Directors.

- In cases where the number of shares to be granted to the holder of stock options who had exercised their stock options includes a fraction of less than one share, such fraction shall be rounded down.

Details of the Rights Plan

Not applicable.

Status of Other Stock Acquisition Rights

Not applicable.

Execution Status of Bonds with Stock Acquisition Rights with Exercise Price Adjustment Clause

Not applicable.

Changes in Total Number of Issued Shares, Common Stock and Legal Capital Surplus

Date	Increase (Decrease) in total number of issued shares	Balance of total number of issued shares	Increase (Decrease) in common stock (In millions of yen)	Balance of common stock (In millions of yen)	Increase (Decrease) in legal capital surplus (In millions of yen)	Balance of legal capital surplus (In millions of yen)
July 1, 2017[1]	1,130,640,020	1,695,960,030	-	10,000	-	6,716
June 20, 2019[2]	-	1,695,960,030	30,000	40,000	(6,716)	-

1 Increase due to a three-for-one stock split.

2 The change was due to the reduction in legal capital surplus of 6,716 million yen, the reduction in other capital surplus of 23,283 million yen, and the increase in common stock of the same amount of these reductions, in accordance with the resolution at the Annual Meeting of Shareholders held on June 19, 2019.

Shareholders by Category

As of March 31, 2021

Type	Shareholding category (Number of shares per unit: 100)								Number of shares of less than one unit
	Govern-ments and local public bodies	Financial institutions	Financial instrument dealers	Other corpora-tions	Overseas		Individuals, etc.	Total	
					Non-individuals	Individuals			
Number of share-holders	-	118	45	605	1,021	83	42,253	44,125	-
Number of shares owned (Units)	-	4,772,069	138,561	2,629,264	6,586,630	3,973	2,828,583	16,959,080	52,030
Ratio of shares owned (%)	-	28.13	0.81	15.50	38.83	0.02	16.67	100.00	-

* 60,374,434 shares of treasury stock consist of 603,744 units under "Individuals, etc.," and 34 shares under "Number of shares of less than one unit."

Status of Major Shareholders

As of March 31, 2021

Name	Address	Number of shares owned (Thousands)	Ratio of ownership against total number of issued shares, excluding treasury stock[1] (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo, Japan	169,067	10.33
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	91,430	5.59
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	50,782	3.10
Toppan Printing CO., LTD.	1-5-1 Taito, Taito-ku, Tokyo, Japan	50,100	3.06
Dai Nippon Printing Co., Ltd.	1-1-1 Ichigayakaga-cho, Shinjuku-ku, Tokyo, Japan	40,100	2.45
Custody Bank of Japan, Ltd. (Trust account 7)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	36,218	2.21
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo, Japan)	34,265	2.09
Nippon Television Network Corporation	1-6-1 Higashishimbashi, Minato-ku, Tokyo, Japan	29,330	1.79
The Recruit Group Employees Shareholding Association	8-4-17 Ginza, Chuo-ku, Tokyo, Japan	28,794	1.76
NTT DATA Corporation	3-3-3 Toyosu, Koto-ku, Tokyo, Japan	28,350	1.73
Total	-	558,439	34.14

1 Treasury stock does not include the shares held in the Board Incentive Plan trust (1,389,130 shares).

2 A Report of Large Volume Holding that was made available for public inspection on November 7, 2019 reports that BlackRock Japan Co., Ltd. and its joint holders BlackRock Advisers, LLC, BlackRock Investment Management LLC, BlackRock Fund Managers Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., and BlackRock Investment Management (UK) Limited hold shares as given below as of October 31, 2019. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the Report of Large Volume Holding mentioned above is as follows.

Name	Address	Number of shares owned (Thousands)	Holding ratio of share certificates, etc. (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku Tokyo , Japan	23,983	1.41
BlackRock Advisers, LLC	1209 The Corporation Trust Company, Orange Street, Wilmington, New Castle, Delaware, U.S.A.	1,710	0.10
BlackRock Investment Management LLC	1 University Square Drive, Princeton, New Jersey, U.S.A.	2,162	0.13

BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, U.K.	1,934	0.11
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	5,769	0.34
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, U.S.A.	19,339	1.14
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, U.S.A.	22,294	1.31
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, U.K.	8,165	0.48
Total	-	85,359	5.03

3 A Report of the Report of Large Volume Holding that was made available for public inspection on May 11, 2020 reports that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder Nikko Asset management Co., Ltd. hold shares as given below as of April 30, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the Report of Large Volume Holding mentioned above is as follows.

Name	Address	Number of shares owned (Thousands)	Holding ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo, Japan	48,135	2.84
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka Minato-ku, Tokyo, Japan	37,486	2.21
Total	-	85,622	5.05

4 A change report of the Report of Large Volume Holding that was made available for public inspection on July 21, 2020 reports that Nomura Securities Co., Ltd. and its joint holders NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. hold shares as given below as of July 15, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the change report is as follows.

Name	Address	Number of shares owned (Thousands)	Holding ratio of share certificates, etc. (%)
Nomura Securities Co., Ltd.	1-9-1 Nihonbashi, Chuo-ku, Tokyo, Japan	2,572	0.15
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	1,812	0.11
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo, Japan	83,182	4.90
Total	-	87,567	5.16

5 A change report of the Report of Large Volume Holding that was made available for public inspection on December 7, 2020 reports that Capital Research and Management Company and its joint holder Capital International K.K. hold shares as given below as of November 30, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the change report is as follows.

Name	Address	Number of shares owned (Thousands)	Holding ratio of share certificates, etc. (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	56,357	3.32
Capital International K.K.	Meiji Yasuda Life Building, 14th floor, 2-1-1 Marunouchi, Chiyoda-ku Tokyo, Japan	3,351	0.20
Total	-	59,709	3.52

Status of Voting Rights

Issued Shares

As of March 31, 2021

Type	Number of shares	Number of voting rights	Details
Non-voting shares	-	-	-
Shares with limited voting rights (Treasury stock, etc.)	-	-	-
Shares with limited voting rights (Other)	-	-	-
Shares with full voting rights (Treasury stock)	(Treasury stock) Common stock 60,374,400	-	-
Shares with full voting rights (Other)	Common stock 1,635,533,600	16,355,336	-
Shares of less than one unit	Common stock 52,030	-	-
Total number of issued shares	1,695,960,030	-	-
Voting rights of all shareholders	-	16,355,336	-

* The number of shares of common stock shown in the “Shares with full voting rights (Other)” and “Shares of less than one unit” sections includes 1,389,100 shares and 30 shares, respectively, held in the trust account of the Board Incentive Plan trust.

Treasury Stock

As of March 31, 2021

Name of owner	Location of owner	Number of shares owned under own name	Number of shares owned under another name	Total number of shares owned	Ratio of ownership against total number of issued shares (%)
(Treasury stock) Recruit Holdings Co., Ltd.	8-4-17 Ginza, Chuo-ku, Tokyo, Japan	60,374,400	-	60,374,400	3.55
Total	-	60,374,400	-	60,374,400	3.55

Details of Share Ownership Plans for Directors, Senior Management, and Employees

- The Company has implemented an Equity Incentive Scheme (the "Scheme") for Directors of the Board, Corporate Executive Officers and Corporate Professional Officers (Corporate Executive Officers and Corporate Professional Officers are collectively referred to as “Senior Management”) of Recruit Holdings and its subsidiaries.

- The Company has also implemented an Equity Incentive Plan ("Plan") primarily for HR Technology SBU employees, utilizing shares of Recruit Holdings.

Equity Incentive Scheme for Directors and Senior Management

Purpose of Implementation

The Scheme was implemented as a long-term incentive plan for Directors of the Board and Senior Management, and by establishing a strong connection between their compensation and shareholder value the Company believes this Scheme contributes to an increase in mid-to long-term business performance and enterprise value. The Scheme was implemented for Directors of the Board and Senior Management of Recruit Holdings in 2016, and for Directors of the Board and Senior Management of its subsidiaries in 2018.

Overview of the Scheme

The Scheme adopts the structure used for a Board Incentive Plan trust (the “BIP Trust”), in which Directors of the Board and Senior Management are granted Recruit Holdings shares or receive the monetary equivalent value of such shares (“Recruit Holdings shares, etc.”) according to their rank and the level of attainment of performance targets, similar to Performance Share plans and Restricted Stock plans in the United States and Europe. The Company plans to continuously use the Scheme by setting a new BIP Trust every year, or changing and making additional entrustment to the existing BIP Trust before the original trust period expires.

Outline of the BIP Trust Agreements

	FY2018 Agreement 1	FY2018 Agreement 2	FY2019 Agreement [*1]	FY2020 Agreement [*2]	FY2018 Agreement	FY2019 Agreement	FY2020 Agreement 1&2
Type of trust	Monetary trust other than a specified solely-administered monetary trust (third-party benefit trust)						
Purpose of trust	Providing long-term incentive to the Directors of the Board and Senior Management						
Entruster	Recruit Holdings						
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)						
Beneficiary	The Directors of the Board and Senior Management of Recruit Holdings who meet the beneficiary requirements				The Directors of the Board and Senior Management of the Company's subsidiaries who meet the beneficiary requirements		
Trust administrator	A third party with no interest in the Company						
Date of agreement	May 17, 2018	November 14, 2018	November 11, 2016 (Changed in February 17, 2020)	May 15, 2017 (Changed in May 28, 2020)	May 17, 2018	February 17, 2020	May 28, 2020
Planned trust term	May 17, 2018 - August 31, 2021	November 14, 2018 - August 31, 2021	November 11, 2016 - August 31, 2022	May 15, 2017 - August 31, 2023	May 17, 2018 - August 31, 2021	February 17, 2020 - August 31, 2022	May 28, 2020 - August 31, 2023
Commencement date	May 17, 2018	November 14, 2018	November 11, 2016	May 15, 2017	May 17, 2018	February 17, 2020	May 28, 2020
Exercise of voting rights	Voting rights will not be exercised						
Class of shares to be acquired	Common stock of Recruit Holdings						
Approximate Amount of trust (including trust fees and trust expenses)	1.1 billion yen	0.2 billion yen	0.8 billion yen	1.2 billion yen	0.1 billion yen	0.4 billion yen	0.8 billion yen
Date of share acquisition	May 18, 2018	November 15, 2018	February 18, 2020	May 29, 2020	May 18, 2018	February 18, 2020	May 29, 2020
Method of share acquisition	From the stock market						
Rights holder	Recruit Holdings						
Residual assets	Recruit Holdings, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting share acquisition funds from trust assets.						

*1 This portion reflects changes and additions made to the 2016 Trust Agreement.
*2 This portion reflects changes and additions made to the 2017 Trust Agreement.

Amount of Trust Funds Scheduled to Be Contributed to the BIP Trust and the Number of Shares, Etc. Scheduled to Be Delivered from the BIP Trust

With the eligible beneficiaries being the Directors (excluding outside Directors) of the Company, the maximum amount of trust funds contributed to the BIP Trust and the total number of Recruit Holdings shares, etc. delivered from the BIP Trust per fiscal year shall not exceed the amounts as stated below.

- Maximum total amount of trust funds: 2 billion yen
- Maximum total number of Recruit Holdings shares: 700,000 shares

Scope of Parties Who Can Receive Beneficiary Rights and Other Rights under the Scheme

Directors of the Board and Senior Management of Recruit Holdings and its subsidiaries who meet the beneficiary requirements.

Reference: The details of the BIP Trust compensation that was awarded to the Directors of the Board during FY2020 are as follows.

Type	Category	Number of Shares	Number of Recipients
BIP Trust	Directors (Excluding Outside Directors)	187,300	3
	Outside Directors	0	0

Equity Incentive Plan for Employees

Purpose of Implementation

The Company believes that the Plan will emphasize to its employees the significance of their contributions toward enhancing the Company's enterprise value in the mid-to long-term. The Company has decided to implement the Plan, with new grants beginning in the calendar year 2021.

Equity-based incentives have become a standard practice for publicly listed global technology companies. As a result, the Company believes that the implementation of this plan, for which the main recipients are primarily employees in the HR technology SBU, will be an invaluable tool for recruiting and retaining talent globally.

Overview of the Plan

The Plan operates through an Employee Stock Ownership Plan Trust ("ESOP Trust"). The ESOP Trust is a mechanism designed with reference to equity incentive schemes. The Plan delivers the shares of Recruit Holdings acquired by the ESOP Trust to employees based on the terms set forth in the Plan.

The Company plans to continuously use the Plan by setting a new ESOP Trust every year, or changing and making additional entrustment to the existing ESOP Trust before the original trust period expires.

Outline of the ESOP Trust Agreement

Type of trust	Monetary trust other than a specified monetary trust for separate investment (Third party benefit trust)
Purpose of trust	To grant equity-based incentives primarily to employees of the HR Technology SBU
Entruster	Recruit Holdings
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Employee recipients of equity grants under the Plan, who primarily belong to the HR Technology SBU
Trust administrator	A third person who has no conflict of interest with the Company
Date of agreement	May 25, 2021
Planned trust term	From May 25, 2021 to May 24, 2024（planned）
Commencement date	May 25, 2021
Exercise of voting rights	Voting rights will not be exercised
Class of shares to be acquired	Common stock of Recruit Holdings
Amount of trust	63,075,413,000 yen
Date of share acquisition	June 2, 2021
Method of share acquisition	Disposal of treasury stock through third-party allotment
Rights holder	Recruit Holdings
Residual assets	Recruit Holdings, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting share acquisition funds from trust money

Eligible Beneficiaries under this Plan

Employees who primarily belong to the HR Technology SBU and meet the beneficiary requirements.

Status of Acquisition of Treasury Stock

The type of treasury stock is common stock, acquired pursuant to Article 155, Items 3 and 7 of the Companies Act of Japan

Status of Acquisition of Treasury Stock Based on Resolution of the Annual Meeting of Shareholders

Not applicable.

Status of Acquisition of Treasury Stock Based on Resolution of the Board of Directors Meeting

Type	Number of shares	Total amount (In millions of yen)
Status of resolution of the Board of Directors meeting held on November 30, 2020 (Period of share acquisition: December 7, 2020 to February 26, 2021)	20,000,000	70,000
Acquired treasury stock before the end of FY2019	-	-
Acquired treasury stock during FY2020	15,157,100	68,576
Total number of remaining shares subject to the resolution and the amount thereof	4,842,900	1,423
Unexercised ratio as of the end of FY2020 (%)	24.2	2.03
Acquired treasury stock from April 1, 2021 to the submission date	-	-
Unexercised ratio as of the submission date (%)	24.2	2.03

Status of Acquisition of Treasury Stock Not Based on Resolution of the Annual Meeting of Shareholders or the Board of Directors Meeting

Type	Number of shares	Total amount (In millions of yen)
Acquired treasury stock during FY2020	31	0
Acquired treasury stock from April 1, 2021 to the submission date[1]	-	-

1 Acquired treasury stock from April 1, 2021 to the submission date does not include the number of shares of less than one unit purchased between June 1, 2021 and the submission date of this document.

Status of Disposal and Ownership of Treasury Stock

Type	FY2020		From April 1 to June 18, 2021	
	Number of shares	Total disposal amount (In millions of yen)	Number of shares	Total disposal amount (In millions of yen)
Treasury stock made available through tender offer	-	-	12,794,100	63,074
Retired treasury stock	-	-	-	-
Treasury stock transferred in relation to merger, share exchange, share delivery, or company split	-	-	-	-
Other (Exercise of stock options)	835,300	1,987	140,400	409
Number of treasury stock held at the end of each period	60,374,434	-	47,439,934	-

[1] The Number of treasury stock held at the end of June 18, 2021 does not include the number of shares of less than one unit purchased between June 1, 2021 and the submission date of this document.

[2] The number of shares of treasury stock held during FY2020 and the period under review does not include the number of shares of Recruit Holdings held in the trust account of the BIP Trust.

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 in the form of dividends to be an important part of its capital allocation strategy. The Company strives to continuously pay stable dividends considering its long-term cash needs and financial position forecast.

The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

Total annual dividend for FY2020 is 20.0 yen per share, which consists of an interim dividend of 9.5 yen per share and a year-end dividend of 10.5 yen per share, based on a consolidated dividend payout ratio which had been set at approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses.

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.

Beginning with FY2021 the Company aims to continue to pay stable dividends. The annual dividend for FY2021 is undecided.

Resolution date at the Board of Directors meetings	Total annual dividend for FY2020 (In millions of yen)	Total annual dividend per share for FY2020 (In yen)
November 16, 2020	15,681	9.5
May 17, 2021	17,173	10.5

Corporate Governance

Corporate Governance Overview

Basic Policy on Corporate Governance

Guided by Recruit Group Management 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 employees, individual users and business clients, as well as our shareholders, business partners, non-profit organizations (NPOs) and non-governmental organizations (NGOs), national and other governments, and local communities.

In order to further enhance corporate value in the future, the Company believes it is important to prosper together with all stakeholders through all corporate activities with a sound governance foundation. Therefore, the Company has redefined its commitment to sustainability as well as setting ESG targets, and defines corporate governance as one of our material foundations for our corporate activities, and prioritizes related initiatives.

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, including the Nomination, Compensation, Compliance, Risk Management, and Sustainability Committees. To enhance independence, the Nomination and Compensation Committees are all chaired by Independent Directors of the Board and have a majority of outside members.

Annually, the Board of Directors analyzes and assesses its own effectiveness, confirms whether deliberations are conducted properly from the perspective of various stakeholders, and carries out initiatives for improvement.

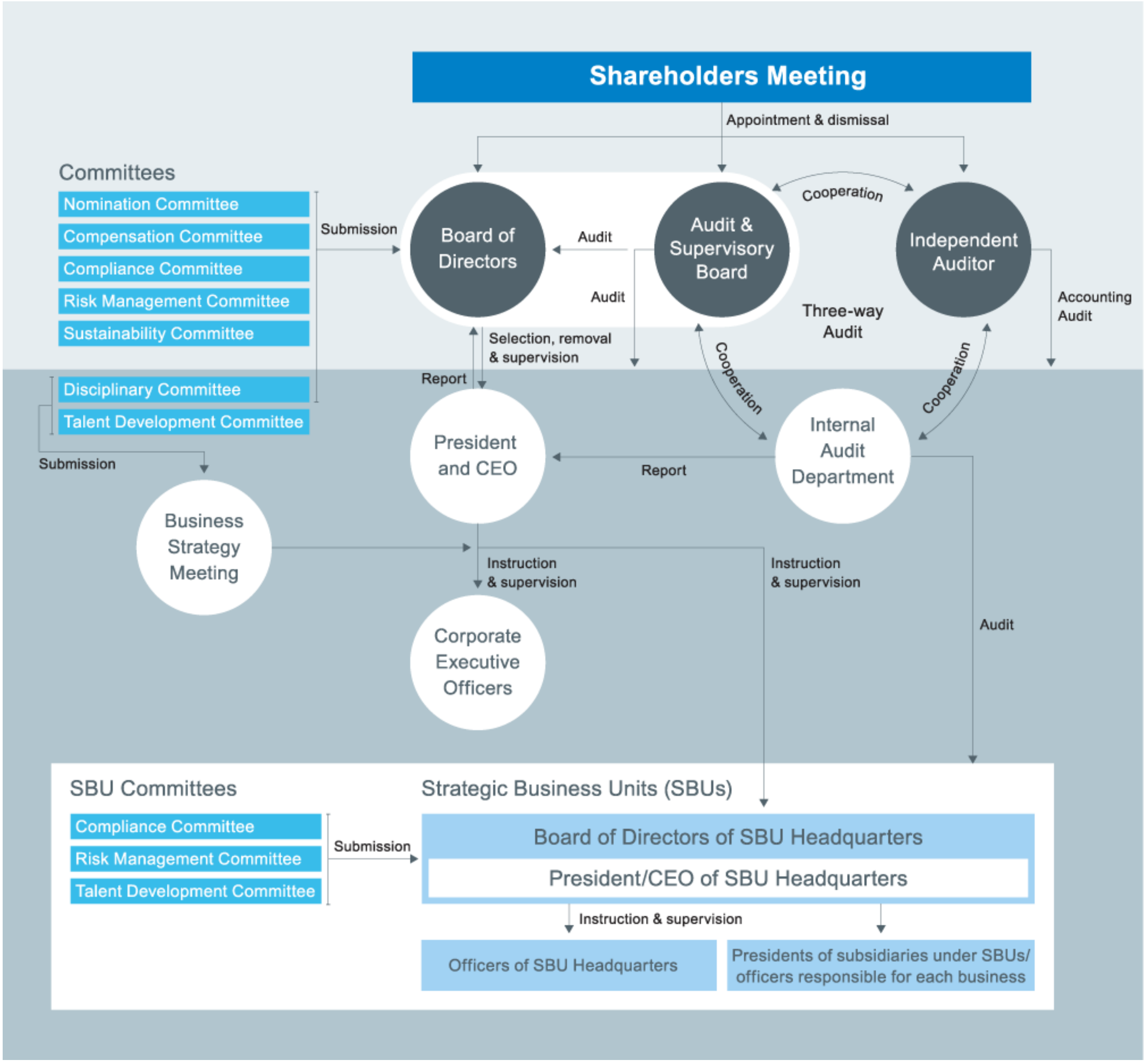
Furthermore, the Company has appointed Corporate Executive Officers, and established the Business Strategy Meeting to serve as an advisory body to the CEO, in order to enhance the Company’s decision-making process and execution. The Business Strategy Meeting discusses important matters for the Company 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, or 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:

- 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. President/CEO of SBU Headquarters concurrently serve as Corporate Executive Officers of the Holding Company.

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 the 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 held once a month in principle. 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 are 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 is composed of six Directors, including two Independent Directors.

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 business clients, and employs people from diverse backgrounds. 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.

In addition, beginning April 1, 2021, we have changed to a structure in which different persons serve as the Chairperson of the Board of Directors and the CEO. We believe that checks and balances will be more effective and this will contribute to the strengthening of governance by separating the roles of the Chairperson of the Board of Directors and the CEO.

Approach to Selecting Directors of the Board

The approach to selecting candidates for the Board of 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 and professional experience, personal background, judgment, personality, and insight, without discrimination based on attributes of gender, age, nationality or ethnicity. Current Directors who are considered for renomination are evaluated on these criteria as well as their performance on the Board and number of terms of office.

In order to further improve the quality of management decision-making, the Company is working to increase the diversity of the Board of Directors. The Company has specifically set a target for gender, and aims to propose candidates for election to its Annual Meeting of Shareholders, to achieve an approximately 50% ratio of women out of the total number of Directors of the Board and Audit & Supervisory Board members by

FY2030. As of June 18, 2021, two of the ten members of the Board of Directors including Audit & Supervisory Board members are women.

The Company has a policy that at least one third of the Directors of the Board are Independent Directors who maintain appropriate separation from management execution. As of June 18, 2021, there are six Directors of the Board, of which two are 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 that are publicly listed.

The Company expects Independent Directors to play the following roles in addition to supervising the management of the Company:

- To provide the Company with advice based on their management experience in corporations operating globally and/or that are 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 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 matters that may cause conflicts of interest 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.

Activities of the Board of Directors

The Board of Directors strives to foster an atmosphere that encourages free, open, and constructive discussion and exchange of opinions. The Board of Directors expects outside Directors to raise issues, actively comment, and advise, on matters in their areas of expertise and experience.

To ensure the Board of Directors has open and constructive discussion, meetings are conducted according to the following procedures:

- Draft versions of Board of Directors meeting materials are distributed to participants at least three business days prior to meetings.
- Along with Board of Directors meeting materials, the administrators provide summaries of the agenda discussion points. The administrators make a concerted effort to deliver the summaries three business days prior to meetings. In addition, the administrators explain to the Chairperson of the Board, Independent and non-Executive Directors the agenda details in advance of the meetings.

- The annual schedule for Board of Directors meetings is decided during the previous fiscal year, and at the beginning of each fiscal year the schedule for important agenda items is confirmed.
- The frequency of meetings, matters for deliberation and time devoted to discussion are reviewed each fiscal year and adjusted as necessary, based on the performance in the prior fiscal year and strategy for subsequent fiscal years.

The Board of Directors also provides opportunities for free discussion among participants outside of regular meetings, spending about the same amount of time as in the Board of Directors meetings, in order to encourage an active exchange of opinions.

Analysis and Evaluation of the Effectiveness of the Board of Directors

A self-evaluation based on the following matters was conducted for Board of Directors meetings held in FY2020.

Evaluation Process

- Evaluation Scope: The Board of Directors meetings held from April 2020 to March 2021 (13 meetings in total)
- Evaluation Subjects: Directors of the Board and Audit & Supervisory Board members (10 people in total)
- Evaluation Period: Conducted from March to May 2021
- Process: Each Director and each Audit & Supervisory Board member completed a questionnaire, which consisted of questions including the appropriateness of the roles and responsibilities of the Board of Directors, the appropriateness of the organizational structure of the Board of Directors, the appropriateness of the composition of the Board of Directors, the appropriateness of the qualities and knowledge of Directors, the effectiveness of deliberations by the Board of Directors, the effectiveness of checks and balances, and oversight functions performed by and between the Directors of the Board who also serve as Corporate Executive Officers, and the appropriateness of deliberations from the perspective of shareholders and stakeholders other than shareholders, as well as open-ended questions. Individual interviews were then conducted, as necessary.

Results of analysis and evaluation

It was determined that the Board of Directors meetings played an appropriate role and the Board exercised its responsibilities appropriately, both in the supervision of, and decision-making over, execution.

- The Board of Directors meetings sufficiently discussed management strategy and risk management policy for improving mid-to long-term enterprise value based on the Recruit Group Management Philosophy and deliberation of individual items was consistent with the above strategy.
- The Board of Directors has an appropriate organizational structure, composition, quality and knowledge for deliberation.
- Agendas submitted to the Board of Directors meetings were appropriate, and open and constructive discussions were held, with perspectives of a wide range of stakeholders considered.
- The Board of Directors steadily implemented measures which were confirmed in the previous fiscal year's effectiveness evaluation process.

The Board of Directors confirmed the following matters to further improve the effectiveness of the Board and to constantly increase the enterprise value:

- The Board of Directors will engage in ongoing discussions over the business portfolio strategy and related risk management, and endeavor to further enhance the corporate governance structure.
- The Board of Directors will engage in making a positive impact on society and the global environment through our corporate activities, and thereby prospering together with all stakeholders, which is key to achieving sustainable growth.

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 and auditing the maintenance and operational status of internal control policies, procedures, and processes, based on the audit 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 generally meets once a month and holds extraordinary meetings as needed.

Composition of the Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two outside members. One substitute Audit & Supervisory Board member has been elected, 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 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. 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.

Advisory Bodies to the Board of Directors: Nomination and Compensation Committees

The Nomination 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 CEO
- Appropriateness of the process for nominating and dismissing candidates for Directors of the Board and Corporate Executive Officers

Succession planning for the 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 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 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 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 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.

Compensation Committee

The Compensation Committee deliberates on policies relating to the determination of compensation for Directors and Corporate Executive officers, evaluation procedures, compensation structure, the individual evaluation of Directors of the Board and Corporate Executive Officers, as well as individual compensation amounts. Beginning on April 1, 2021, the Evaluation Committee and the Compensation Committee have been combined into one committee called the Compensation Committee.

In the latest fiscal year the two main topics deliberated and approved by the Evaluation Committee and Compensation Committee were as follows:

- The level and elements of executive compensation
- The Directors' individual performance evaluation and compensation

Other Advisory Bodies to the Board of Directors

Compliance Committee

An advisory body to the Board of Directors chaired by the President, CEO and Representative Director of the Board. The Committee deliberates on compliance themes and measures of the Company. The Committee decides and evaluates action plans based on the information collected from the Holding Company's administrative departments and subsidiaries. The Compliance Committee's deliberations and decisions are reported to the Board of Directors for promoting a compliance mindset.

Risk Management Committee

An advisory body to the Board of Directors chaired by the Managing Corporate Executive Officer and Director of the Board in charge of the Risk Management Division. The Committee deliberates on key risk themes and measures of the Company. The Committee monitors the status of risk management at each SBU as well as identifies and determines the risks deserving of particular attention, which are reported to the Board of Directors.

Sustainability Committee

An advisory body to the Board of Directors. Chaired by the Managing Corporate Executive Officer and Director of the Board in charge of sustainability. The Committee deliberates on the Company's sustainability strategy and monitors its progress. The Committee's participants include the CEO, the Chairperson, Corporate Executive Officers who are in charge of each SBU, and internal and outside experts.

The Committee addresses the sustainability agenda of the Company, aiming to prosper together with all stakeholders. Based on the Committee's deliberation, the Board of Directors then resolves the direction and action plans that promote the Company's sustainability activities, and monitors the progress.

Other Advisory Bodies

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 in charge of corporate functions 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 June 18, 2021

C Chair M Member O Observer

Position	Name and surname	Board of Directors	Audit and Supervisory Board	Advisory Body to the Board of Directors					Other Advisory Body
				Nomination Committee	Compensation Committee	Compliance Committee	Risk Management Committee	Sustainability Committee	Business Strategy Meeting
Chairperson and Representative Director of the Board	Masumi Minegishi	C		M		O	O	M	O
Representative Director of the Board, President and CEO	Hisayuki Idekoba	M		M	M	C	M	M	C
Internal Directors of the Board	Ayano Senaha	M		O	M	M	C	C	M
	Rony Kahan	M							O
Independent Directors of the Board	Naoki Izumiya	M		C	M				
	Hiroki Totoki	M		M	C				
Standing Audit & Supervisory Board Members	Yukiko Nagashima	M *1	C			O	O		M
	Akihito Fujiwara	M *1	M			O	O		M
Independent Audit & Supervisory Board Members	Yoichiro Ogawa	M *1	M	M					
	Katsuya Natori	M *1	M		M				
Corporate Executive Officers	Yoshihiro Kitamura							M	M
	Rob Zandbergen							M	
	Junichi Arai					M	M		M
	Hiroaki Ogata								M
	Mio Kashiwamura					M	M		M
	Iwaaki Taniguchi					M	M		M
	Takahiro Noguchi								M
	Kentaro Mori					M	M		M
	Lowell Brickman					M	M		M
Internal Member	Kazuo Tase							M	
Outside Experts	Aron Cramer							M	
	Yves Serra							M	
	Keiko Honda							M	

[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.

Attendance for FY2020

Position	Name and surname	Board of Directors	Audit and Supervisory Board	Advisory Body to the Board of Directors: Nomination Committee	Evaluation Committee	Compensation Committee	Compliance Committee	Risk Management committee	Sustainability Committee
Representative Director of the Board, President and CEO	Masumi Minegishi	13/13		2/2	4/4	4/4	2/2	2/2	2/2
Internal Directors of the Board	Hisayuki Idekoba	13/13					2/2	2/2	2/2
	Ayano Senaha	9/9[*1]		1/1[*1]	3/3[*1]	3/3[*1]	2/2	2/2	2/2
	Rony Kahan	13/13							
Independent Directors of the Board	Naoki Izumiya	13/13		2/2	4/4	4/4			
	Hiroki Totoki	13/13		2/2	4/4	4/4			
Standing Audit & Supervisory Board Members	Yukiko Nagashima	13/13	15/15				2/2	2/2	
	Akihito Fujiwara	13/13	15/15				2/2	2/2	
Independent Audit & Supervisory Board Members	Yoichiro Ogawa	9/9[*2]	11/11[*2]	1/1[*2]					
	Katsuya Natori	9/9[*2]	11/11[*2]		3/3[*2]	3/3[*2]			
Corporate Executive Officers	Yoshihiro Kitamura								2/2
	Rob Zandbergen								2/2
	Junichi Arai						2/2	2/2	
	Hiroaki Ogata								
	Mio Kashiwamura						2/2	2/2	
	Iwaaki Taniguchi						2/2	2/2	
	Takahiro Noguchi								
	Kentaro Mori						2/2	2/2	
	Lowell Brickman						2/2	2/2	
Internal Member	Kazuo Tase								2/2
Outside Experts	Yves Serra								2/2
	Mariko Kawaguchi								2/2
	Keiko Honda								2/2

1 A total of nine meetings of the Board of Directors, one Nomination Committee and three Evaluation and Compensation Committees were held since the person was appointed as Director of the Board at the Annual Meeting of Shareholders held on June 30, 2020. The person attended two Nomination Committees and four Evaluation and Compensation Committees in total including the attendance as a Corporate Executive Officer before being appointed as Director of the Board.

2 A total of nine meetings of the Board of Directors, eleven Audit & Supervisory Board meetings, one Nomination Committee, as well as three Evaluation and Compensation Committees were held since the person was appointed as Audit & Supervisory Board member at the Annual Meeting of Shareholders held on June 30, 2020.

Internal Controls and their Operational Status

Important details of the Company's internal control policies, procedures, and processes were approved as follows by resolution of the Board of Directors meeting on March 17, 2021.

Measures to Ensure That Directors of the Board and Employees of the Company Comply with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties

Governance Structure

- A Board of Directors, which must include outside Directors, shall be established at the Company to carry out decision-making on important matters.

- An Audit & Supervisory Board, which shall include outside Audit & Supervisory Board members, shall be established at the Company. The Company's Audit & Supervisory Board members shall audit the execution of duties by the Company's Directors by attending meetings of the Board of Directors and other important meetings and investigating the state of operations and similar matters on the basis of the audit standards established by the Audit & Supervisory Board.

- The Company shall establish a Nomination Committee and Compensation Committee, each chaired by an outside Director, to conduct deliberations on the nomination, appointment, evaluation and compensation of the Directors and Corporate Executive Officers.

- The Company shall dispatch its Directors to each SBU Headquarters, such that the Company's Directors account for a majority of the Board of Directors of each SBU Headquarters and supervise the management of each SBU Headquarters.

Internal Audit

- An Internal Audit Department shall be established within the Company, under the direct control of the President, CEO and Representative Director of the Board, and shall conduct audits of the Company's managers, employees, and similar personnel (collectively, "Recruit Affiliated Persons") and their compliance with laws and regulations, as well as the Articles of Incorporation and company policies.

Code of Ethics and Internal Policies

- The "Recruit Group Code of Ethics" shall be established and all Recruit Affiliated Persons shall be informed thereof.

- While giving due consideration to the autonomy and independence of the Company's subsidiaries, the "Recruit Group Policies" shall be established as shared group-wide policies for Recruit Holdings and its subsidiaries on matters such as decision-making, investment management, finance, human resource management, risk management, and compliance, in order to realize unified group-wide management of the whole Company.

Structure for Compliance

- The Company shall establish the "Recruit Group Compliance Policy" that sets forth basic policies regarding compliance. The Company's Board of Directors shall appoint an individual with ultimate responsibility for compliance, establish a department in charge of compliance, make decisions on basic group-wide compliance policies, and monitor the effectiveness of the compliance measures.

The President, CEO and Representative Director of the Board, shall convene and serve as chairperson of the Compliance Committee and shall evaluate the effectiveness of each SBU's compliance program and make decisions on the group-wide compliance plan at the Business Strategy Meeting.

- The Board of Directors of each SBU Headquarters shall appoint an individual with ultimate responsibility for compliance at the SBU, make decisions on the SBU's basic compliance policies, and monitor the effectiveness of the SBU's compliance measures. The CEO of each SBU Headquarters shall convene and serve as chairperson of the Compliance Committee for the SBU and shall evaluate the effectiveness of the SBU's compliance and make decisions on and inspections of the SBU Headquarters' operational plans.

- The CEO of each subsidiary of the Company shall appoint an individual with ultimate responsibility for compliance at the subsidiary, evaluate the effectiveness, and make decisions on and inspections of the subsidiary's operational plans of its compliance.

Whistleblowing Policy

- The Holding Company and its subsidiaries shall establish measures, including reporting hotlines for harassment and/or illegal or other improper behavior, to promptly transmit information to the applicable department in charge of compliance within the Company or the relevant subsidiary, in the event that a Recruit Affiliated Person discovers a potential issue related to internal controls. The department in charge of compliance that receives the report shall promptly and thoroughly investigate the matter, decide on response measures in consultation with the related departments, and implement appropriate response measures.

Training

- The Holding Company and its subsidiaries shall plan and conduct necessary training for Recruit Affiliated Persons to ensure compliance with the "Recruit Group Code of Ethics" and internal policies.

Disciplinary Actions

- In the event that a violation of laws, regulations, internal policies, or other compliance rules is discovered, the Holding Company and its subsidiaries shall impose strict measures against any Recruit Affiliated Persons involved in such violation.

Preventing All Relationships with Anti-Social Forces

- The Company shall establish procedures to prevent all relationships, including business relationships, with anti-social forces, as defined by the Japanese government.

Policies and Procedures concerning Retention and Management of Information regarding the Execution of Duties by the Company's Directors of the Board

- The Holding Company shall establish the "Documents and Contracts Management Policy," providing for the creation and retention of documents and materials related to Directors' execution of their duties, including documents such as the minutes of Annual Meetings of Shareholders, meetings of the Board of Directors, and Business Strategy Meetings.

- The length of time of, and department responsible for, the retention of the documents described in the previous paragraph shall be as set forth in the "Documents and Contracts Management Policy."

Documents shall be retained in a manner that allows them to be viewed upon request by Recruit Holdings' Directors and Audit & Supervisory Board members.

Internal Policies and Other Measures concerning Management of Risk of Loss

- The Company shall establish the "Recruit Group Risk Management Policy" and "Recruit Group Risk Escalation Rules" to provide comprehensive, group-wide risk management.

- The Company's Board of Directors shall appoint an individual with ultimate responsibility for group-wide risk management, establish a department in charge of risk management, and make decisions on the basic policies regarding, and monitor the status of, the Company's risk management. In addition, the Risk Management Committee, chaired by the Director responsible for group-wide risk management, shall monitor risk management within each SBU and identify risks. Based on the results of these committee meetings, the Business Strategy Meeting shall identify and determine risks requiring particular attention at the group level and discuss measures to mitigate such risks.

- The Board of Directors of each SBU Headquarters shall appoint an individual with ultimate responsibility for risk management at the SBU and make decisions on basic policies regarding, and monitor the status of, the SBU's risk management. In addition, through the SBU Risk Management Committee attended by those responsible for the respective management functions of each SBU Headquarters, the Board of Directors of each SBU Headquarters shall monitor the status of risk management at each SBU as well as identify and determine the risks deserving of particular attention.

- The CEO of each of the Company's subsidiaries shall be ultimately responsible for risk management at the subsidiary and shall appoint an individual to oversee risk management at the subsidiary, identify risks for the subsidiary and determine the significance of such risks.

- If a serious incident occurs that may affect the Company as a whole, the Company shall establish a crisis management task force to address the situation.

Measures to Ensure the Efficient Execution of Duties by the Company's Directors of the Board and Its Subsidiaries

- The Company's Board of Directors or the Business Strategy Meeting shall set group-wide management targets for the Company and shall make these targets widely known within the Company as a whole, while also setting specific targets to be achieved by each function of the Company in order to achieve the group-wide targets. The Company's Corporate Executive Officers in charge of each function shall determine and execute efficient methods of achieving these targets.

- The Company's Board of Directors shall regularly review the Company's progress in achieving these targets and, by promoting improvements such as eliminating or reducing factors that impede efficiency and increase the likelihood of achieving the targets.

- The Company shall establish a Business Strategy Meeting as an advisory body to the CEO and shall carry out discussions on necessary matters regarding management of the Company as a whole.

- In addition, expert committees such as the Sustainability Committee shall be set up as advisory bodies to the Company's Board of Directors or the Business Strategy Meeting.

Policies and Procedures to Ensure the Reliability of Internal Controls for Financial Reporting

The Company shall establish the "J-SOX General Policy," the policy for the Japanese regulatory framework similar to Sarbanes-Oxley (SOX), and a system of internal control for financial reporting based on the internal control reporting system described in the Financial Instruments and Exchange Act of Japan.

Policies and Procedures concerning Reporting to the Holding Company regarding the Execution of Duties by Subsidiaries' Directors of the Board and Similar Persons

- The Holding Company shall establish internal divisions to oversee each SBU. Based on requests from such oversight divisions, Directors of the subsidiaries shall regularly report their business results and the status of implementation of their business strategies to their respective oversight divisions.

- The Holding Company and SBU Headquarters shall share information regarding their management activities on a regular basis, and discuss management policies, as needed.

- The Company shall establish the "Group Management Policy of the Recruit Group" and require the Company's subsidiaries to obtain approval of the Holding Company regarding important issues and make a prior confirmation with or subsequent report to the relevant departments of the Company.

Matters concerning Appointment of Employees to Assist Audit & Supervisory Board Members in Their Audit Duties

The Company shall appoint one or more persons as "Assistants to support the Company's Audit & Supervisory Board members" ("Assistants") and make an official announcement of the appointment.

Matters relating to Ensuring the Independence of Employees from the Company's Directors of the Board Described in the Preceding Item and the Effectiveness of Instructions Given to the Employees

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

Procedures concerning Reports to the Company's Audit & Supervisory Board Members

Recruit Affiliated Persons and the Company's Independent Auditor shall report to the applicable Audit & Supervisory Board members of the Company on the matters set forth below. Measures shall be put in place to allow for reporting in a timely manner by means of meetings, interviews, telephone, email, and similar methods.

- Material matters regarding business management

- Matters that have the potential to cause significant loss to the Company

- Material matters regarding internal auditing and risk management

- Material violations of laws, regulations, or the Articles of Incorporation

- Any other material matters regarding internal controls

The Company's Audit & Supervisory Board members and the Internal Audit Department shall cooperate with the Directors of the Board and Audit & Supervisory Board members of each SBU Headquarters and its subsidiaries as needed and share information on a regular basis.

Measures to Ensure That Individuals Reporting on Matters Described in the Preceding Item Are Not Unfavorably Treated on the Basis of Such Reporting

The Company shall establish the "Recruit Group Compliance Policy" under which any individual who has made a report described in the preceding item may not be subjected to unfavorable treatment such as dismissal, unjustified transfer, or similar measures due to him or her reporting such matters in good faith.

Matters relating to Policies concerning Procedures for Making Advance Payments or Reimbursements of Expenses Incurred in Connection with the Execution of Duties by the Company's Audit & Supervisory Board Members and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by These Members

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

Other Measures to Ensure the Effectiveness of Audits by Audit & Supervisory Board Members

The Company's Audit & Supervisory Board members and Audit & Supervisory Board shall hold regular meetings to exchange opinions with the President, CEO and Representative Director of the Board and with the Company's Independent Auditor, respectively.

Agreement with Directors of the Board and Audit & Supervisory Board Members

Agreement for Limitation of Liability of Non-Executive Directors of the Board and Audit & Supervisory Board Members

The Company has entered into an agreement with each of the non-Executive Directors of the Board 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 respective personnel has performed their duties in good faith and are not deemed negligent.

Directors and Officers Liability Insurance Contract

Since the Company is promoting global business development, it has entered into a directors and officers liability insurance contract principally to hire and retain outstanding executives globally, who have the knowledge, experience and professional relationships on a high level, and to enable them to execute their duties without fear of failure.

Directors of the Board, Audit & Supervisory Board members, and Corporate Executive Officers (including their inheritors) and employees of the Company including its subsidiaries (excluding those whose total assets are more than 25% of the consolidated assets of the Company, or whose securities are publicly traded on any exchanges in the US), among others, are named as the insured of the contract. The Company pays all of the insurance premiums. The insurance contract covers any losses, legal defense costs, etc. caused by the insured persons' execution of their duties, and which are claimed for during the term of insurance. However, the contract does not cover any losses caused by dishonest or improper conduct such as willful breach of duty or criminal acts.

Items Defined in the Company's Articles of Incorporation

Number of Directors of the Board

The Articles of Incorporation stipulate that the Company shall have no more than 11 Directors of the Board.

Requirements for Resolutions on the Appointment of Directors of the Board

The Articles of Incorporation stipulate that resolutions on the appointment of Directors require the attendance of at least one-third of shareholders with voting rights at Shareholders Meeting, and approval based on the majority of those voting rights. The Articles of Incorporation also stipulate that resolutions on the appointment of Directors shall not be based on cumulative voting.

Requirements for Special Resolutions of Shareholders Meeting

The Articles of Incorporation stipulate that special resolutions of Shareholders Meeting as stipulated in Article 309, Paragraph 2 of the Companies Act of Japan require the attendance of at least one-third of shareholders with voting rights, and approval based on at least two-thirds of those voting rights. The purpose of this is to facilitate the smooth operation of Shareholders Meeting by relaxing the quorum for special resolutions at the meeting.

Decision-making Body for Dividends from Surplus

The Articles of Incorporation stipulate that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act of Japan concerning dividends from surplus may be determined through a resolution of the Board of Directors without requiring a resolution of Shareholders Meeting, unless separately stipulated by laws and regulations. The purpose of this is to delegate authority over dividends from surplus to the Board of Directors so that profits can be returned to shareholders in a flexible manner.

Share Buyback

Pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act of Japan, the Articles of Incorporation stipulate that the Company may buy back its own shares based on a resolution of the Board of Directors. The purpose of this is to buy back the shares through market transactions to enable the execution of flexible capital policies in response to changes in the business environment.

Liability Exemption for Directors of the Board and Audit & Supervisory Board Members

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act of Japan, the Company may, to the extent permitted by laws and regulations, exempt Directors (including former Directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) from liability for damages due to negligence of their duties by a resolution of the Board of Directors. The purpose of this is to create an environment in which Directors and Audit & Supervisory Board members can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties.

Leadership

Board of Directors

MASUMI MINEGISHI *Director of the Board since 2009*

Chairperson and Representative Director of the Board

Age: 57
(Date of Birth: January 24th, 1964)

Number of Company shares held:
1,008,137

Career summary:
Masumi Minegishi is Chairperson and Representative Director of the Board. He previously served as President, CEO, and Representative Director of the Board of Recruit Holdings from 2012 to March 2021. 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. He became Corporate Executive Officer in 2003 and Managing Corporate Executive Officer in 2004. After leading the housing information business and consolidated numerous operations to build the SUUMO brand, he was appointed Director of the Board and Managing Corporate Executive Officer in 2009.

Term of office:

From June 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

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

April	2021	Chairperson* and Representative Director of the Board*
April	2012	President, CEO, 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 the Group-IMC Strategic Business Unit (currently Marketing Solutions), 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 Director of the Board

Masumi Minegishi served as CEO of Recruit Holdings Co., Ltd., from 2012 to March 2021 and demonstrated strong leadership as he oversaw the business of the entire group. 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.

HISAYUKI IDEKOBA

Director of the Board since 2019

President, CEO, and Representative Director of the Board

Age: 46

(Date of Birth: April 22nd, 1975)

Number of Company shares held:

231,666

Career summary:

"Deko" Hisayuki Idekoba is President, CEO, and Representative Director of the Board of Recruit Holdings. He previously served as COO and Executive Vice President overseeing the Company's business operations and was appointed a Director of the Board in 2019. Mr. Idekoba has led the digital transformation of the Company's numerous businesses including Jalan, travel service and Hot Pepper Beauty, beauty salon reservation service. He was responsible for transitioning print publications and marketing into online businesses, and making online booking common in the Japan market. In his previous role as Corporate Executive Officer, he led the acquisition of Indeed and later served as CEO and President of Indeed, transforming the Company into the leading global HR technology company it is today.

Term of office:

From June 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

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

April	2021	President*, CEO* in charge of Corporate Planning Division and HR Technology Segment; Representative Director of the Board*
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 Recruit Global Staffing B.V. (currently RGF Staffing B.V.)
April	2016	Managing Corporate Executive Officer in charge of Global Online HR SBU (currently HR Technology 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 Division
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 Director of the Board

"Deko" Hisayuki 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.

AYANO SENAHA

Director of the Board since 2020

COO, Managing Corporate Executive Officer, and Director of the Board

Age: 38

(Date of Birth: December 5th, 1982)

Number of Company shares held:

19,983

Career summary:

"Sena" Ayano Senaha is COO, Managing Corporate Executive Officer in charge of Human Resources and General Affairs Division, Finance Division, Risk Management Division, and Corporate Planning and Sustainability Transformation in the Corporate Planning Division, and Director of the Board. She has played a major role in the rapid globalization of the Company, leading and contributing to a series of post-merger integrations. Six years after joining the Company, she was transferred to newly acquired Advantage Group Limited in London in 2012. She skillfully turned around its financial performance after being appointed Managing Director in 2014. She became Corporate Executive Officer of the Company, Chief of Staff at Indeed in 2018, and Director of the Board of Recruit Holdings in 2020. She is credited with aiding the development of a corporate governance structure that neutralizes risks while enabling quick decision-making.

Term of office:

From June 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

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

April	2021	COO*, and Managing Corporate Executive Officer* in charge of Human Resources and General Affairs Division, Finance Division, Risk Management Division, and Corporate Planning and Sustainability Transformation in the Corporate Planning Division; Director of the Board*
June	2020	Managing Corporate Executive Officer in charge of Corporate Planning (CSO), Human Resources and General Affairs (CHRO), and Risk Management (CRO), Director of the Board
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 Director of the Board

“Sena” Ayano 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. Ms. Senaha has served as a member of the Board of Directors of the Company since 2020 and we believe that she is the appropriate person to sustainably improve the enterprise value of the Company, and should continue to serve as a Director of the Board.

RONY KAHAN

Director of the Board since 2018

Director of the Board (Non-Executive)

Age: 53

(Date of Birth: November 26th, 1967)

Number of Company shares held:

147,150

Career summary:

Rony Kahan was appointed Director of the Board of Recruit Holdings in 2018. He has also served as Chairman and Director 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 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

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

Reasons for being appointed as a 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.

NAOKI IZUMIYA

Director of the Board since 2018

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

Age: 72

(Date of Birth: August 9th, 1948)

Number of Company shares held:

958

Career summary:

Naoki Izumiya, who is Honorary Advisor of Asahi Group Holdings, Ltd., has served as an outside Director of the Recruit Holdings' Board since 2018. Before his current role, he promoted the growth of Asahi Group companies and spearheaded acquisitions including Calpis Co., Ltd. He expanded the business globally to Oceania, south east Asia and Europe. 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 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

**Current position*

March	2021	Honorary Advisor* of Asahi Group Holdings, Ltd.
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. (currently Asahi Group Holdings, 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)

- Honorary Advisor of Asahi Group Holdings, Ltd.
- Independent Director of Obayashi Corporation

Reasons for being appointed as a 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 our Media & Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Asahi Group Holdings, Ltd. and the Company, respectively, and are thus too small to be material.

In addition, he currently serves as Independent Director of Obayashi Corporation, which has a business relationship with the Company in services including the Media & Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Obayashi Corporation and the Company, 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: 56

(Date of Birth: July 17th, 1964)

Number of Company shares held:

2,400

Career summary:

Hiroki Totoki, who is Executive Deputy President, CFO, Representative Corporate Executive Officer, and Director of the Board of Sony Group 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. Previously, he served as Representative Director and CFO of Corporate Executive Officer of So-net Entertainment Corporation.

Term of office:

From June 17, 2021 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

**Current position*

April	2021	Director*, Executive Deputy President* and CFO*, Representative Corporate Executive Officer* of Sony Group Corporation
June	2020	Director, Executive Deputy President and CFO, Representative Corporate Executive Officer of Sony Corporation (currently Sony Group Corporation)
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 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 So-net Entertainment Corporation (currently Sony Network Communications, Inc.)
April	2012	Representative Director, Corporate Executive Officer and Senior Managing Director of So-net Entertainment Corporation
June	2005	Director, Corporate Executive Officer and Senior Managing Director of Sony Communication Network Corporation (currently Sony Network Communications, Inc.)
February	2002	Representative Director of Sony Bank, Inc.
April	1987	Joined Sony Corporation

Significant concurrent positions

Director, Executive Deputy President and CFO, Representative Corporate Executive Officer of Sony Group Corporation

Reasons for being appointed as a 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, Executive Deputy President and CFO, Representative Corporate Executive Officer of Sony Group Corporation, which has a business relationship with the Company including our Media & Solutions business and Staffing business.

However, such transactions account for less than 1% of Sony Group Corporation consolidated sales and operating revenue and the Company's 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.

Audit & Supervisory Board Members

YUKIKO NAGASHIMA (Name on family register: YUKIKO WATANABE)
Audit & Supervisory Board Member since 2016

Standing Audit & Supervisory Board Member

Age: 60

(Date of Birth: April 4th, 1961)

Number of Company shares held:

441,730

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 2002, she spearheaded the growth of Zexy bridal business. In 2006, Ms. Nagashima was appointed Corporate Executive Officer. Two years later, 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 in charge of the Bridal Information Division
April	1985	Joined the Company

Significant concurrent position(s)

Outside Director of the Board of Japan Tobacco Inc.

* Sumitomo Corporation plans to appoint her as an outside Audit & Supervisory Board member at their Annual Meeting of Shareholders to be held on June 18 2021.

Reasons for being appointed as an Audit & Supervisory Board member

Yukiko Nagashima has served in the management of the Company as Corporate Executive Officer. 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.

AKIHITO FUJIWARA

Audit & Supervisory Board Member since 2014

Standing Audit & Supervisory Board Member

Age: 58

(Date of Birth: September 8th, 1962)

Number of Company shares held:

363,500

Career summary:

Akihito Fujiwara has served as a Standing Audit & Supervisory Board member for Recruit Holdings since 2014. He joined the Company in 1986 and managed the Company's transition to an online business model, building a new business structure within the information network and internal IT systems departments. In 2004, as head of the Company's umbrella organization for IT, Mr. Fujiwara established company-wide IT management processes. He was appointed Corporate Executive Officer in 2006, and went on to head the automotive division and then the advertisement optimization organization.

Term of office:

From June 19, 2018 to the conclusion of the Annual Meeting of Shareholders to be held in 2022.

Career summary, positions and responsibilities

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

April	2018	Standing Audit & Supervisory Board Member* of Recruit Co., Ltd.
June	2014	Standing Audit & Supervisory Board Member*
April	2014	Advisor
October	2012	Corporate Executive Officer of Recruit Marketing Partners Co., Ltd.
April	2006	Corporate Executive Officer in charge of FIT (the Federation of IT)
August	1986	Joined the Company

Reasons for being appointed as an Audit & Supervisory Board member

Akihito Fujiwara brings with him a wealth of experience and knowledge of the Company's IT infrastructure and system development. Mr. Fujiwara has served as an Audit & Supervisory Board member of Recruit Holdings since 2014 and we believe that he is the appropriate person to supervise the Company's overall management and should continue to serve as Audit & Supervisory Board member.

YOICHIRO OGAWA

Audit & Supervisory Board Member since 2020

Outside Audit & Supervisory Board Member (Independent)

Age: 65

(Date of Birth: February 19th, 1956)

Number of Company shares held: 0

Career summary:

Yoichiro Ogawa was appointed an outside Audit & Supervisory Board member of Recruit Holdings in 2020. He 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*

June	2020	Outside Audit & Supervisory Board Member* of Recruit Holdings Co., Ltd.
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 Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)

Significant concurrent position(s)

Chief of Yoichiro Ogawa CPA Office

* Honda Motor Co., Ltd. plans to appoint him as an outside Director of the Board at their Annual Meeting of Shareholders to be held on June 23 2021.

Reasons for being appointed as an 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 continue to 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 HR Technology business, the Media & Solutions business and the Staffing business. However, such transactions account for less than 1% of the sales of those companies and the Company's 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.

KATSUYA NATORI

Audit & Supervisory Board Member since 2020

Outside Audit & Supervisory Board Member (Independent)

Age: 62

(Date of Birth: May 15th, 1959)

Number of Company shares held: 213

Career summary:

Katsuya Natori was appointed an outside Audit & Supervisory Board member of Recruit Holdings in 2020. He 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 in 2020 became Managing Partner of ITN Partners. He also serves on the Board of Directors of Olympus Corporation and Supervisory Director of Global One Real Estate Investment 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*

December	2020	Managing Partner* of ITN Partners
June	2020	Outside Audit & Supervisory Board Member* of Recruit Holdings Co., Ltd.
June	2019	External Director* and Chairman of Audit Committee* of Olympus Corporation
April	2016	Supervisory Director* of Global One Real Estate Investment Corp.
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	1998	General Counsel at Sun Microsystems K.K. (currently Oracle Information Systems (Japan) G.K.)
January	1995	General Counsel at Apple Computer Co., Ltd. (currently Apple Japan, Inc.)
July	1993	Counsel at Esso Petroleum Corporation (currently ENEOS Corporation)
July	1992	Visiting Lawyer at Wilmer, Cutler & Pickering
June	1990	Visiting Lawyer at Davis Wright Tremaine LLP
April	1986	Associate Lawyer at Masuda & Ejiri Law Office (currently Nishimura & Asahi)

Significant concurrent position(s)

- Managing Partner of ITN Partners
- Supervisory Director of Global One Real Estate Investment Corp.
- External Director and Chairman of Audit Committee of Olympus Corporation

Reasons for being appointed as an 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 continue to serve as an outside Audit & Supervisory Board member.

Independence criteria

Mr. Natori currently serves as Managing Partner of ITN Partners, and as Supervisory Director of Global One Real Estate Investment Corporation. Neither such law office nor such corporation has a business relationship with the Company.

In addition, he currently serves as External Director of Olympus Corporation, which has a business relationship with the Company in services including the HR Technology business, the Media & Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Olympus Corporation and the Company, respectively, and are thus too small to be material.

Therefore, the Company believes that Mr. Natori has sufficient independence where there are no potential conflicts of interests with general shareholders.

* The above shares held are as of May 31 2021 and include a stake in the Recruit Group Officer Stock Ownership Association and a stake in American Depositary Receipt ("ADR"). Other information is based on information available as of June 18, 2021.

* The Company reported Messrs. Naoki Izumiya and Hiroki Totoki to the Tokyo Stock Exchange as Independent Directors of the Board, and reported Messrs. Yoichiro Ogawa and Katsuya Natori as Independent Audit & Supervisory Board members as specified by the Tokyo Stock Exchange.

Corporate Executive Officers

The Company has appointed Corporate Executive Officers. There are twelve Corporate Executive Officers including those who have Director of the Board responsibility and each of whom is in charge of the following:

NAME	RESPONSIBILITIES
Hisayuki Idekoba	Corporate Planning Division HR Technology Segment CEO of RGF OHR USA, Inc.
POSITION	
President and CEO	

NAME	RESPONSIBILITIES
Ayano Senaha	Human Resources / General Affairs Division Finance Division Risk Management Division Corporate Planning, Sustainability Transformation
POSITION	
COO and Managing Corporate Executive Officer	

NAME	RESPONSIBILITIES
Yoshihiro Kitamura	Business Performance Management Media & Solutions Segment President and Representative Director of Recruit Co., Ltd.
POSITION	
Managing Corporate Executive Officer	

NAME	RESPONSIBILITIES
Rob Zandbergen	Staffing Segment CEO of RGF Staffing B.V.
POSITION	
Managing Corporate Executive Officer	

NAME	RESPONSIBILITIES
Junichi Arai	Investor Relations and Special Advisor to CEO
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Hiroaki Ogata	Business Development
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Mio Kashiwamura	Public Relations
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Iwaaki Taniguchi	Finance, Accounting, Tax
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Takahiro Noguchi	General Affairs
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Kentaro Mori	Risk Management Division, Japan
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Lowell Brickman	Risk Management Division, International
POSITION	
Corporate Executive Officer	

NAME	RESPONSIBILITIES
Masumi Minegishi	-
POSITION	
Chairperson	

Status of Outside Directors of the Board and Outside Audit & Supervisory Board Members

The Company selects both Outside Directors of the Board and Outside Audit & Supervisory Board members who are independent and have various kinds of experience. We believe that each of them serves as each function appropriately and fulfill each role sufficiently.

For our approach to selecting Outside Directors of the Board and Outside Audit & Supervisory Board Members, please refer to ”Approach to Selecting Directors of the Board” and “Approach to Selecting Audit & Supervisory Board Members” in the “Corporate Governance Overview.”

Activities of Outside Directors of the Board and Outside Audit & Supervisory Board Members during FY2020

For the attendance record of each person at the Board of Directors meetings, the Audit & Supervisory Board meetings, and Committees during FY2020, please refer to ”Attendance for FY2020” in the “Corporate Governance Overview.”

Naoki Izumiya, Outside Director of the Board

Naoki Izumiya has made statements in the Board of Directors meeting 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 as an outside Director of listed companies.

As Chairman of the Nominating Committee he demonstrated strong leadership, in improving the transparency of the selection process of Directors of the Board and Corporate Executive Officers, including the CEO. He also served as a member of the Compensation Committee and Evaluation Committee, and contributed to discussions surrounding the compensation and evaluation of Directors of the Board and Corporate Executive Officers.

Hiroki Totoki, Outside Director of the Board

Hiroki Totoki has made statements in the Board of Directors meeting 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, Executive Deputy President and Chief Financial Officer of Sony Group Corporation, a global company with diversified business portfolios, and as Director of its group companies.

As Chairman of both the Compensation Committee and the Evaluation Committee, he demonstrated strong leadership in discussions on the compensation and evaluation of Directors of the Board and Corporate Executive Officers. He also served as a member of the Nomination Committee and contributed to discussions and to improving transparency in the process of appointing Directors of the Board and Corporate Executive Officers, including the CEO.

Yoichiro Ogawa, Outside Audit & Supervisory Board Member

Yoichiro Ogawa made statements in the Board of Directors meeting from a neutral and objective perspective as an outside Audit & Supervisory Board member, based on international accounting knowledge gained as a certified public accountant and extensive international experience gained through management experience at a global accounting firm.

For the activities in the Audit & Supervisory Board meetings, please refer to “Status of Audits.”

He also contributed to discussions as a member of the Nomination Committee and to improving transparency in the process of appointing Directors of the Board and Corporate Executive Officers, including the CEO.

Katsuya Natori, Outside Audit & Supervisory Board Member

Katsuya Natori made statements in the Board of Directors meeting from a neutral and objective perspective as an outside Audit & Supervisory Board member, based on a high level of insight in corporate and international legal affairs cultivated through experience as a lawyer and as head of the legal department of a global IT company.

For the activities in the Audit & Supervisory Board meetings, please refer to “Status of Audits.”

He also contributed to discussions as a member of both the Compensation Committee and the Evaluation Committee on the compensating and evaluation process of Directors of the Board and Corporate Executive Officers.

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 of 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 entity to which the candidate belongs during the most recent fiscal year.

Cooperation between Outside Directors of the Board and Outside Audit & Supervisory Board Members with respect to Internal Audits, Audits Conducted by the Audit & Supervisory Board and Audits Conducted by the Independent Auditor

- Outside Directors receive reports from the Internal Audit Department, the Audit & Supervisory Board members, the Independent Auditor, and the internal control divisions at the Board of Directors meetings as appropriate to promote mutual cooperation. In addition, by attending the Nomination Committee and Compensation Committee, which are advisory bodies to the Board of Directors, as chairpersons or members, they are able to improve the transparency and fairness of management.
- Outside Audit & Supervisory Board members receive reports from other Audit & Supervisory Board members, the Independent Auditor, and the Internal Audit Department at the Audit & Supervisory Board meetings on the methods and results of their respective audits as appropriate, and individually exchange information with them as appropriate to promote mutual cooperation. In addition, they monitor and evaluate the operational status and the maintenance of internal controls from an independent standpoint in their capacity as outside Audit & Supervisory Board members, and receive reports from the internal control divisions as necessary during the audit process.

Support and Training for Directors and Audit & Supervisory Board Members

Training Policy for Directors and Audit & Supervisory Board Members

At the time of their appointment, new Directors of the Board and Audit & Supervisory Board members are provided with an overview of the Company, basic information on matters such as management strategies, financial strategies, risk management policies and high-priority areas for audits. Thereafter, Directors and Audit & Supervisory Board members pursue opportunities to continuously update their knowledge. For instance, outside experts are invited to workshops as necessary, including when changes are made to the Companies Act of Japan or other regulations. In addition, visits to business sites are organized when needed to promote understanding of the business.

Corporate Executive Officers in charge of strategies for principal businesses are asked to provide outside Directors and outside Audit & Supervisory Board members with information to deepen their understanding of the businesses. Opportunities are provided to deepen understanding of the corporate culture, business, and employees through Recruit Group knowledge-sharing events. Directors and Audit & Supervisory Board members also participate as necessary in outside seminars on accounting, finance and risk management and in internal seminars led by invited outside experts.

Support for Outside Directors of the Board

The Administrators of the Board of Directors provide various forms of support to ensure outside Directors are able to appropriately oversee the performance of Executive Directors. This support includes advance briefings on agenda items to be discussed at the Board of Directors meetings and the provision of relevant supporting information.

Support for Outside Audit & Supervisory Board Members

Standing Audit & Supervisory Board members and assistants to Audit & Supervisory Board members provide necessary support to outside Audit & Supervisory Board members to ensure the appropriate and prompt conduct of audits. Such support includes sharing materials and agenda items discussed at important meetings that outside Audit & Supervisory Board members did not attend. Subsidiaries with a standing Audit & Supervisory Board member provide reports to the Audit & Supervisory Board of the Company. Furthermore, the Audit & Supervisory Board members themselves visit subsidiaries and interview management to check on business conditions.

Collaboration between Outside Directors and Outside Audit & Supervisory Board Members

These support functions are supplemented by the following established procedures:

- One outside Director is assigned to coordinate with the outside Directors, and to communicate and coordinate with Directors and Corporate Executive Officers and for collaboration with Audit & Supervisory Board members or the Audit & Supervisory Board.

- As necessary, following Board of Directors meetings, separate meetings attended only by outside Directors and outside Audit & Supervisory Board members may be held, in order to more effectively gather information without affecting the independence of outside Directors and outside Audit & Supervisory Board members.

- The Board of Directors approves internal audit plans for the fiscal year prepared by the Internal Audit Department, and internal audit reports are issued biannually to ensure coordination among outside Directors, outside Audit & Supervisory members and the Internal Audit Department.

Status of Audits

Mutual Cooperation among Internal Audits, Audits by the Audit & Supervisory Board Members and Audits by the Independent Auditor

The Company has adopted a three-way audit through which audits are conducted by the Audit & Supervisory Board members, an audit and assurance firm which serves as an Independent Auditor, and the Company's Internal Audit Department. Audits by Audit & Supervisory Board members and the Independent Auditor are statutory. Internal audits are voluntary, focusing on internal independent evaluations of the internal control structure and prevention of internal misconduct, and carried out under the direction of management.

The Internal Audit Department, Audit & Supervisory Board members, and the Independent Auditor mutually cooperate. Audit & Supervisory Board members request the Independent Auditor and the Internal Audit Department to report on their methods and results as required at the meetings of the Audit & Supervisory Board. In addition, the standing Audit & Supervisory Board members exchange information individually with the Independent Auditor and the Internal Audit Department on a regular basis. The Internal Audit Department reports and shares information when requested by an Audit & Supervisory Board member or the Audit & Supervisory Board, and shares information separately with the Independent Auditor.

Status of Internal Audits, Audits by the Audit & Supervisory Board Members, and Audits by the Independent Auditor; and the Relationship with the Internal Control Division are as follows:

Internal Audits

Internal audits are conducted by the Internal Audit Department, which consists of nineteen members as of April 1, 2021, and reports directly to the President, CEO, and Representative Director. The main duty of the Internal Audit Department is to conduct audits of operations and internal controls related to financial reporting, based on its annual audit plan.

The Internal Audit Department evaluates the operational status and the maintenance of internal controls. When a deficiency is found, the Internal Audit Department notifies the audited division and the departments responsible for internal controls to improve the situation. The Internal Audit Department also follows up on the status of improvements to ensure that the business of the Company is conducted appropriately.

Audits by the Audit & Supervisory Board Members

The Audit & Supervisory Board comprises four members, including two outside members, and meets once a month in principle. The Audit & Supervisory Board determines the auditing policy and the division of duties, and audits the performance of the Directors of the Board in accordance with the annual audit plan. The audits focus on the internal controls, compliance and risk management system of the Company.

The Audit & Supervisory Board works to improve effectiveness and efficiency of the audit process. This means ensuring that there is adequate time to conduct audits, engaging in active monitoring, and providing guidance for prevention and handling of cases of misconduct, deficiencies, and other negative issues. This is achieved by communicating and coordinating with the Audit & Supervisory Board members and other officers of subsidiaries and by receiving periodic reports on the audit results of the subsidiaries and associates. The Independent Auditor also provides periodic audit reports.

In order to evaluate Directors' performance of their duties, the Audit & Supervisory Board oversees maintenance and operation of internal controls, and receives reports from the departments responsible for internal controls and the Internal Audit Department. Additionally, the Company has designated Assistants to assist all Audit & Supervisory Board members including outside members in the performance of their duties.

Attendance and Activities at the Audit & Supervisory Board Meetings

During FY2020, the Audit & Supervisory Board meetings were held 15 times.

The attendance record of each Audit & Supervisory Board member at the Audit & Supervisory Board meetings and the activities

Title	Name	Attendance record and activities
Standing Audit & Supervisory Board member	Yukiko Nagashima	Yukiko Nagashima attended all 15 meetings of the Audit & Supervisory Board held during FY2020. She expressed her opinion with her considerable knowledge and insight on the Company's business management, based on her career as a Corporate Executive Officer of the Company, and President and Representative Director of Recruit Staffing Co., Ltd. As a standing Audit & Supervisory Board member, she has interviewed and exchanged opinions with the Representative Director, internal and outside Directors of the Board, Corporate Executive Officers and the Independent Auditor.
Standing Audit & Supervisory Board member	Akihito Fujiwara	Akihito Fujiwara attended all 15 meetings of the Audit & Supervisory Board held during FY2020. He expressed his opinion with his considerable knowledge and insight on the company's IT Strategy and business management, based on his career as head of the Company's systems division and as Corporate Executive Officer of the Company. As a standing Audit & Supervisory Board member, he has interviewed and exchanged opinions with the Representative Director, internal and outside Directors of the Board, Corporate Executive Officers and the Independent Auditor.
Outside Audit & Supervisory Board member	Yoichiro Ogawa	Yoichiro Ogawa attended all 11 meetings* of the Audit & Supervisory Board held after having been appointed as outside Audit & Supervisory Board member during FY2020. He has served as a Representative of the Asia-Pacific Region at Deloitte Touche Tohmatsu Limited, and CEO of Deloitte Tohmatsu Group. Based on his career and his deep insight of accounting knowledge cultivated as a certified public accountant as well as a wealth of international experience he amassed as CEO of the Deloitte Tohmatsu Group, he made statements from a neutral and objective perspective as an outside Audit & Supervisory Board member.
Outside Audit & Supervisory Board member	Katsuya Natori	Katsuya Natori attended all 11 meetings* of the Audit & Supervisory Board held after having been appointed as outside Audit & Supervisory Board member during FY2020. Based on his career and a wealth of international experience he has amassed at global companies, he made statements from a neutral and objective perspective as an outside Audit & Supervisory Board member. He has served as General Counsel at Apple Japan, Inc., General Counsel at Oracle Information Systems (Japan) G.K., General Counsel and Executive Officer at Fast Retailing Co., Ltd., and Vice President of Global Process Services at IBM Japan, Ltd.

*A total of eleven Audit & Supervisory Board meetings were held since the person was appointed as Audit & Supervisory Board member at the Annual Meeting of Shareholders held on June 30, 2020.

Major agenda of the Audit & Supervisory Board during FY2020

During FY2020, the Audit & Supervisory Board discussed and exchanged opinions on basic audit matters stipulated in laws and regulations and the Articles of Incorporation. In addition to the basic audit matters, the Audit & Supervisory Board discussed and exchanged the opinion on important matters for auditing based on reports by standing Audit & Supervisory Board members and related departments.

Priority Audit Matters

In addition to the basic audit matters, the Audit & Supervisory Board examined the following three priority audit matters set for FY2020 with the perspective of the Company achieving sustainable growth and increasing enterprise value over the mid-to long-term.

- The Board of Directors functions to enhance strategic decision-making and monitor the Company's operations
- Planning and execution of key business strategies in each SBU
- The evolution of risk management, and the promotion and effectiveness of this function

Basic Audit Matters

The Audit & Supervisory Board examined issues below including related risks as basic audit matters following the annual audit plan:

- Audit related to the execution of duty by each Director of the Board
- Audit related to the monitoring of business execution and Internal Controls
- Audit related to the audit by Independent Auditor

The Audit & Supervisory Board conducted major activities as follows based on basic audit matters above.

Audit related to the execution of duty by each Director of the Board
Attending the meetings of the Board of Directors and other committees, confirming the status of execution, requesting explanations as necessary, and expressing opinions.
Communicating and exchanging information with Representative Director and Internal Directors of the Board, gathering information and exchanging opinions on the audit items.
Conducting meetings with outside Directors of the Board and outside Audit & Supervisory Board members, exchanging information and opinions on the audit items with them.
Reporting on the audit status of priority audit matters to the Board of Directors every six months.
Audit related to the monitoring of business execution and Internal Controls
Attending the Business Strategy Meetings and other important meetings to confirm the status of business execution, requesting explanations as necessary, and expressing opinions.
Communicating and exchanging information with the Corporate Executive Officers and the heads of divisions, and collecting information and exchanging opinions on auditing matters.
Receiving periodic audit reports from Audit & Supervisory Board members and non-Executive Directors of the Board of the Company's subsidiaries, collecting information and exchanging opinions on audit matters.
Receiving periodic reports from the departments responsible for internal controls and internal audits, on

the status of maintenance and operation of the internal controls, requesting explanations as necessary, and expressing opinions.
Audit related to the audit by Independent Auditor
Confirming the annual audit plan of the Independent Auditor in advance and deliberating the possibility of consent to the fees for the Independent Auditor and other matters. This is based on the policy of unifying the accounting audits of the Company including overseas consolidated subsidiaries with the same accounting firm network and conducting audits including non-statutory voluntary audits.
Interviewing and deliberating the audit opinions and recommendations of the Independent Auditor regarding the quarterly and annual financial statements.
Receiving information on, and exchanging opinions of, important accounting audits performed by the Independent Auditor on the Company including consolidated overseas subsidiaries.
Confirming with the Independent Auditor the potential candidate items for Key Audit Matters (“KAM”) and the perception of risk related to each KAM, and exchanging opinions from the perspectives of material events, uncertainty, and audit difficulty.
As part of the annual evaluation of the Independent Auditor, together with the accounting division, investigating and understanding the actual status of the audit work of the Independent Auditor based on the evaluation criteria of quality control system, independence, expertise, understanding of business fields and global expansion, and requesting necessary improvements. Discussing the policy for the selection and dismissal of the Independent Auditor, taking into consideration the period of continuous audit of the audit firm and its Designated Engagement Partners.

Audits by the Independent Auditor

Name of the Independent Auditor

Ernst & Young ShinNihon LLC

Consecutive Auditing Period

Since 1984

Certified Public Accountants Who Performed the Audit

Yoji Murohashi

Yoshifumi Mitsugi

Takuto Miki

Composition of Assistants Involved in the Audit Work

29 certified public accountants and 33 other assistants

Policy for the Selection of the Independent Auditor and Reasons for the Selection

The Company has selected Ernst & Young ShinNihon LLC as its Independent Auditor as a result of a comprehensive consideration of relevant factors including its quality control system, independence, expertise, and the understanding of the business areas the Company is engaged in on a global scale.

Evaluation of the Independent Auditor by the Audit & Supervisory Board

The Audit & Supervisory Board evaluates the Independent Auditor in accordance with the policy below.

- The Audit & Supervisory Board of the Company shall dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board members, 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.
- In cases other than the 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 the Shareholders Meeting.

The Audit & Supervisory Board assesses the appropriateness of the performance of the duties of the Independent Auditor through discussions when receiving regular audit reports from the Independent Auditor. At the same time, the independence and expertise of the Independent Auditor are confirmed by receiving reports on the securing of independence by the Independent Auditor and exchanging opinions on those occasions. In addition, as an annual evaluation of the Independent Auditor, the Audit & Supervisory Board, together with the accounting division of the Company, prepares evaluation standards, investigates and gains an understanding of the status of the audit work of the Independent Auditor, and conducts an evaluation.

Other

The Independent Auditor or engagement partners of the Independent Auditor engaged in the Company's audit have no special interests in the Company. In addition, the Independent Auditor receives an internal control report from the President and Representative Director, conducts internal control audits, monitors and verifies the development of an internal control and its operational status, and receives reports from the Internal Control Division as necessary in the audit process. At the same time, the Independent Auditor holds discussions with management to understand the general situation such as the nature of the business and trends in the business environment, and to understand management's assessment of internal controls and fraud risk.

Fees for Independent Auditor

Fees for Independent Auditor*

(In millions of yen)

Type	FY2019		FY2020	
	Audit fees	Non-audit fees	Audit fees	Non-audit fees
The Holding Company	387	53	378	26
Consolidated subsidiaries	143	2	180	2
Total	531	56	559	29

Non-audit services for the Holding Company and its consolidated subsidiaries include the preparation of the Comfort Letter.

Fees for Organizations that Belong to the Same Network (Ernst & Young) as the Independent Auditor (excluding the above *)

(In millions of yen)

Type	FY2019		FY2020	
	Audit fees	Non-audit fees	Audit fees	Non-audit fees
The Holding Company	-	1	-	0
Consolidated subsidiaries	515	29	534	17
Total	515	30	534	18

Non-audit services for the Holding Company and its consolidated subsidiaries include various advisory services.

Fees based on Other Important Audit Certification Services

Not applicable.

Policy to Determine Compensation for the Independent Auditor

Audit fees for the Independent Auditor are determined through a comprehensive consideration based on factors including the contents of audits up to the previous fiscal year and the contents of the auditing plan for the current fiscal year presented by the Independent Auditor.

Reason why the Audit & Supervisory Board Agreed to the Fees for the Independent Auditor

The Audit & Supervisory Board verified the auditing time outlined in the auditing plan, change in the amount of audit fees, and past auditing plans and their performance results. As a result of careful review of the adequacy of the estimated amount of the fees, the Audit & Supervisory Board has approved the fees to be paid to the Independent Auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act of Japan.

Compensation

Compensation Policies for FY2021

Basic Compensation Policies

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

The Company's compensation for executives is composed of "Base Salary (Cash)," "Annual Incentive (Cash)," "BIP Trust Long-term Incentive (Equity)," and "Stock Option Long-term Incentive (Equity)." The goals of each type of compensation and the method for payout are explained below.

Base Salary (Cash)

This element is aimed at securing excellent management personnel and encouraging sound job performance. The amount is set according to the individual role of each executive and is paid in monthly installments.

Annual Incentive (Cash)

This element is meant to motivate executives to achieve their annual goals. The actual payout amount, based on a set amount according to each role, is linked to the growth rate of adjusted EBITDA, a key management performance indicator of the Company, and each individual's performance evaluation, the calculation of which is outlined below.

The payment method is payment of the set amount each month in the current fiscal year, and then payment of the additional amount in the following fiscal year, or collection of the modified amount from the executive, in the case of a negative modified amount, monthly, over the following fiscal year. The calculation for the payout of annual incentives is as expressed below.

Payout Amount	=	Set Amount	+	Positive or negative modified amount based on consolidated adjusted EBITDA growth	+	Positive or negative modified amount based on individual performance evaluation

Positive or negative modified amount based on consolidated adjusted EBITDA growth	＝	Set Amount	×	The growth rate of consolidated adjusted EBITDA in the current fiscal year divided by the average of the previous 3 years.	×	Coefficient of Approximately 1.3

Positive or negative modified amount based on individual performance evaluation	＝	Set Amount	×	Coefficient determined by individual performance evaluation (-1 to 1)

Regarding the individual performance evaluations, before the beginning of each fiscal year, the Compensation Committee sets the expected responsibilities of each role, and then the Compensation Committee reviews and evaluates performance at the end of the fiscal year.

The Board of Directors of the Company, in order to prosper together with all stakeholders, has resolved to make a commitment to sustainability, and announced group-wide ESG targets in May of 2021. In keeping with this commitment, beginning in FY2021, the Board of Directors has decided to include initiatives for important ESG themes in their annual evaluation of each Executive Director that will subsequently be reflected in their compensation.

Long-term Incentive: BIP Trust (Equity)

This element is intended to motivate executives to improve the Company's enterprise value over the mid-to long-term. By giving executives the right to receive shares in the future, we encourage them to contribute to sustainably increasing enterprise value. The amount of shares of the Company equivalent to the set amount, according to the role of each individual executive, will be acquired and stored in a trust account to be delivered, in principle, upon retirement.

Regarding the calculation method of the payout amount, for and before FY2020, the payment rate was set according to the degree to which consolidated business performance targets were achieved in a single fiscal year. However, for FY2021, in order to encourage executives to contribute to increasing enterprise value over the mid-to long-term, we have decided that we will no longer link the payout to the performance of a single fiscal year, and instead utilize BIP trust compensation as a form of equity compensation linked only to the stock price. The Company will continue to consider an appropriate calculation method in FY2022 that will serve as motivation for executives to increase enterprise value.

Long-term Incentive: Stock Options (Equity)

This element is intended to motivate executives to increase the Company's enterprise value over the mid-to long-term. By giving executives the right to earn value from their awards only when the stock price rises, we encourage them to contribute to enhance both shareholder value and enterprise value.

By allocating the amount of stock options equivalent to the set amount according to the roles of each individual executive, and allowing them to exercise the stock options after a certain period set by the Board of Directors, the recipient, by exercising the shares, may acquire the shares at the value of the allotment date closing stock price.

The stock options can be exercised within the period that commences one year from the start date of the fiscal year in which the allotment date of the stock acquisition rights occurs and ends within 10 years from the allotment date. In principle, all stock options will be exercisable after three years or more have passed from the start date of the fiscal year in which the allotment date occurs.

The President/CEO of each SBU Headquarters serve as Corporate Executive Officers of the Company. By applying the above compensation design and setting mid-to 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 with a long-term perspective.

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 from those of Japan, the Company may adopt a compensation design or policy differing from the one described above.

However, only if the Compensation Committee, which is chaired by an Independent Director and has a majority of outside members, determines that this exception is necessary will a differing compensation design or policy be adopted.

In such a case, with regards to the BIP Trust, the vesting of shares may occur during the recipient's tenure in office, however, with regards to the vesting timing, when the vesting of shares occurs in a single installment, the timing of vesting of shares will not occur until at least two years or more have passed from the start date of the fiscal year in which the recipient is eligible to receive grants.

When the vesting of shares occurs in multiple installments, the period of the vesting of shares will not begin until at least one year or more has passed from the start date of the fiscal year in which the recipient is eligible to receive grants, and in such a case, the average length of the period required for the vesting to be completed shall be two years or more *.

* For example, the following schemes may be used to meet this requirement:
- Of the shares to be granted, one-third will be vested after one year, one-third after two years, and one-third after three years (in this case the average length of the period is two years); and
- Of the shares to be granted, one-quarter will be vested after one year, one-quarter after two years, one-quarter after three years, and one-quarter after four years (in this case the average length of the period is 2.5 years).

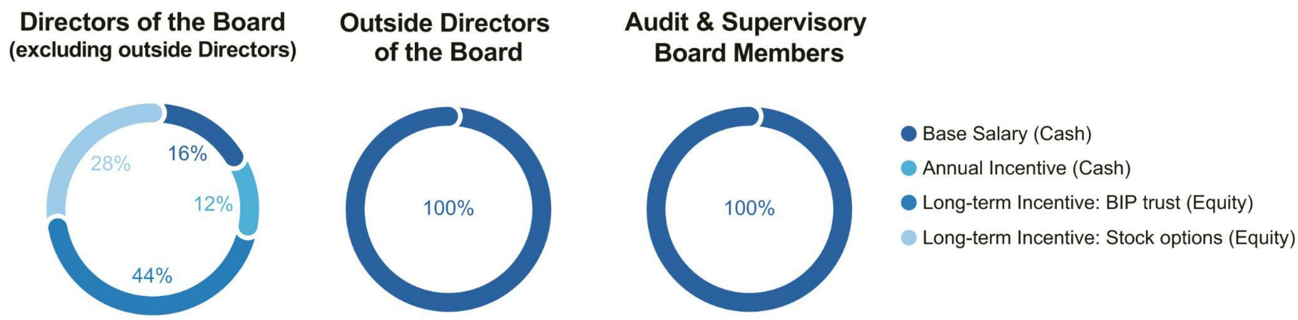
Ratio of Compensation Elements for FY2021

For FY2021, the following ratios of compensation elements are planned to be paid to Directors of the Board and Audit & Supervisory Board members.

In the case of Directors of the Board, excluding outside Directors, the achievement percentage of set targets will be reflected in their compensation. Their incentive ratio, especially for long-term incentives, increases in line with an increasing role and responsibility.
Compensation for outside Directors of the Board and Audit & Supervisory Board members consists of base salary only, not tied to performance, considering the importance of their role of oversight from an independent and objective standpoint.

The below compensation elements ratios are planned for FY2021:

	Base Salary (Cash)	Annual Incentive (Cash)	Long-term Incentive (Equity)	
			BIP Trust	Stock Options
Directors of the Board, excluding outside Directors [2]	16%	12%	44%	28%
Outside Directors of the Board	100%	-	-	-
Audit & Supervisory Board members	100%	-	-	-



1 The Ratio of Compensation Elements above is based on a model with a target achievement rate of 100%.

2 The percentage to be paid to Directors of the Board excluding outside Directors is shown as the average for the four applicable Directors.

3 In FY2020, the ratio of compensation elements for Directors of the Board, excluding outside Directors, was Base Salary (cash compensation) 20%, Annual Incentive (cash compensation) 13%, BIP Trust (equity compensation) 52%, and Stock Options (equity compensation) 15%. The ratio of outside Directors and Audit & Supervisory Board members paid was 100% Base Salary (cash compensation).

Governance

The Company has established a Compensation Committee as an advisory body to the Board of Directors. (From FY2021 the Evaluation and Compensation committees will be merged into the Compensation Committee.) The Compensation Committee is chaired by an independent Director of the Board and has a majority of outside members. This committee is established for the purpose of enhancing objectivity and transparency of compensation for Directors of the Board and Corporate Executive Officers.

The compensation amount for each Director is determined by the Board of Directors, taking into account reports by the Compensation Committee. The compensation for each Audit & Supervisory Board member is determined by the Audit & Supervisory Board based on consultation among its 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, Corporate Executive Officers, or Corporate Professional Officers (Corporate Executive Officers and Corporate Professional Officers are collectively referred to as “Senior Management”).

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.

Compensation for Directors of the Board and Senior Management

Types of compensation		Resolution date	Applicable recipients	Total amount and shares	Number of applicable recipients at the time of the resolution
Base Salary Annual Incentive		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
Long-term Incentive	BIP Trust[1]	June 17, 2021	Directors of the Board, excluding outside Directors	Total annual amount not to exceed 2.0 billion yen Not to exceed 700,000 shares annually	4 Directors of the Board, excluding outside Directors
	Stock Options[2]	June 17, 2021	Directors of the Board, excluding outside Directors	Total annual amount not to exceed 1.4 billion yen Annual number of stock options not to exceed 18,000 [3]	4 Directors of the Board, excluding outside Directors

1 As of the end of FY2020, the content that was approved at, and still in effect following the Annual Meeting of Shareholders of Recruit Holdings held on June 19, 2018, consists of the applicable parties which include Directors of the Board, Corporate Executive Officers and Corporate Professional Officers, and an annual amount of 2.5 billion yen (of which 200 million yen was set for outside Directors), with the annual number of shares equalling 2,221,800 (of which 177,600 shares were set for outside Directors). At the time of the resolution, the content applied to 6 Directors (of which 2 were outside Directors), and 8 Corporate Executive Officers who were not serving concurrently as Directors, and 0 Corporate Professional Officers.

2 As of the end of FY2020, the content that was approved at, and still in effect following the Annual Meeting of Shareholders of Recruit Holdings held on June 19, 2019, consists of the applicable parties which include Directors of the Board (excluding outside Directors), and the annual amount of 700 million yen, with an annual amount of 9,000 options. At the time of the resolution, the content applied to 5 Directors of the Board. Stock options for FY2020 are determined based on the content approved at the Annual Meeting of Shareholders of Recruit Holdings held on June 19, 2019.

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

Compensation for Audit & Supervisory Board Members

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

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 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 the policy for deciding the compensation of Directors of the Board and Corporate Executive Officers, and the details of the compensation structure based on discussions surrounding the calculation logic and exact calculated compensation range, in the Compensation Committee.

Individual compensation amounts for Directors of the Board other than the CEO, President, and Representative Director, are approved by the CEO, President, and Representative Director (Mr. Masumi

Minegishi for FY2020 compensation) to ensure efficient Board management. The authority to approve this decision is delegated to the CEO, President, and Representative Director following a resolution by the Board of Directors. The Compensation Committee ensures objectivity and transparency by having these matters confirmed.

Results for Compensation

Total Compensation Amount in FY2020

(In millions of yen, unless otherwise indicated)

Executive level	Total compensation	Amount of compensation by type				Allowance for retirement benefits, etc.[1]	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	1,276	183	74	760	211	46	6
Outside Directors of the Board	52	52	-	-	-	-	2
Audit & Supervisory Board members, excluding outside members	82	82	-	-	-	-	2
Outside Audit & Supervisory Board members	28	28	-	-	-	-	4

1 As part of the revision of the executive compensation plan, the Company abolished the executive retirement benefit plan for Directors and Audit & Supervisory Board members as of the conclusion of the Annual Meeting of Shareholders held on June 21, 2016. The Company has also resolved to pay retirement benefits to those who continue to serve from the Annual Meeting of Shareholders held on June 21, 2016. In connection with the above resolution, the amounts shown above include the retirement benefits paid to two Directors who retired during FY2020.

2 The amounts shown above are calculated based on IFRS.

Detailed Individual Compensation Amounts in FY2020

(In millions of yen)

Name	Company	Total compensation	Amount of compensation by type				Allowance for retirement benefits, etc.
			Cash compensation		Equity compensation		
			Base salary	Annual incentive	Long-term incentive		
					BIP trust	Stock option	
Directors of the Board, excluding outside Directors							
Masumi Minegishi	Recruit Holdings Co., Ltd.	538	108	34	309	86	-
Shogo Ikeuchi	Recruit Holdings Co., Ltd.	107	9	15	52	7	22
Hisayuki Idekoba	Recruit Holdings Co., Ltd.	246	28	6	166	44	-
	RGF OHR USA, Inc.	9	7	1	-	-	-
	Indeed, Inc.	43	35	8	-	-	-
	Total	299	71	16	166	44	-
Keiichi Sagawa	Recruit Holdings Co., Ltd.	108	9	15	52	7	23
Ayano Senaha	Recruit Holdings Co., Ltd.	82	26	2	38	13	-
	Indeed, Inc.	12	11	1	-	-	-
	Total	95	38	4	38	13	-
Rony Kahan	Recruit Holdings Co., Ltd.	193	-	-	141	51	-
	RGF OHR USA, Inc.	37	37	-	-	-	-
	Indeed, Inc.	6	6	-	-	-	-
	Total	236	43	-	141	51	
Outside Directors of the Board							
Naoki Izumiya	Recruit Holdings Co., Ltd.	26	26	-	-	-	-
Hiroki Totoki	Recruit Holdings Co., Ltd.	26	26	-	-	-	-
Audit & Supervisory Board members, excluding outside members							
Yukiko Nagashima	Recruit Holdings Co., Ltd.	41	41	-	-	-	-
Akihito Fujiwara	Recruit Holdings Co., Ltd.	41	41	-	-	-	-
Outside Audit & Supervisory Board members							
Hiroki Inoue	Recruit Holdings Co., Ltd.	3	3	-	-	-	-
Yoichiro Ogawa	Recruit Holdings Co., Ltd.	10	10	-	-	-	-
Katsuya Natori	Recruit Holdings Co., Ltd.	10	10	-	-	-	-
Yasuaki Nishiura	Recruit Holdings Co., Ltd.	3	3	-	-	-	-

* The amounts shown above are calculated based on IFRS.

Employees with Director Level Secondments

There are currently no employees with Director level secondments.

Targets for Compensation Paid in FY2020

The targets and results of the performance indicators related to performance-based annual bonuses paid in cash in FY2020 and long-term incentives granted in equity using the BIP trust scheme are as follows:

(In billions of yen, unless otherwise indicated)

		Performance indicators	Target	Actual
Annual Incentive[1]		Adjusted EBITDA for FY2019	From 310.0 to 330.0	325.1
Long-term Incentive	BIP Trust	Adjusted EBITDA for FY2019	From 310.0 to 330.0	325.1
		Adjusted EPS growth rate from FY2018 to FY2019	High Single Digits	13.0%

[1] In addition to the above, individual performance evaluations are reflected in annual incentives.
[2] Definition of adjusted EBITDA and adjusted EPS are shown at the beginning of this document.

Targets for Compensation to Be Paid in FY2021

The targets and results of performance indicators related to annual cash incentives scheduled to be paid in FY2021 and long-term incentives paid in equity scheduled to be granted using the BIP trust scheme in FY2021 are as follows:

(In billions of yen, unless otherwise indicated)

		Performance indicators	Target	Actual
Annual Incentive[1]		Adjusted EBITDA for FY2020	232.0	241.6
Long-term Incentive[2]	BIP Trust	Adjusted EBITDA for FY2020	232.0	241.6
		Adjusted EPS for FY2020	72.48 yen	82.56 yen

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

[2] As a result of the spread of Covid-19 and its impact on business performance, the BIP trust amount, which is linked to the business results for FY2020, has been capped to a maximum payout rate of 100%.

[3] Definition of adjusted EBITDA and adjusted EPS are shown at the beginning of this document.

Actions of the Board of Directors and Committees in FY2020

The Evaluation Committee and the Compensation Committee each met four times in FY2020, and all members of the Committees were in attendance. The main matters for deliberation and resolution are as follows:

- Compensation level and elements for executives
- Evaluation and determination of compensation of individual Directors

Of the Board of Directors meetings held in the current fiscal year, discussions were held four times on matters related to executive compensation.

When deciding the details of compensation for Directors, the Evaluation Committee and Compensation Committee conduct a multifaceted examination of the proposal and report to the Board of Directors. As the report is done in a manner that is consistent with our decision-making policy, the Board of Directors will adopt the proposal in keeping with the results of the report. We judge this process to be in keeping with our decision-making policy.

Stocks Held by the Company

Classification of Stocks Held by the Company

The Company classifies stocks for investment into those solely for investment purposes and those for other purposes.

Stocks held solely for investment purposes

Stocks held solely for investment purposes refers to stocks held for the purpose of generating capital gains through changes in stock prices or income through dividends related to the shares.

The Holding Company and Recruit Co., Ltd. don't hold stocks solely for investment purposes.

Stocks held for other purposes

Stocks held for other purposes are classified as strategic shareholdings and deemed shareholdings.

- Strategic shareholdings refer to shares held for maintaining or strengthening business relationships important to business strategies. The Holding Company and Recruit Co., Ltd. hold strategic shareholdings.
- The Holding Company and Recruit Co., Ltd. don't hold deemed shareholdings.

Policy of Strategic Shareholdings

In principle, the Company's policy is to reduce strategic shareholdings. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, and other factors. The Board of Directors scrutinizes these shareholdings once a year and deliberates the reduction of these holdings if they do not meet the above criteria.

Exercising voting rights of strategic shareholdings is to be carried out appropriately upon verifying the agenda item and judging whether or not such proposed item contributes to improvement of shareholder value. If the agenda item significantly damages expected shareholder value, the Company will not judge it positively. If the Company casts a dissenting vote to an agenda item, it will be reported to the Board of Directors.

If a company that holds shares of the Company as strategic shareholdings indicates the intention to sell the shares, the Company will do nothing to hinder the sale, such as indicating resulting reductions in business transactions between the companies.

Furthermore, the Company does not conduct business transactions that may harm the shared interests of the Company and its shareholders, such as continuing business transactions with companies that are strategic shareholders without adequately verifying the economic rationality of the transactions.

Stocks Held for Purposes Other than Pure Investment by the Holdings Company

The Holding Company holds the largest amount of stocks held by the Company on the Balance Sheet of the Company.

Number of Strategic Shareholding Issuers and their Amount on the Balance Sheet as of March 31, 2021

	Number of issuers	Amount on the balance sheet (In millions of yen)
Unlisted	3	620
Listed	12	79,272

Increased Strategic Shareholdings During FY2020[1]

	Number of issuers	Total purchase amount for increase in number of shares (In millions of yen)	Reason for increase in number of shares
Unlisted	1	0	Transfer of shares from affiliated companies
Listed	1	5,450	Additional investment

Decreased Strategic Shareholdings During FY2020[1]

	Number of issuers	Total proceeds from sale for decrease in number of shares (In millions of yen)
Unlisted	1	1
Listed	3	4,804

1 These do not include changes due to initial public offering of shares, consolidation of shares, split of shares, share transfer, share exchange, merger, etc.

Listed Issuers with Strategic Shares Held by the Holdings Company

Name of Issuer	As of March 31		Purpose and quantitative effect of holding[1], and reason for increase in number of shares	Ownership of Recruit Holdings' shares
	FY2020	FY2019		
	Number of shares	Number of shares		
	Amount on balance sheet (In millions of yen)	Amount on balance sheet (In millions of yen)		
Yeahka Limited	39,051,196	-	To enhance business relationship. Yeahka Limited is a leading technology platform company in China that provides payment and merchant support services, and is an important partner for the Company. Transferred from unlisted to listed issuers in FY2020, as it became listed on the Hong Kong Stock Exchange in June 2020.	No
	29,750	-		
Dentsu Group Inc.	4,929,900	4,929,900	To enhance business relationship	Yes
	17,501	10,288		
Nippon Television Holdings, Inc.	6,454,600	6,454,600	To enhance business relationship	No[2]
	9,384	7,777		
TBS HOLDINGS, INC.[3]	2,666,900	2,666,900	To enhance business relationship	No[2]
	5,792	4,011		
Monex Group, Inc.	5,720,000	5,720,000	To enhance business relationship	No
	5,342	978		
TV Asahi Holdings Corporation	1,600,000	2,100,000	To enhance business relationship	Yes
	3,329	3,427		
Toppan Printing CO., LTD.	1,552,300	1,552,300	To enhance business relationship	Yes
	2,902	2,570		
Dai Nippon Printing Co., Ltd.	1,232,500	1,232,500	To enhance business relationship	Yes
	2,858	2,835		
FUJI MEDIA HOLDINGS, INC.	1,081,000	1,081,000	To enhance business relationship	Yes
	1,464	1,164		
All About, Inc.	984,900	984,900	To enhance business relationship	No
	852	458		
Oji Holdings Corporation	83,000	83,000	To enhance business relationship	No[4]
	59	48		
Kyodo Printing Co., Ltd.	11,000	11,000	To enhance business relationship	Yes
	32	29		
58.com Inc.	-	920,000	To enhance business relationship	No
	-	2,439		
LIFENET INSURANCE COMPANY	-	1,250,000	To enhance business relationship	No
	-	748		

1 The Company holds shares in other companies for strategic purposes, that is, maintaining and strengthening business relationships. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, and other factors.

2 This issuer does not hold shares of Recruit Holdings, but its subsidiaries hold shares of Recruit Holdings.

3 The trade name was changed on October 1, 2020, from TOKYO BROADCASTING SYSTEM HOLDINGS, INC. to TBS HOLDINGS, INC.

4 This issuer does not hold shares of Recruit Holdings, but retirement benefit trusts of its subsidiaries hold shares of Recruit Holdings.

Stocks Held for Other Purposes than Pure Investment by Recruit Co., Ltd.

Recruit Co., Ltd. holds the second largest amount of investment stocks on the Balance Sheet in the Company.

Number of Strategic Shareholdings Issuers and their Balance Sheet Amount as of March 31, 2021

	Number of issuers	Amount on the balance sheet (In millions of yen)
Unlisted	3	1,345
Listed	5	31,003

Increased Strategic Shareholdings During FY2020[1]

	Number of issuers	Total purchase amount for increase in number of shares (In millions of yen)	Reason for increase in number of shares
Unlisted	-	-	-
Listed	1	0	Purchase through client stock ownership association

Decreased Strategic Shareholdings During FY2020[1]

Not applicable.

1 These do not include changes due to initial public offering of shares, consolidation of shares, split of shares, share transfer, share exchange, merger, etc.

Listed Issuers with Strategic Shares Held by Recruit Co., Ltd.

Name of Issuer	As of March 31		Purpose and quantitative effect of holding[1], and reason for increase in number of shares	Ownership of Recruit Holdings' share
	FY2020	FY2019		
	Number of shares	Number of shares		
	Amount on balance sheet (In millions of yen)	Amount on balance sheet (In millions of yen)		
freee K.K.	2,277,267	2,277,267	To enhance business relationship. Freee K.K. is one of the leading SaaS business companies in Japan that provides integrated cloud ERP (Enterprise Resource Planning) for SMEs, and is an important partner for Recruit Co., Ltd. to promote SaaS Solutions including Air BusinessTools in Japan, which is one of the Company's business strategies.	No
	21,406	7,856		
Oisix ra daichi Inc.	2,648,000	2,648,000	To enhance business relationship	No
	7,718	3,921		
Premium Group Co., Ltd.	600,000	600,000	To enhance business relationship	No
	1,447	972		
Quick Co., Ltd.	302,185	301,532	To enhance business relationships. The reason for the increase in the number of shares is because the shares were held through the client stock ownership association and the dividends on the shares were reinvested.	Yes
	372	296		
TSUNAGU GROUP HOLDINGS Inc.	186,300	186,300	To enhance business relationship	No
	57	64		

1 The Company holds shares in other companies for strategic purposes, that is, maintaining and strengthening business relationships. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, and other factors.

Financial Information

Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

- The consolidated financial statements of the Company have been prepared in accordance with IFRS, based on the provisions set forth in Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976, the “Ordinance on Consolidated Financial Statements”).
- The non-consolidated financial statements of the Company have been prepared based on the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963, the “Ordinance on Financial Statements, etc.”). Recruit Holdings falls under a special company submitting financial statements and prepares the non-consolidated financial statements pursuant to Article 127 of the Ordinance on Financial Statements, etc.

Audit Certificate

Pursuant to the provisions set forth in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the year ended March 31, 2021 have been audited by Ernst & Young ShinNihon LLC.

Special Efforts to Ensure Appropriateness of Consolidated Financial Statements and Establishment of System for Preparing Consolidated Financial Statements Appropriately Based on IFRS

The Company has taken special efforts to ensure the appropriateness of consolidated financial statements and has worked to establish a system for appropriately preparing consolidated financial statements based on IFRS. The details are as follows:

- In order to properly understand the content of accounting standards and establish a system that can respond appropriately to revisions to accounting standards, the Company has joined the Financial Accounting Standards Foundation and has participated in seminars held by organizations with expertise.
- In order to prepare appropriate consolidated financial statements based on IFRS, the Company works to keep itself updated about the latest IFRS by obtaining press releases and standards disclosed by the International Accounting Standards Board. In addition, the Company develops internal rules and manuals to comply with IFRS and applies them in its accounting treatment.

Consolidated Financial Statements and Notes

Consolidated Statements of Financial Position

(In millions of yen)

	Notes	As of March 31, 2020	As of March 31, 2021
Assets			
Current assets			
Cash and cash equivalents	6	421,253	501,043
Trade and other receivables	7, 28	327,614	342,259
Other financial assets	8, 28	40,119	39,043
Other assets	9	40,991	45,170
Total current assets		**829,979**	**927,517**
Non-current assets			
Property and equipment	10	92,200	81,290
Right-of-use assets	12	258,230	283,674
Goodwill	11	383,163	399,361
Intangible assets	11	216,388	206,793
Investments in associates and joint ventures		64,614	72,373
Other financial assets	8, 28	120,656	183,016
Deferred tax assets	13	27,931	38,350
Other assets	9	5,752	4,235
Total non-current assets		**1,168,938**	**1,269,096**
Total assets		**1,998,917**	**2,196,613**

(In millions of yen)

	Notes	As of March 31, 2020	As of March 31, 2021
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	14, 28	219,021	243,905
Bonds and borrowings	15, 28	24,551	54,673
Lease liabilities	12, 28	31,459	36,415
Other financial liabilities	28	816	779
Income tax payables		16,850	20,662
Provisions	17	5,810	11,509
Other liabilities	16	213,223	235,224
Total current liabilities		**511,733**	**603,172**
Non-current liabilities			
Bonds and borrowings	15, 28	112,148	58,106
Lease liabilities	12, 28	240,254	268,574
Other financial liabilities	28	2,043	895
Provisions	17	9,489	11,331
Net liability for retirement benefits	18	53,459	57,039
Deferred tax liabilities	13	52,912	71,839
Other liabilities	16	21,132	24,365
Total non-current liabilities		**491,440**	**492,152**
Total liabilities		**1,003,174**	**1,095,324**
Equity			
Equity attributable to owners of the parent			
Common stock	19	40,000	40,000
Share premium	19	18,904	17,422
Retained earnings	19	1,067,492	1,201,573
Treasury stock	19	(113,244)	(180,148)
Other components of equity		(24,702)	12,723
Total equity attributable to owners of the parent		**988,449**	**1,091,571**
Non-controlling interests		**7,293**	**9,717**
Total equity		**995,743**	**1,101,289**
Total liabilities and equity		**1,998,917**	**2,196,613**

Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise indicated)

	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Revenue	21	**2,399,465**	**2,269,346**
Cost of sales		1,106,249	1,123,653
Gross profit		**1,293,215**	**1,145,693**
Selling, general and administrative expenses	22	1,045,380	983,076
Other operating income		5,766	21,462
Other operating expenses	23	47,589	21,255
Operating income		**206,011**	**162,823**
Share of profit (loss) of associates and joint ventures		3,617	6,468
Gain (loss) on change in ownership interests in associates	24	12,326	257
Finance income		7,503	2,896
Finance costs		3,309	3,944
Profit before tax		**226,149**	**168,502**
Income tax expense	13	44,899	36,812
Profit for the year		**181,249**	**131,690**
Profit attributable to:			
Owners of the parent		179,880	131,393
Non-controlling interests		1,369	296
Profit for the year		**181,249**	**131,690**
Earnings per share attributable to owners of the parent			
Basic earnings per share (Yen)	26	108.27	79.83
Diluted earnings per share (Yen)	26	108.07	79.70

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Profit for the year		181,249	131,690
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in financial assets measured at fair value through other comprehensive income	25, 29	(5,998)	43,955
Remeasurements of defined retirement benefit plans	18, 25	537	(1,085)
Share of other comprehensive income of associates and joint ventures	25	(46)	347
Subtotal		**(5,507)**	**43,217**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	25	(22,407)	34,187
Effective portion of changes in fair value of cash flow hedges	25	(363)	(84)
Subtotal		**(22,771)**	**34,103**
Other comprehensive income (loss) for the year, net of tax		(28,278)	77,321
Comprehensive income for the year		**152,970**	**209,011**
Comprehensive income attributable to:			
Owners of the parent		151,649	208,633
Non-controlling interests		1,321	377
Total comprehensive income		**152,970**	**209,011**

Consolidated Statements of Changes in Equity

Statement of Changes in Equity for the Year Ended March 31, 2020

(In millions of yen)

	Notes	Equity attributable to owners of the parent						
						Other components of equity		
		Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2019		10,000	49,136	942,449	(32,378)	4,132	(8,198)	635
Profit for the year				179,880				
Other comprehensive income							(22,359)	(363)
Comprehensive income for the year		-	-	179,880	-	-	(22,359)	(363)
Transfer from share premium to common stock		30,000	(30,000)					
Transfer from other components of equity to retained earnings				(5,507)				
Purchase of treasury stock	19		(227)		(81,119)			
Disposal of treasury stock			(2)		253	(246)		
Dividends	20			(49,269)				
Share-based payments	27					1,697		
Other			(1)	(58)				
Transactions with owners - total		30,000	(30,232)	(54,836)	(80,866)	1,451	-	-
Balance at March 31, 2020		40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271

	Notes	Equity attributable to owners of the parent				Non-controlling interests	Total equity
		Other components of equity			Total		
		Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans	Total			
Balance at April 1, 2019		-	-	(3,431)	965,775	6,475	972,251
Profit for the year				-	179,880	1,369	181,249
Other comprehensive income		(6,044)	537	(28,230)	(28,230)	(48)	(28,278)
Comprehensive income for the year		(6,044)	537	(28,230)	151,649	1,321	152,970
Transfer from share premium to common stock				-	-		-
Transfer from other components of equity to retained earnings		6,044	(537)	5,507	-		-
Purchase of treasury stock	19			-	(81,346)		(81,346)
Disposal of treasury stock				(246)	4		4
Dividends	20			-	(49,269)	(538)	(49,808)
Share-based payments	27			1,697	1,697		1,697
Other				-	(60)	35	(25)
Transactions with owners - total		6,044	(537)	6,959	(128,975)	(502)	(129,477)
Balance at March 31, 2020		-	-	(24,702)	988,449	7,293	995,743

Statement of Changes in Equity for the Year Ended March 31, 2021

(In millions of yen)

	Notes	Equity attributable to owners of the parent						
						Other components of equity		
		Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2020		40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271
Profit for the year				131,393				
Other comprehensive income							34,106	(84)
Comprehensive income for the year		-	-	131,393	-	-	34,106	(84)
Transfer from other components of equity to retained earnings				43,217				
Purchase of treasury stock	19		(132)		(70,504)			
Disposal of treasury stock			(1,226)		3,601	(2,224)		
Dividends	20			(40,394)				
Share-based payments	27					5,628		
Equity transactions with non-controlling interests								
Other			(123)	(135)				
Transactions with owners - total		-	(1,482)	2,687	(66,903)	3,403	-	-
Balance at March 31, 2021		40,000	17,422	1,201,573	(180,148)	8,987	3,548	187

	Notes	Equity attributable to owners of the parent				Non-controlling interests	Total equity
		Other components of equity			Total		
		Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans	Total			
Balance at April 1, 2020		-	-	(24,702)	988,449	7,293	995,743
Profit for the year				-	131,393	296	131,690
Other comprehensive income		44,303	(1,085)	77,239	77,239	81	77,321
Comprehensive income for the year		44,303	(1,085)	77,239	208,633	377	209,011
Transfer from other components of equity to retained earnings		(44,303)	1,085	(43,217)	-		-
Purchase of treasury stock	19			-	(70,636)		(70,636)
Disposal of treasury stock				(2,224)	149		149
Dividends	20			-	(40,394)		(40,394)
Share-based payments	27			5,628	5,628		5,628
Equity transactions with non-controlling interests				-	-	2,025	2,025
Other				-	(258)	20	(237)
Transactions with owners - total		(44,303)	1,085	(39,813)	(105,511)	2,046	(103,465)
Balance at March 31, 2021		-	-	12,723	1,091,571	9,717	1,101,289

Consolidated Statements of Cash Flows

(In millions of yen)

	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Cash flows from operating activities			
Profit before tax		226,149	168,502
Depreciation and amortization		115,762	119,991
(Gain) loss on change in ownership interests in associates	24	(12,326)	(257)
(Increase) decrease in trade and other receivables		5,372	(2,527)
Increase (decrease) in trade and other payables		9,776	19,181
Other	8, 9	23,305	20,961
Subtotal		**368,039**	**325,851**
Interest and dividends received		6,031	2,422
Interest paid		(3,304)	(3,558)
Income taxes paid		(67,440)	(38,117)
Net cash provided by operating activities		**303,325**	**286,597**
Cash flows from investing activities			
Payment for purchase of property and equipment		(34,657)	(14,015)
Proceeds from sale of property and equipment		2	20,209
Payment for purchase of intangible assets		(48,602)	(44,299)
Other		(5,734)	(2,267)
Net cash used in investing activities		**(88,993)**	**(40,373)**
Cash flows from financing activities			
Repayments of long-term borrowings	30	(24,957)	(24,957)
Repayments of lease liabilities	30	(39,096)	(40,849)
Payment for purchase of treasury stock	19	(81,346)	(70,667)
Dividends paid	20	(49,268)	(40,414)
Other	30	1,948	4,175
Net cash used in financing activities		**(192,721)**	**(172,713)**
Effect of exchange rate changes on cash and cash equivalents		(3,269)	6,280
Net increase (decrease) in cash and cash equivalents		18,342	79,790
Cash and cash equivalents at the beginning of the year	6	402,911	421,253
Cash and cash equivalents at the end of the year	**6**	**421,253**	**501,043**

Notes to Consolidated Financial Statements

1 Reporting Entity

Recruit Holdings Co., Ltd. (the “Holding Company” or “Recruit Holdings”) is a stock company incorporated under the Companies Act of Japan and domiciled in Japan. The addresses of its registered headquarters and principal business locations are disclosed on its website (https://recruit-holdings.com/). The details of businesses and principal activities of the Holding Company and its subsidiaries (the “Company”) are described in “5 Operating Segments.”

The Company’s consolidated financial statements for the year ended March 31, 2021 were approved on June 17, 2021 by Hisayuki Idekoba, CEO, President and Representative Director of the Board, and Ayano Senaha, Managing Corporate Executive Officer in charge of Finance and Director of the Board.

2 Basis of Preparation

Compliance with IFRS

The Company’s consolidated financial statements are prepared in conformity with IFRS. The Company applies the provisions of Article 93 of the Ordinance on Consolidated Financial Statements since it meets the requirements of the “Specified Company applying Designated IFRS” prescribed in Article 1-2 of the same ordinance.

Basis of Measurement

The consolidated financial statements of the Company are prepared on a historical cost basis except for certain assets and liabilities including financial instruments that are measured at fair value as described in “3 Significant Accounting Policies.”

Functional Currency and Presentation Currency

The consolidated financial statements of the Company are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded down to the nearest million yen.

3 Significant Accounting Policies

Unless otherwise indicated, the following accounting policies have been applied to all the periods stated in the consolidated financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and the Company’s equity in its associates. In cases where the accounting policies applied by a subsidiary or an associate are different from those applied by the Company, adjustments are made to the subsidiary’s or the associate’s financial statements as necessary. Intragroup balances of receivables and payables, intragroup transactions, and unrealized gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries

A subsidiary is an entity that is controlled by the Company. Control is achieved if the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company obtains control of a subsidiary on its acquisition date, and the subsidiary is included in the consolidation from such date until the date on which the Company loses control. A subsidiary with a different closing date is consolidated based on its provisional financial statements as of the consolidated closing date. Changes in the ownership interest of a subsidiary without a loss of control are accounted for as equity transactions. Any difference between the adjustment of non-controlling interests and the fair value of the consideration received is recognized directly in equity as the equity attributable to owners of the parent. Any gain or loss arising on the loss of control is recognized in profit or loss. Comprehensive income of a subsidiary is allocated to the equity attributable to owners of the parent and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Associates

An associate is an entity over which the Company has significant influence but does not have control or joint control. An associate is accounted for using the equity method from the date on which the Company obtains significant influence until the date on which it loses such influence.

Business Combinations

The Company accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer, including any contingent consideration, if applicable.

Identifiable assets acquired and liabilities assumed in a business combination are measured at fair value at the acquisition date.

Acquisition-related costs incurred in a business combination are expensed in profit or loss as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Company’s previously held equity interest in the acquiree, over the fair value of the net identifiable assets and liabilities assumed at the acquisition date.

If the initial accounting for a business combination is incomplete by the consolidated closing date, the Company reports provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period does not exceed one year from the acquisition date.

Effects of Changes in Foreign Exchange Rates

The Company's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Holding Company. Each entity in the Company determines its own functional currency and the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into the functional currency of each of the subsidiaries and the associates at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the closing date. Non-monetary assets and liabilities measured at historical cost that are denominated in foreign currencies are translated into the functional currency using the exchange rates at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated using the spot exchange rates at the date when the fair value is determined. Differences arising from the translation and settlement are recognized as profit or loss. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange difference is also recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated using the spot exchange rate at the closing date, while income and expenses of foreign operations are translated using the spot exchange rate at the date of the transaction or a rate that approximates such rate. The resulting translation differences are recognized as other comprehensive income. In cases where a foreign operation is disposed of, the cumulative amount of translation differences related to the foreign operation is recognized in profit or loss on disposal.

Financial Instruments

Financial Assets

Recognition, Classification and Measurement of Financial Assets

Financial assets are recognized when the Company becomes a party to the contract of the financial instruments. The Company measures all financial assets at fair value at initial recognition and classifies them as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income ("FVTOCI financial assets"), or financial assets measured at fair value through profit or loss ("FVTPL financial assets").

Financial Assets Measured at Amortized Cost

The Company classifies financial assets that satisfy the following conditions as financial assets measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized as the sum of the fair value and transaction costs, and subsequently measured at amortized cost using the effective interest method less impairment losses. Interest income, gains or losses on derecognition, and impairment losses are recognized as finance income or costs.

FVTOCI Financial Assets

FVTOCI Debt Financial Assets

The Company classifies debt financial assets that satisfy the following conditions as FVTOCI debt financial assets measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI debt financial assets are initially recognized as the sum of the fair value and transaction costs, and subsequent changes in fair value (other than impairment losses) are recognized in other comprehensive income. The cumulative amount in other comprehensive income is reclassified to profit or loss upon derecognition of the asset. Interest income, gains or losses on derecognition, and impairment losses are recognized as finance income or costs in profit or loss.

FVTOCI Equity Financial Assets

Of financial assets measured at fair value, the Company classifies equity financial assets for which the Company has made an irrevocable election at initial recognition to present subsequent fair value changes in other comprehensive income as FVTOCI equity financial assets measured at fair value through other comprehensive income. The Company, in principle, designates all equity financial assets as FVTOCI equity financial assets.

FVTOCI equity financial assets are initially recognized as the sum of the fair value and transaction costs. Subsequent changes in fair value as well as gains or losses on derecognition are recognized in other comprehensive income, and their cumulative amount is immediately reclassified to retained earnings after being recognized in other components of equity.

Dividends received on FVTOCI equity financial assets are recognized as finance income when entitlement to the dividends is established, except for cases where the dividend clearly represents the recovery of the cost of investment.

FVTPL Financial Assets

The Company classifies all financial assets including derivatives as FVTPL financial assets unless these are measured at amortized cost as stated above or at fair value through other comprehensive income.

FVTPL financial assets are initially recognized at fair value, and any subsequent changes in fair value as well as any gains or losses on disposal are recognized as finance income or costs in profit or loss.

Impairment of Financial Assets

The Company recognizes a provision for expected credit losses on financial assets measured at amortized cost or FVTOCI debt financial assets.

The Company assesses at the end of each reporting period whether credit risk on a financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has increased significantly since initial recognition, the provision for that financial asset is measured at an amount equal to lifetime expected credit losses. If credit risk has not increased significantly, the provision is measured at an amount equal to 12-month expected credit losses. Whether credit risk has increased significantly or not is determined based on changes in default risk.

For trade receivables that do not contain a significant financing component, the provision is measured at an amount equal to lifetime expected credit losses under a simplified approach, based on historical evidence of credit losses, regardless of changes in the credit risk.

Derecognition

The Company derecognizes a financial asset when the contractual rights to cash flows arising from the financial asset expire or substantially all the risks and rewards of ownership of the financial asset are transferred.

Interests in a transferred financial asset which are created or retained by the Company are recognized separately as assets or liabilities.

Financial Liabilities

Recognition, Classification and Measurement of Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contract of the financial instruments. The Company measures all financial liabilities at fair value at initial recognition and classifies them as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss (“FVTPL financial liabilities”).

Financial Liabilities Measured at Amortized Cost

The Company classifies all financial liabilities as financial liabilities measured at amortized cost, except for:

・FVTPL financial liabilities (including derivative liabilities)

・financial guarantee contracts

・contingent consideration recognized in a business combination

Financial liabilities measured at amortized cost are initially recognized as the fair value less transaction costs, and subsequently measured at amortized cost using the effective interest method.

FVTPL Financial Liabilities

FVTPL financial liabilities are initially recognized at fair value and any subsequent changes in fair value are recognized as finance income or costs in profit or loss, unless hedge accounting criteria are met.

Derecognition

The Company derecognizes financial liabilities when the obligations are discharged, canceled, or expired.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derivatives and Hedge Accounting

Derivatives

To hedge the risks from fluctuations in interest rates and foreign exchange rates, the Company enters into derivative contracts, including interest rate swaps, currency swaps and forward foreign exchange contracts. These derivatives are initially recognized as assets or liabilities at fair value at the date on which the contracts are entered into, and subsequently measured at fair value at the end of the reporting period. The changes in the fair value of derivatives (gains and losses on valuation of derivatives) are immediately recognized in profit or loss if hedge accounting is not applied. The changes in the fair value of derivatives for hedging the risks from fluctuations in foreign exchange rates are presented in the consolidated statements of profit or loss after being offset by exchange differences (foreign exchange gains and losses) of monetary items denominated in foreign currencies that arise from fluctuations in foreign exchange rates.

Hedge Accounting

When the hedging relationships meet the qualifying criteria, the Company applies hedge accounting to the hedging relationships. When accounting for cash flow hedges, the effective portion of changes in the fair value arising from the derivatives is recognized in other comprehensive income, and the cumulative amount is recognized in other components of equity. The amount recognized in other components of equity is reclassified to profit or loss in order to offset the effects arising when the hedged item is recognized in profit or loss. The ineffective portion of changes in the fair value arising from the derivatives as cash flow hedges is immediately recognized in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments due within three months from the date of acquisition that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses by using the cost model.

The costs of property and equipment include those directly attributable to the acquisition of the asset and the estimate of the costs of dismantlement, removal and restoration.

Property and equipment are depreciated using the straight-line method over the useful life of each significant component of the asset. The depreciation method, useful lives and residual values are reviewed at the end of each fiscal year, and the effects of any changes in estimates, if any, are accounted for as changes in accounting estimates prospectively from the period of the change and future periods.

Major useful lives of property and equipment are as follows:

- Buildings and structures: 2 to 50 years
- Tools, furniture and fixtures: 2 to 20 years

Intangible Assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses by using the cost model.

Intangible assets acquired separately are measured at cost at initial recognition. Identifiable intangible assets acquired through business combinations separately from goodwill are measured at fair value at the date on which the Company obtains control.

Expenditures on research activities are expensed as incurred. Expenditures on development activities are capitalized only if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the Company's intention to complete the intangible asset, and use or sell it
- the Company's ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefit
- the availability of adequate technical, financial and other resources to complete the development to use or sell the intangible asset
- the Company's ability to measure reliably of the expenditure attributable to the intangible asset during its development

Intangible assets with definite useful lives are amortized using the straight-line method over their useful lives. The amortization method and useful lives are reviewed at the end of each fiscal year, and the effects of any changes in the estimates are accounted for as changes in accounting estimates, if any, prospectively from the period of the change and future periods. Intangible assets with indefinite useful lives are not amortized.

Major useful lives of intangible assets are as follows:

- Software: 5 years
- Customer-related assets: 2 to 15 years

Leases

At the inception of a lease contract, the Company assesses whether the contract is, or contains, a lease based on the substance of the contract.

A lease liability is recognized and measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is measured by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made and remeasuring the carrying amount as necessary to reflect lease modifications. The lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if it is reasonably certain to be exercised, and periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses by applying the cost model. The cost of a right-of-use asset includes the amount of the initial measurement of the lease liability at the commencement date, any lease payments made at or before the commencement date, and restoration costs required by the lease contract. Right-of-use assets are depreciated using the straight-line method over the lease term. The lease term is reassessed upon the occurrence of a significant event or a significant change in circumstances that affects whether the lessee is reasonably certain to exercise the extension or termination option. When the lease term is modified, the lease liability will be remeasured and, in principle, the amount of right-of-use assets will be adjusted.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets.

Impairment of Property and Equipment and Intangible Assets

At the end of each reporting period, the Company assesses whether there is any indication that property and equipment and intangible assets with definite useful lives may be impaired. If any such indication exists, impairment tests are performed to assess the recoverable amount of the asset or the cash-generating unit ("CGU") to which it belongs. Intangible assets with indefinite useful lives and those not yet available for use are not amortized, and tested for impairment annually, irrespective of whether there is any indication of impairment, or whenever there is an indication of impairment.

The recoverable amount is measured at the higher of an asset or CGU's fair value less costs of disposal and its value in use. The value in use is calculated by discounting the estimated future cash flows to their present value with a pre-tax discount rate that reflects the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an individual asset or a CGU falls below its carrying amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized as "Other operating expenses" in the consolidated statements of profit or loss. For property and equipment and intangible assets for which impairment losses were recognized in the prior fiscal years, the Company assesses at the closing date whether there is any indication of a reversal of an impairment loss. If there is an indication of a reversal of an impairment loss, and the recoverable amount of an individual asset or a CGU exceeds its carrying amount, the impairment loss is reversed up to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in the prior fiscal years.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to a CGU or a group of CGUs that is expected to benefit from the synergies of the business combination. A CGU or a group of CGUs to which goodwill is allocated is determined based on the lowest level unit at which the goodwill is monitored for internal management purposes, and which is not larger than an operating segment.

The Company performs an impairment test for the CGU or the group of CGUs to which goodwill was allocated at a specified point of time in each fiscal year or whenever there is an indication of impairment. If the recoverable amount of a CGU or a group of CGUs falls below its carrying amount in an impairment test, the difference is recognized as an impairment loss. In recognizing the impairment loss, the carrying amount of goodwill allocated to the CGU or the group of CGUs is reduced and then the carrying amounts of the other assets in the CGU or the group of CGUs are reduced pro rata on the basis of the carrying amount of each asset. An impairment loss for goodwill is recognized in profit or loss as "Other operating expenses" and is not reversed in a subsequent period.

Non-current Assets Held for Sale

An asset or asset group for which the value is expected to be recovered through a sale transaction rather than through continuing use is classified as a non-current asset or disposal group held for sale if (i) it is highly probable that the asset or asset group will be sold within one year, (ii) the asset or asset group is available for immediate sale in its present condition, and (iii) the Company's management has made a commitment to sell the asset or asset group. Non-current assets held for sale are not depreciated or amortized and are measured at the lower of their carrying amount and fair value less costs to sell.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Where the effect of the time value of money is material, the amount of provisions is measured at the present value of the expenditures expected to be required to settle the obligations. In calculating the present value, the Company uses a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Post-employment Benefits

The Company operates defined contribution plans and defined benefit plans as retirement benefit plans for employees.

Defined Contribution Plans

Retirement benefit costs for defined contribution plans are recognized in profit or loss for the period over which employees render services.

Defined Benefit Plans

For each defined benefit plan, the Company calculates the present value of defined benefit obligations and the related current service cost and past service cost using the projected unit credit method and recognizes them as an expense. A discount rate is determined by reference to the closing-date market yields on high quality corporate bonds for the period corresponding to the discount period, which is set on the basis of the period until the expected date of benefit payment in each future fiscal year. Net interest on the net defined benefit liability is recorded as cost of sales or selling, general and administrative expenses. Remeasurements of the net defined benefit liability, which are incurred in the current period are recognized as other comprehensive income, and their cumulative amount is immediately reclassified to retained earnings after being recognized in other components of equity.

Equity

Common Stock and Share Premium

For equity instruments issued by the Company, their issue prices are recorded in common stock and share premium, and the transaction cost (net of related tax effects) directly attributable to the issuance is deducted from common stock and share premium proportionally on the basis of the issue price.

Treasury Stock

When shares of treasury stock are acquired, the consideration paid including the transaction cost (net of related tax effects) directly attributable to the acquisition is recognized as a deduction from equity. When shares of treasury stock are sold, the consideration received is recognized as an increase in equity.

Share-based Payment

The Company has introduced an equity-settled equity compensation plan as an equity compensation plan.

Equity-settled Stock Options

The Company grants equity-settled stock options as an incentive plan for the Directors of the Board, Corporate Executive Officers and Corporate Professional Officers (Corporate Executive Officers and Corporate Professional Officers are collectively referred to as “Senior Management”) of Recruit Holdings. The Company recognizes the services received as consideration for the stock options as an expense, and the corresponding amount is recognized as an increase in equity. The expense is estimated at the fair value of the stock options at the grant date. The fair value is calculated, taking into account the terms and conditions of the options, primarily by using the Black-Scholes model.

Equity-settled Board Incentive Plan (“BIP”) Trust

The Company has introduced an equity-settled BIP Trust as an incentive plan for Directors of the Board and Senior Management of Recruit Holdings and some of its subsidiaries. Consideration for services received is measured with reference to the fair value of shares of Recruit Holdings’ common stock at the grant date and is recognized as an expense over the vesting period while the corresponding amount is recognized as an increase in equity.

Equity-settled Employee Stock Ownership Plan (“ESOP”) Trust

The Company has introduced an equity-settled ESOP Trust as an incentive plan for employees of its subsidiaries. Consideration for services received is measured with reference to the fair value of shares of Recruit Holdings’ common stock at the grant date and is recognized as an expense over the vesting period while the corresponding amount is recognized as an increase in equity. The fair value at the grant date is determined at the market price of the shares adjusted for expected dividends.

Revenue Recognition

The Company recognizes revenue based on the following five-step approach. The details of revenue recognition in each business are described in “21 Revenue.”

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The incremental costs of obtaining a contract are recognized as an asset (“asset recognized for costs of obtaining contracts”) if those costs are expected to be recoverable. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

An asset recognized for costs of obtaining contracts is amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates, unless the amortization period of the asset is one year or less. If the amortization period of the asset is one year or less, the incremental costs of obtaining a contract are expensed when incurred by using the practical expedient in IFRS 15.

Income Taxes

Income tax expense is a sum of current tax expense and deferred tax expense and recognized in profit or loss, except for taxes arising from items that are directly recognized in other comprehensive income or in equity and taxes arising from business combinations.

Current Tax Expense

Current tax expense is measured at the amount expected to be paid to or refunded from the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the closing date.

Deferred Tax Expense

Deferred tax expense is calculated based on the temporary differences between the tax base for assets and liabilities and their carrying amount for accounting purposes at the closing date. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized, in principle, for all taxable temporary differences.

Deferred tax assets are not recognized for the following temporary differences:

- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and affect neither accounting profit nor taxable profit (tax loss) at the time of transaction, and
- deductible temporary differences arising from investments in subsidiaries and associates where it is probable that the temporary difference will not reverse in the foreseeable future or it is not probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities are not recognized for the following temporary differences:

- temporary differences arising from the initial recognition of goodwill,
- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and affect neither accounting profit nor taxable profit (tax loss) at the time of transaction, and
- taxable temporary differences arising from investments in subsidiaries and associates where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

There are certain cases where assets and liabilities arising from a single transaction are recognized at the same amount. In such transactions, deferred tax liabilities are recognized for taxable temporary differences of the recognized assets, and deferred tax assets are recognized for deductible temporary differences of the recognized liabilities. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, using the tax rates (and tax laws) that have been enacted or substantively enacted by the closing date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the assets and liabilities related to income taxes are levied by the same taxation authority on the same taxable entity or different taxable entities which intend to settle on a net basis.

Earnings per Share

Basic earnings per share are determined by dividing profit (loss) attributable to common shareholders of the parent by the weighted average number of shares of common stock outstanding, adjusted for shares of treasury stock, during the period. Diluted earnings per share are adjusted for the effect of all dilutive potential shares of common stock.

Changes in Presentation Methods

Consolidated Statements of Cash Flows

"(Gain) loss on sales of investments in subsidiaries," which was presented separately in "Cash flows from operating activities" for the year ended March 31, 2020, is included in "Other" for the year ended March 31, 2021, due to a decrease in size. To reflect this change in presentation, the amount of (3,303) million yen presented as "(Gain) loss on sales of investments in subsidiaries" in "Cash flows from operating activities" for the year ended March 31, 2020 has been reclassified to "Other."

"Proceeds from sale of property and equipment," which were included in "Other" in "Cash flows from investing activities" for the year ended March 31, 2020, are presented separately for the year ended March 31, 2021, due to an increase in size. To reflect this change in presentation, the amount of 2 million yen included in "Other" in "Cash flows from investing activities" for the year ended March 31, 2020 has been reclassified to "Proceeds from sale of property and equipment."

"Payment for purchase of shares of subsidiaries" and "Proceeds from sales of shares of subsidiaries," each of which was presented separately in "Cash flows from investing activities" for the year ended March 31, 2020, are included in "Other" for the year ended March 31, 2021, due to a decrease in size. To reflect this change in presentation, the amounts of (10,758) million yen presented as "Payment for purchase of shares of subsidiaries" and 3,413 million yen presented as "Proceeds from sales of shares of subsidiaries" in "Cash flows from investing activities" for the year ended March 31, 2020 have been reclassified to "Other."

4 Significant Accounting Judgments, Accounting Estimates and Assumptions

In preparing the consolidated financial statements, management makes accounting judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on management's best judgments based on historical experience and various factors considered to be reasonable. By their nature, however, actual results may differ from these estimates and assumptions, which may lead to material effects on the amounts recognized in the consolidated financial statements of future periods due to changes in uncertain future economic conditions. Estimates and their underlying assumptions are continuously reviewed. The effects of any revisions to these estimates are recognized in the period of the revision and future periods. Estimates and assumptions that significantly affect the amounts recognized in the consolidated financial statements are as follows:

Method of Fair Value Measurement of Financial Instruments

When measuring the fair values of certain financial instruments, the Company uses a valuation technique that includes unobservable inputs. The unobservable inputs may be affected by changes in uncertain future economic conditions. As of March 31, 2021, such accounting estimates were recognized under "other financial assets" in the consolidated statements of financial position.

Impairment of Property and Equipment, Goodwill and Intangible Assets

The Company tests property and equipment, goodwill and intangible assets for impairment in accordance with "3 Significant Accounting Policies." When determining recoverable amounts in an impairment test, assumptions such as growth rates and discount rates are used to estimate future cash flows. These assumptions represent management's best estimates and judgments. However, they may be affected by changes in uncertain future economic conditions. As of March 31, 2021, such accounting estimates were recognized under “property and equipment,” “goodwill,” and “intangible assets” in the consolidated statements of financial position.The details of goodwill and intangible assets are described in “11 Goodwill and Intangible Assets.”

Assessment of Defined Benefit Obligations

The Company has defined benefit plans as retirement benefit plans. For each defined benefit plan, the present value of defined benefit obligations and the related costs including service cost are determined based on the actuarial assumptions such as discount rates, mortality rates and other factors. These assumptions represent management’s best estimates and judgments. However, they may be affected by changes in uncertain future economic conditions.As of March 31, 2021, such accounting estimates were recognized under “net liability for the retirement benefits” in the consolidated statements of financial position.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. The period in which it is probable that sufficient future taxable income will be available and the amount of the future taxable income represent management’s best estimates and judgments. However, they may be affected by changes in uncertain future economic conditions. As of March 31, 2021, such accounting estimates were recognized under “deferred tax assets” in the consolidated statements of financial position.

5 Business Segments

Overview of Reportable Segments

The Company’s operating segments are those components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance. The Company has three operating segments by type of business, namely, HR Technology, Media & Solutions, and Staffing, which are also the reportable segments.

HR Technology consists of the operations of Indeed, Glassdoor and the other related businesses. Media & Solutions consists of two business operations, namely, Marketing Solutions and HR Solutions. Staffing consists of two business operations, which are Japan operations and Overseas operations.

The details of these segments are described in “21 Revenue.”

Information on Reportable Segments

Segment profit (loss) is adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses).

Eliminations and Adjustments related to segment profit (loss) include corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in similar transactions with third parties. Segment assets and liabilities are not stated as they are not reviewed for deciding on the allocation of operating resources and assessing business performance.

For the Year Ended March 31, 2020

(In millions of yen)

	Reportable Segment					
	HR Technology	Media & Solutions	Staffing	Total	Eliminations and Adjustments	Consolidated
Revenue						
Revenue from third party customers	417,737	749,364	1,232,363	2,399,465	-	2,399,465
Intersegment revenue or transfers	7,181	6,564	15,824	29,571	(29,571)	-
Total	424,919	755,928	1,248,188	2,429,036	(29,571)	2,399,465
Segment profit (loss)	71,263	182,910	81,288	335,462	(10,303)	325,159
Depreciation and amortization*						77,324
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

* Depreciation and amortization exclude depreciation of right-of-use assets.

For the Year Ended March 31, 2021

(In millions of yen)

	Reportable Segment					
	HR Technology	Media & Solutions	Staffing	Total	Eliminations and Adjustments	Consolidated
Revenue						
Revenue from third party customers	417,831	666,663	1,184,852	2,269,346	-	2,269,346
Intersegment revenue or transfers	5,454	5,349	13,996	24,800	(24,800)	-
Total	423,286	672,012	1,198,848	2,294,146	(24,800)	2,269,346
Segment profit (loss)	66,786	106,778	76,211	249,776	(8,117)	241,658
Depreciation and amortization*						79,041
Other operating income						21,462
Other operating expenses						21,255
Operating income						162,823
Share of profit (loss) of associates and joint ventures						6,468
Gain (loss) on change in ownership interests in associates						257
Finance income						2,896
Finance costs						3,944
Profit before tax						168,502

* Depreciation and amortization exclude depreciation of right-of-use assets.

Information on Products and Services

The classification of products and services is the same as that of the reportable segments. Refer to Information on Reportable Segments above.

Information on Regions

Revenue from Third Party Customers

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Japan	1,326,496	1,245,497
United States	491,837	486,620
Others	581,131	537,228
Total	2,399,465	2,269,346

Revenue is classified based on the locations where the third party customer resides.

Non-current Assets (excluding Financial Assets and Deferred Tax Assets)

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Japan	338,676	347,497
United States	339,316	343,900
Netherlands	173,954	183,416
Others	103,788	100,540
Total	955,736	975,355

Information on Major Customers

There are no third party customers who account for 10% or more of revenue in the consolidated statements of profit or loss for the years ended March 31, 2020 and 2021.

6 Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Cash and deposits	421,253	501,043
Total	421,253	501,043

· Cash and cash equivalents are classified as financial assets measured at amortized cost.

7 Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Accounts receivable - trade	333,426	351,112
Other	643	731
Loss allowance	(6,455)	(9,584)
Total	327,614	342,259

· Trade and other receivables are classified as financial assets measured at amortized cost. The balance of trade and other receivables as of April 1, 2019 was 340,254 million yen.

8 Other Financial Assets

The breakdown of other financial assets is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Equity financial assets	88,374	152,216
Accounts receivable - other	35,288	36,452
Guarantee deposits for leases	22,112	22,830
Other	16,026	11,218
Loss allowance	(1,025)	(658)
Total	160,775	222,059
Current assets	40,119	39,043
Non-current assets	120,656	183,016
Total	160,775	222,059

· Equity financial assets are generally classified as financial assets measured at fair value through other comprehensive income, while accounts receivable - other and guarantee deposits for leases are classified as financial assets measured at amortized cost.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Equity financial assets, such as shares, are held primarily for maintaining and strengthening relationships with business partners as well as facilitating participation in their management. These assets are designated as financial assets measured at fair value through other comprehensive income.

The names of major securities held as financial assets measured at fair value through other comprehensive income and their fair values as of March 31, 2020 and 2021 are as follows:

As of March 31, 2020

(In millions of yen)

Name of security	Fair value
Dentsu Group Inc.	10,288
freee K.K.	7,856
Nippon Television Holdings, Inc.	7,777
Tokyo Broadcasting System Holdings, Inc.	4,011
Oisix ra daichi Inc.	3,921
TV Asahi Holdings Corporation	3,427
Dai Nippon Printing Co., Ltd.	2,835

As of March 31, 2021

(In millions of yen)

Name of security	Fair value
Yeahka Limited	29,750
freee K.K.	21,406
Dentsu Group Inc.	17,501
Nippon Television Holdings, Inc.	9,384
Oisix ra daichi Inc.	7,718
TBS HOLDINGS, INC.	5,792
Monex Group, Inc.	5,342

* Tokyo Broadcasting System Holdings, Inc. changed its trade name to TBS HOLDINGS, INC.on October 1, 2020.

9 Other Assets

The breakdown of other assets is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Prepaid expenses	22,037	19,326
Income taxes receivable	10,420	4,053
Consumption taxes receivable	2,423	5,131
Long-term prepaid expenses	5,635	3,683
Other*	6,226	17,211
Total	46,744	49,406
Current assets	40,991	45,170
Non-current assets	5,752	4,235
Total	46,744	49,406

* The amount as of March 31, 2021 includes contract assets of 10,218 million yen recognized from an outsourcing agreement between the Small and Medium Enterprise Agency of the Ministry of Economy in Japan, Trade and Industry and Recruit Co., Ltd.

to support the implementation of the Rent Assistance Program, one of the emergency efforts related to COVID-19 to support the economy. The contract assets are reclassified to trade and other receivables at the time of customer acceptance. The consideration for a contract received from the customer before customer acceptance is deducted from contract assets under the same contract in the consolidated statement of financial position.

10 Property and Equipment

Changes in the carrying amount, acquisition cost, accumulated depreciation and accumulated impairment losses of property and equipment are as follows:

Carrying Amount

(In millions of yen)

	Buildings and structures	Tools, furniture and fixtures	Other	Total
As of April 1, 2019	34,192	23,087	17,285	74,566
Additions	18,251	10,212	9,716	38,181
Depreciation*	(10,194)	(8,932)	(365)	(19,491)
Reclassification	8,796	5,099	(13,896)	-
Other	(304)	(463)	(287)	(1,055)
As of March 31, 2020	50,742	29,004	12,453	92,200
Additions	6,576	6,482	7,450	20,509
Sale or disposal	(1,655)	(306)	(7,763)	(9,725)
Depreciation*	(11,457)	(10,228)	(248)	(21,934)
Reclassification	5,020	2,214	(7,235)	-
Other	489	(177)	(71)	240
As of March 31, 2021	49,715	26,989	4,585	81,290

Acquisition Cost

(In millions of yen)

	Buildings and structures	Tools, furniture and fixtures	Other	Total
As of April 1, 2019	66,905	58,999	19,111	145,015
As of March 31, 2020	90,346	69,991	13,897	174,234
As of March 31, 2021	95,120	75,641	6,364	177,126

Accumulated Depreciation and Accumulated Impairment Losses

(In millions of yen)

	Buildings and structures	Tools, furniture and fixtures	Other	Total
As of April 1, 2019	32,712	35,911	1,825	70,449
As of March 31, 2020	39,604	40,986	1,443	82,034
As of March 31, 2021	45,404	48,652	1,778	95,835

- Depreciation is mainly included within “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

11 Goodwill and Intangible Assets

Changes in the carrying amount, acquisition cost, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

Carrying Amount

(In millions of yen)

	Goodwill	Customer-related assets	Software[1]	Other[2]	Total
As of April 1, 2019	410,651	85,128	104,616	52,838	653,234
Additions	-	-	46,413	2,339	48,752
Acquisition through business combinations	9,923	42	-	1,124	11,090
Sale or disposal	-	-	(1,648)	-	(1,648)
Amortization[3]	-	(10,377)	(37,746)	(9,709)	(57,832)
Impairment losses	(26,310)	(3,399)	(3,587)	(2,871)	(36,168)
Exchange differences on translation of foreign operations	(11,100)	(3,904)	(1,312)	(1,515)	(17,832)
Other	-	-	11	(54)	(42)
As of March 31, 2020	383,163	67,488	106,747	42,152	599,552
Additions	-	-	43,773	545	44,318
Acquisition through business combinations	538	-	-	169	708
Sale or disposal	-	-	(634)	(1)	(636)
Amortization[3]	-	(9,224)	(39,219)	(8,663)	(57,107)
Impairment losses	(1,828)	(2,631)	(947)	(263)	(5,671)
Exchange differences on translation of foreign operations	17,487	5,167	551	1,867	25,073
Other	-	-	(21)	(62)	(83)
As of March 31, 2021	399,361	60,799	110,249	35,744	606,154

Acquisition Cost

(In millions of yen)

	Goodwill	Customer-related assets	Software[1]	Other[2]	Total
As of April 1, 2019	440,261	139,242	313,777	97,209	990,491
As of March 31, 2020	435,408	132,752	333,026	97,124	998,311
As of March 31, 2021	460,082	142,720	365,685	101,920	1,070,408

Accumulated Amortization and Accumulated Impairment Losses

(In millions of yen)

	Goodwill	Customer-related assets	Software[1]	Other[2]	Total
As of April 1, 2019	29,610	54,114	209,161	44,370	337,257
As of March 31, 2020	52,244	65,263	226,278	54,971	398,758
As of March 31, 2021	60,720	81,920	255,436	66,176	464,253

1 Software mainly comprises internally generated software.

2 Other mainly includes trademark rights.

3 Amortization is mainly included within “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

4 Research and development expenses recognized as expenses for the years ended March 31, 2020 and 2021 are 65,094 million yen and 74,462 million yen, respectively.

Significant Intangible Assets

Significant items in intangible assets are customer-related assets arising from the acquisition of shares in RGF Staffing B.V. (43,508 million yen and 42,592 million yen as of March 31, 2020 and 2021, respectively). The remaining amortization period as of March 31, 2021 for the customer-related assets is 9 years.

Impairment Tests on Goodwill

The Company groups its assets by CGU, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets, in principle, by considering managerial units of operations. Goodwill is allocated to each CGU or group of CGUs that is expected to benefit from the synergies of business combinations at acquisition date.

HR Technology is tested for impairment as a single CGU because it generates cash inflows in its entirety. On the other hand, in Media & Solutions and Staffing, in principle, each of the composing entities is tested for impairment as a CGU or a group of CGUs in light of their unique business environment.

The balance of goodwill of each CGU or group of CGUs is as follows:

(In millions of yen)

Reportable Segment	CGU or group of CGUs	As of March 31, 2020	As of March 31, 2021
HR Technology	HR Technology	196,496	201,577
Media & Solutions	Each entity	1,850	-
Staffing	RGF Staffing B.V.	137,669	149,008
	Other entities	47,147	48,776
Total		383,163	399,361

The Company's significant goodwill is that relating to HR Technology and that arising from the acquisition of shares of RGF Staffing B.V.

The Company tests goodwill for impairment annually, irrespective of whether there is any indication of impairment, or whenever there is an indication of impairment.

An impairment loss of goodwill is recognized when a recoverable amount of the CGU or the group of CGUs is less than its carrying amount. The recoverable amount is based on value in use. Value in use is calculated using the present value of estimated pre-tax 5-year future cash flows based on a business plan approved by the management of each CGU.

The estimated 5-year future cash flows are determined based on internal and external sources including market growth rates as well as management's assessment of future trends in the industry and historical data. For the periods subsequent to the period covered by the estimated future cash flows, the Company calculated the terminal value based on indefinite life by discounting the future cash flows estimated using a growth rate assumption determined considering the environment of the country and the industry to which the CGU belongs. The pre-tax discount rate is determined based on the weighted average cost of capital considering the time value of money and the risks specific to the assets.

Key assumptions used in determining the recoverable amount of each CGU or group of CGUs are as follows:

(%)

Reportable Segment	CGU or group of CGUs	As of March 31, 2020		As of March 31, 2021	
		Growth rate	Discount rate	Growth rate	Discount rate
HR Technology	HR Technology	2.3	9.7	2.2	6.8
Media & Solutions	Each entity	0.0-4.0	9.8-17.2	0.0	11.8
Staffing	RGF Staffing B.V.	0.0	6.7	0.0	6.7
	Other entities	0.0-1.4	8.7-12.3	0.0-0.5	8.7-11.1

The Company considers that significant impairment is unlikely to occur in each CGU or group of CGUs to which goodwill is allocated, even if key assumptions used for the impairment tests change within a reasonably foreseeable range.

For goodwill relating to RGF Staffing B.V., as of March 31, 2021, a decrease of 3.8% in the growth rate or an increase of 2.7% in the discount rate could result in the recoverable amount being equal to the carrying amount.

Impairment of Goodwill

Impairment losses on goodwill and intangible assets are recorded within "Other operating expenses" in the consolidated statements of profit or loss. The breakdown of impairment losses on goodwill for the years ended March 31, 2020 and 2021 by CGU or group of CGUs is as follows:

(In millions of yen)

Reportable Segment	CGU or group of CGUs	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Media & Solutions	Hotspring Ventures Limited	14,533	-
	Other entities	3,548	1,828
Staffing	Chandler Macleod Group Limited	7,831	-
	Other entities	396	-
Total		26,310	1,828

The impairment losses in Media & Solutions for the year ended March 31, 2020 were mainly related to Hotspring Ventures Limited, which operated Treatwell in the overseas operations of Marketing Solutions. This was mainly due to a change in its business strategy that had aimed to expand business scale through long-term investments. As a result, the carrying amount of the goodwill was reduced to the recoverable amount. The recoverable amount was determined based on the value in use, which has been calculated by discounting the future cash flows to the present value using a discount rate of 10.3%.

The impairment losses in Staffing for the year ended March 31, 2020 were mainly related to Chandler Macleod Group Limited. This was because its business performance fell below the budget due to the uncertain economic outlook in markets where the business operated; in addition, it revised the business plan conservatively to reflect the expectation that the negative impact caused by COVID-19 would continue for a certain period of time after March 31, 2020. As a result, the carrying amount of the goodwill was reduced to the recoverable amount. The recoverable amount was determined based on the value in use, which was calculated by discounting the future cash flows to the present value using a discount rate of 11.0%.

There are no significant impairment losses on goodwill recognized for the year ended March 31, 2021.

Impairment of Intangible Assets

The impairment losses on intangible assets for the year ended March 31, 2020 were mainly related to RGF Staffing Germany GmbH, which is one of the CGUs of RGF Staffing B.V. in Staffing. This was because its business performance fell below the budget due to the uncertain economic outlook in markets where the business operated; in addition, it revised the business plans to reflect the expectation that the negative impact caused by COVID-19 would continue for a certain period of time after March 31, 2020. As a result, the carrying amount of the intangible assets was reduced to the recoverable amount. The amount of impairment losses recognized was 3,873 million yen. The recoverable amount was determined based on the value in use, which was calculated by discounting the future cash flows to the present value using a discount rate of 9.9%.

There are no significant impairment losses on intangible assets recognized for the year ended March 31, 2021.

12 Leases

Overview of Leases

The Company leases office buildings and other assets as a lessee. Some lease contracts have renewal options. There are no significant restrictions imposed by lease contracts (such as restrictions on additional borrowings and additional leases.).

The breakdown of expenses related to leases is as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Depreciation of right-of-use assets		
Buildings and structures	36,133	38,527
Other	2,305	2,422
Total	38,438	40,949
Interest expenses on lease liabilities	2,873	3,098
Expenses on leases of low-value assets*	1,659	2,469

* For leases for which the underlying asset is of low value, the lease payments are recognized as an expense on a straight-line basis over the lease term.

The breakdown of right-of-use assets is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Buildings and structures	253,377	278,013
Other	4,853	5,661
Total	258,230	283,674

* The increase in right-of-use assets is 64,116 million yen for the year ended March 31, 2020 and 64,059 million yen for the year ended March 31, 2021.

Future Cash Outflows to Which the Company Is Potentially Exposed That Are Not Reflected in the Measurement of Lease Liabilities

There are no significant future cash outflows to which the Company is potentially exposed that are not reflected in the measurement of lease liabilities.

Cash Outflows related to Leases

Total cash outflows for leases for the years ended March 31, 2020 and 2021 are 43,629 million yen and 46,416 million yen, respectively.

13 Income Taxes

Deferred Tax Assets and Deferred Tax Liabilities

The breakdown by major components of deferred tax assets and deferred tax liabilities is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Deferred tax assets		
Unused tax losses	13,795	10,953
Liabilities related to employee benefits	44,480	49,567
Lease liabilities	36,248	48,573
Contract liabilities	10,851	7,746
Other	22,001	27,339
Total deferred tax assets	127,376	144,180
Deferred tax liabilities		
Investments in subsidiaries and associates	76,385	77,542
Right-of-use assets	31,620	41,485
Property and equipment, goodwill and intangible assets	26,040	22,565
Other	18,311	36,074
Total deferred tax liabilities	152,358	177,668
Net deferred tax assets (liabilities)	(24,981)	(33,488)

* In recognizing deferred tax assets, the Company takes into account taxable temporary differences, future taxable profit and tax planning.

The breakdown of changes in deferred tax assets and deferred tax liabilities is as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Net deferred tax assets (liabilities)		
Beginning balance	(24,789)	(24,981)
Recognized through profit or loss	(2,189)	10,053
Recognized in other comprehensive income	(923)	(14,241)
Other*	2,920	(4,318)
Ending balance	(24,981)	(33,488)

* Other includes exchange differences on translation of foreign operations.

Deductible Temporary Differences and Unused Tax Losses for Which Deferred Tax Assets Are Not Recognized in the Consolidated Statements of Financial Position

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Deductible temporary differences	348,644	232,415
Unused tax losses	57,083	43,342

The breakdown by expiration of unused tax losses for which deferred tax assets are not recognized in the consolidated statements of financial position is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
1 year or less	319	258
Over 1 year through 5 years	2,623	2,845
Over 5 years and indefinite period	54,140	40,238
Total	57,083	43,342

Breakdown of Income Tax Expense

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Current tax expense	42,710	46,865
Deferred tax expense	2,189	(10,053)
Total	44,899	36,812

Reconciliation between Statutory Effective Tax Rates and Actual Effective Tax Rates

(%)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Difference from applicable tax rates for subsidiaries	(2.7)	(2.2)
Share of profit (loss) of associates and joint ventures	(0.4)	(1.2)
Tax credits	(1.7)	(2.1)
Tax effect on investments in subsidiaries and associates	(1.4)	(0.2)
Changes in the assessment for recoverability of deferred tax assets	(3.8)	(4.3)
Other	(0.8)	1.2
Actual effective tax rate	19.9	21.8

- The Company is mainly subject to income tax, inhabitant tax and enterprise tax (deductible for tax purposes), based on which the statutory effective tax rates have been calculated at 30.6% for the years ended March 31, 2020 and 2021. The overseas subsidiaries are subject to local income taxes.

14 Trade and Other Payables

The breakdown of trade and other payables is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Accounts payable – trade	54,458	57,413
Accrued expenses	144,240	163,214
Other	20,322	23,277
Total	219,021	243,905

- Trade and other payables are classified as financial liabilities measured at amortized cost.

15 Bonds and Borrowings

The breakdown of bonds and borrowings is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021	Average interest rate (%)[1]	Maturity (year)
Bonds[2]	49,927	49,955	0.14	2022 to 2024
Borrowings	86,772	62,825	(0.17)	2021 to 2033
Total	136,699	112,780	-	-
Current liabilities	24,551	54,673		
Non-current liabilities	112,148	58,106		
Total	136,699	112,780		

1 "Average interest rate," which is the weighted-average interest rate on the balance at the year-end, represents an effective interest rate including the impact of hedging instruments such as interest rate swaps and currency swaps.

2 The breakdown of bonds is as follows:

(In millions of yen)

Name of issuer	Name of bond	Date of issuance	As of March 31, 2020	As of March 31, 2021	Interest rate (%)	Collateral	Maturity date
The Holding Company	First series unsecured bonds	March 9, 2017	29,963	29,982	0.09	Unsecured	March 9, 2022
The Holding Company	Second series unsecured bonds	March 9, 2017	19,964	19,973	0.22	Unsecured	March 8, 2024
Total	-	-	49,927	49,955	-	-	-

16 Other Liabilities

The breakdown of other liabilities is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Contract liabilities*	65,231	58,300
Accrued consumption taxes	34,359	40,820
Accrued bonuses	45,286	56,461
Accrued paid holiday	43,535	46,290
Other	45,943	57,716
Total	234,356	259,590
Current liabilities	213,223	235,224
Non-current liabilities	21,132	24,365
Total	234,356	259,590

* Contract liabilities are unsatisfied performance obligations for which consideration has been received. When the Company satisfies the performance obligations under the contract, related revenues are recognized. Information on the Company's main performance obligations is provided in "21 Revenue." Most of the performance obligations related to contract liabilities outstanding as of April 1, 2020 were satisfied and related revenues were recognized in the year ended March 31, 2021. Revenue recognized in the year ended March 31, 2021 from performance obligations satisfied (or partially satisfied) in previous periods, due to changes in transaction prices or other reasons, is not material. The balance of contract liabilities as of April 1, 2019 was 66,552 million yen.

17 Provisions

The breakdown of and the changes in provisions are as follows:

For the Year Ended March 31, 2021

(In millions of yen)

	Provision for point program[1]	Asset retirement obligations[2]	Other	Total
Beginning balance	2,311	9,170	3,817	15,300
Increase	7,539	1,140	4,941	13,621
Decrease due to utilization	(1,280)	(104)	(1,941)	(3,326)
Reversal	(996)	(257)	(1,985)	(3,239)
Other	3	224	257	485
Ending balance	7,576	10,173	5,090	22,841
Current	7,576	25	3,907	11,509
Non-current	-	10,148	1,182	11,331
Total	7,576	10,173	5,090	22,841

1 The Company offers points to users to promote sales, and a provision for point program is recognized for estimated future expenses associated with the redemption of points by users based on historical experience. There is uncertainty about the amount or timing of the use of the points by users.

2 Asset retirement obligations are recorded for the obligation to restore assets to their original condition, such as those associated with lease contracts for offices used by the Company, at the amount that is expected to be paid in the future primarily based on historical experience and third-party estimates. Expenditure for the restoration is expected to be incurred mainly after one year, but may be affected by future business plans and other factors.

18 Employee Benefits

Post-employment Benefits

The Company has established lump-sum retirement benefit plans, defined benefit corporate pension plans and defined contribution pension plans as retirement benefit plans.

Lump-sum retirement benefit plans are unfunded plans that are not externally funded but internally funded to pay lump-sum benefits. Lump-sum retirement benefits are paid based on compensation, service period, points earned in each service year and other conditions, pursuant to the provisions of retirement benefits, such as those under the employment rules of the Holding Company and each subsidiary.

Some of the Company's subsidiaries have defined benefit corporate pension plans which pay lump-sum benefits or pension benefits based on points earned in each service year. Those subsidiaries bear the responsibility for executing operations faithfully to control and manage the funds in compliance with laws and regulations on behalf of the plan participants.

Amounts Recognized relating to Defined Benefit Plans in the Consolidated Financial Statements

The amount of net defined benefit liability (asset) recognized in the consolidated statements of financial position is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Present value of defined benefit obligations (funded)	6,207	8,299
Fair value of plan assets	3,700	5,450
Subtotal	2,507	2,848
Present value of defined benefit obligations (unfunded)	50,951	54,190
Total	53,459	57,039
Amount recognized in the consolidated statements of financial position		
Net liability for retirement benefits	53,459	57,039

The weighted-average duration of defined benefit obligations is as follows:

(In years)

	As of March 31, 2020	As of March 31, 2021
Weighted-average duration	9.6	9.9

Reconciliation of Defined Benefit Obligations

Changes in the present value of defined benefit obligations are as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Present value of defined benefit obligations at the beginning of the year	56,059	57,159
Current service cost	7,089	8,143
Interest expense	106	180
Benefits paid	(4,867)	(5,554)
Differences arising from remeasurement of present value of the defined benefit obligations*	(900)	2,012
Past service cost (gain)	(62)	-
Other	(266)	547
Present value of defined benefit obligations at the end of the year	57,159	62,489

* The differences arise primarily from changes in financial assumptions.

Reconciliation of Plan Assets

Changes in the fair value of plan assets are as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Fair value of plan assets at the beginning of the year	3,712	3,700
Contribution to the plan	179	458
Other	(191)	1,292
Fair value of plan assets at the end of the year	3,700	5,450

The breakdown of the fair value by type of plan assets is as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Shares	707	-
Bonds	511	-
Cash and cash equivalents	69	100
General accounts of life insurance companies	2,260	3,550
Investment trusts*	-	1,620
Other	151	178
Total	3,700	5,450

* Investment trusts are investment vehicles such as commingled investment funds and are primarily invested in marketable securities such as Japanese stocks, foreign stocks, Japanese bonds and foreign bonds in active markets.

Effects on Future Cash Flows

Major actuarial assumptions (weighted-average) are as follows:

	As of March 31, 2020	As of March 31, 2021
Discount rate	0.3%	0.3%

Sensitivity Analysis

The effects of a 0.5% increase or decrease in the discount rate on the present value of defined benefit obligations as of the end of the year are as follows:

This analysis assumes that the other variables are constant, but in reality the assumptions do not always change independently.

Negative figures represent a decrease in the present value of defined benefit obligations, while positive figures represent an increase in the present value of defined benefit obligations.

(In millions of yen)

	Changes in assumptions	As of March 31, 2020	As of March 31, 2021
Discount rate	0.5% increase	(2,371)	(2,619)
	0.5% decrease	2,411	2,772

Effects on Defined Contribution Plans

Expenses for contributions to the Company's defined contribution pension plans for the years ended March 31, 2020 and 2021 are 58,831 million yen and 59,044 million yen, respectively, which are recognized as "Cost of sales" and "Selling, general and administrative expenses," respectively in the consolidated statements of profit or loss.

Employee Benefit Expenses

The total amounts of employee benefit expenses included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss for the years ended March 31, 2020 and 2021 are 1,440,655 million yen and 1,449,341 million yen, respectively.

19 Common Stock and Other Items of Equity

Common Stock

	Number of shares authorized (No-par value common stock)	Number of shares issued (No-par value common stock)
As of April 1, 2019	6,000,000,000	1,695,960,030
Changes during the period	-	-
As of March 31, 2020	6,000,000,000	1,695,960,030
Changes during the period	-	-
As of March 31, 2021	6,000,000,000	1,695,960,030

Treasury Stock

	Number of shares
As of April 1, 2019	25,176,070
Changes during the period[1]	22,398,389
As of March 31, 2020	47,574,459
Changes during the period[2]	14,189,105
As of March 31, 2021	61,763,564

1 The increase in the number of shares of treasury stock for the year ended March 31, 2020 resulted mainly from the purchase of treasury stock based on the resolution at the meeting of the Board of Directors held on August 28, 2019.

2 The increase in the number of shares of treasury stock for the year ended March 31, 2021 resulted mainly from the purchase of treasury stock based on the resolution at the meeting of the Board of Directors held on November 30, 2020.

Share Premium

The Companies Act of Japan prescribes that at least one-half of the consideration received on the issuance of shares must be recognized as common stock and the remaining amount must be recognized as legal capital surplus, which is included in share premium. Legal capital surplus may be reclassified to common stock by resolution at the Shareholders Meeting.

Retained Earnings

The Companies Act of Japan prescribes that one-tenth of the amount of dividends from distributable profits must be set aside as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches 25% of the amount of common stock. Legal retained earnings may be utilized to reduce a deficit or be reversed to retained earnings by resolution at the Shareholders Meeting.

20 Dividends

The amounts of dividends paid are as follows:

For the Year Ended March 31, 2020

Resolution	Type of shares	Total amount of dividends (In millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 14, 2019 Meeting of the Board of Directors[1]	Common stock	24,246	14.5	March 31, 2019	June 20, 2019
November 13, 2019 Meeting of the Board of Directors[2]	Common stock	25,062	15.0	September 30, 2019	December 9, 2019

[1] The total amount of dividends includes dividends of 19 million yen on the shares of Recruit Holdings held by BIP trust.

[2] The total amount of dividends includes dividends of 19 million yen on the shares of Recruit Holdings held by BIP trust.

For the Year Ended March 31, 2021

Resolution	Type of shares	Total amount of dividends (In millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 27, 2020 Meeting of the Board of Directors[1]	Common stock	24,748	15.0	March 31, 2020	June 23, 2020
November 16, 2020 Meeting of the Board of Directors[2]	Common stock	15,681	9.5	September 30, 2020	December 10, 2020

[1] The total amount of dividends includes dividends of 22 million yen on the shares of Recruit Holdings held by BIP trust.

[2] The total amount of dividends includes dividends of 13 million yen on the shares of Recruit Holdings held by BIP trust.

Dividend whose record date Is in the year ended March 31, 2021 but whose effective date Is in the following fiscal year is as follows:

Resolution	Type of shares	Total amount of dividends (In millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 17, 2021 Meeting of the Board of Directors*	Common stock	17,173	10.5	March 31, 2021	June 18, 2021

* The total amount of dividends includes dividends of 14 million yen on the shares of Recruit Holdings held by BIP trust.

21 Revenue

Reconciliation of Disaggregated Revenue to Segment Revenue

A reconciliation of revenue disaggregated by major goods/service and operating segments is as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
HR Technology	424,919	423,286
Media & Solutions	755,928	672,012
Marketing Solutions	438,597	456,022
Housing and Real Estate	113,380	116,991
Beauty	81,645	82,922
Travel	73,420	53,888
Bridal	52,025	29,981
Dining	39,213	14,116
Others*	78,911	158,122
HR Solutions	314,161	214,054
Recruiting in Japan	277,892	186,585
Others	36,268	27,469
Eliminations and Adjustments (Media & Solutions)	3,170	1,935
Staffing	1,248,188	1,198,848
Japan	567,805	569,973
Overseas	680,382	628,875
Eliminations and Adjustments	(29,571)	(24,800)
Total	2,399,465	2,269,346

* An outsourcing fee of 79,035 million yen related to the Administrative Work for the Rent Assistance Program is included for the year ended March 31, 2021.

The Company has three reportable segments, namely, HR Technology segment, Media & Solutions segment, and Staffing segment, whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance. Revenues from these businesses are recorded based on contracts with customers.

The amount of variable considerations included in revenues is immaterial. In addition, the amount of promised consideration does not include significant financing components.

HR Technology

The Company receives consideration from customers for providing services which enable job seekers to search for opportunities and customers to find talent by operating an online job platform and company information site. Revenue is recognized when the performance obligation is satisfied, that is, when an individual user accesses the customer's job information through a paid advertisement placed by the customer on the online job search engine site.

Media & Solutions: Marketing Solutions

The Company receives advertising fees from customers by providing housing, beauty, travel, bridal and dining related information through the Company's websites and printed media to prospective users of services or purchasers of products. Regarding online advertisement placement, for advertisement services with a guaranteed placement period, the Company has an obligation to place an advertisement over a period specified in a contract. Since the performance obligation is satisfied over time, revenue is recognized over the contract period on a straight-line basis.

For advertisement placement services in printed media, the Company provides advertisement-related services without a definite placement period to customers based on a contract, under which it is obliged to place an advertisement on a specific page of a magazine. Accordingly, the Company considers the performance obligation to be satisfied at the date of issue of the printed media and revenue is recognized when the media containing the advertisement are displayed at stores and are available for purchase or browsing by consumers, or when they are delivered to subscribers.

Recruit Co., Ltd., a subsidiary of the Holding Company and the headquarters of Media & Solutions, entered into an outsourcing agreement with The Small and Medium Enterprise Agency of the Japanese Ministry of Economy, Trade and Industry to support the implementation of the rent assistance program for small and medium-sized enterprises and individual business owners (the "Rent Assistance Program"), one of the emergency efforts related to COVID-19 to subsidy their rents for land and buildings and thereby support the economy. The Administrative Work, which is a major part of the Rent Assistance Program, was started in the three months ended September 30, 2020 and ended on March 31, 2021.

Under the Administrative Work for the Rent Assistance Program, the Company has obligations to the customer under the contract to establish and operate a secretariat and a call center responsible for the work related to subsidy payments and to conduct public relations and other administrative work during the period specified in the contract. The Company has identified "subsidy payment and accounting work" and "public relations work" as its performance obligations. Since these performance obligations are both satisfied over time, revenue is recognized based on the Company's progress towards complete satisfaction of the performance obligations. Progress is measured using the input method which is based on costs incurred.

Media & Solutions: HR Solutions

The Company provides employment placement services under which it introduces job seekers considering a career change to customers that are recruiting mid-career professionals by determining requirements for desired staff and then selecting candidates whose work experience, skills and intention meet those requirements. The Company receives referral fees from the customer when the referred job seeker is actually employed and recognizes revenue at the time of employment. Regarding employment placement services, the Company has an obligation to provide services for arranging employment based on a contract. Since the performance obligation is satisfied at the time of employment, revenue is recognized at that point in time.

The Company also receives advertising fees from customers who are recruiting new graduates or mid-career professionals by supporting the entire process from recruitment to employment through advertisement placements on the Company's websites and printed media.

For online advertisement placement, regarding advertisement-related services with a guaranteed placement period, the Company has an obligation to place an advertisement over a period specified in a contract. Since the performance obligation is satisfied over time, revenue is recognized over the contract period on a straight-line basis.

With regard to advertisement placement services in printed media, the Company provides advertisement-related services without a definite placement period to customers based on a contract, under which it is obliged to place an advertisement on a specific page of a magazine. Accordingly, the Company considers the performance obligation to be satisfied at the date of issue of printed media and revenue is recognized when the media containing the advertisement are displayed at stores and are available for purchase or browsing by consumers, or when they are delivered to subscribers. Regarding the sale of a set of services and a series of placements, the Company determines the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in a contract and allocates the transaction price in proportion to those stand-alone selling prices.

Any discount is allocated in proportion to the stand-alone selling prices to each performance obligation in a contract.

Staffing

The Company provides staffing services mainly for clerical jobs, manufacturing jobs and light duty works, as well as various specialist positions to customers. For staffing services, the Company has an obligation to provide personnel based on a contract. The Company considers the performance obligation to be satisfied when labor is provided by the agency worker. Accordingly, revenue is recognized based on the total number of working hours of the agency worker during the dispatched period.

Contract Balances

The details of receivables, contract assets and contract liabilities arising from contracts with customers are described in “7 Trade and Other Receivables,” “9 Other Assets”and “16 Other Liabilities,” respectively.

Transaction Price Allocated to the Remaining Performance Obligations

Applying the expedient in IFRS 15, the Company does not disclose information on contracts with an individual expected contractual duration of one year or less or contracts for which revenue is recognized in the amount to which the Company has a right to invoice directly based on the value of the services performed. The Company has no significant transactions with an individual expected contractual duration exceeding one year.

Assets Recognized for Costs of Obtaining or Fulfilling Contracts with Customers

The amount of assets recognized for costs of obtaining or fulfilling contracts with customers in the years ended March 31, 2020 and 2021 are not material.

22 Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Sales commission	40,572	27,625
Promotion expenses	47,716	42,113
Advertising expenses	173,219	141,778
Employee benefit expenses	441,488	448,833
Service outsourcing expenses	106,285	108,475
Rent expenses	20,373	18,654
Depreciation and amortization	111,312	115,413
Other	104,412	80,182
Total	1,045,380	983,076

23 Other Operating Expenses

The breakdown of other operating expenses is as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Impairment losses	36,447	6,689
Loss on sales of investments in subsidiaries	28	3,334
Expenses related to integration of acquired subsidiaries	3,844	2,779
Loss on disposal of property and equipment and intangible assets	1,903	1,385
Other*	5,366	7,066
Total	47,589	21,255

* "Other" includes additional costs incurred to cope with COVID-19.

24 Gain (Loss) on Change in Ownership Interests in Associates

The Company recorded a gain on change in ownership interests in associates in the amount of 12,326 million yen for the year ended March 31, 2020. This was mainly due to an increase in the Company's interests in equity of 51job, Inc., an equity-method associate of the Company, as a result of an increase in equity of 51job, Inc. following the conversion of convertible bonds issued by 51job, Inc. to common stock in April 2019 by holders of the bonds.

25 Other Comprehensive Income

The breakdown of other comprehensive income and the tax effects thereof (including non-controlling interests) are as follows:

(In millions of yen)

	For the Year Ended March 31, 2020			For the Year Ended March 31, 2021		
Category	Before tax effects	Tax effects	After tax effects	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified to profit or loss:						
Net change in financial assets measured at fair value through other comprehensive income						
Amount recognized	(5,135)	(862)	(5,998)	58,709	(14,754)	43,955
Changes during the year	(5,135)	(862)	(5,998)	58,709	(14,754)	43,955

Remeasurements of defined retirement benefit plans						
Amount recognized	773	(236)	537	(1,561)	475	(1,085)
Changes during the year	773	(236)	537	(1,561)	475	(1,085)
Share of other comprehensive income of associates and joint ventures						
Amount recognized	(46)	-	(46)	347	-	347
Changes during the year	(46)	-	(46)	347	-	347
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations						
Amount recognized	(22,422)	14	(22,407)	30,875	-	30,875
Reclassification adjustment on profit	-	-	-	3,312	-	3,312
Changes during the year	(22,422)	14	(22,407)	34,187	-	34,187
Effective portion of the change in the fair value of cash flow hedges						
Amount recognized	297	(91)	206	841	(257)	584
Reclassification adjustment on profit	(821)	251	(570)	(963)	294	(668)
Changes during the year	(524)	160	(363)	(121)	37	(84)
Total other comprehensive income (loss)	(27,355)	(923)	(28,278)	91,562	(14,241)	77,321

26 Per Share Information

The amount of basic earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise indicated)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Basic earnings per share (Yen)	108.27	79.83
Basis for calculation:		
Profit attributable to owners of the parent	179,880	131,393
Amount not attributable to common shareholders of the parent	-	-
Profit used in the calculation of basic earnings per share	179,880	131,393
Weighted average number of shares of common stock outstanding (Thousand shares)	1,661,362	1,645,920

The amount of diluted earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise indicated)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Diluted earnings per share (Yen)	108.07	79.70
Basis for calculation:		
Profit used in the calculation of diluted earnings per share		
Profit used in the calculation of basic earnings per share	179,880	131,393
Adjustment on profit	-	-
Profit used in the calculation of diluted earnings per share	179,880	131,393
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share		
Weighted average number of shares of common stock outstanding used in the calculation of basic earnings per share (Thousand shares)	1,661,362	1,645,920
Effect of dilutive potential common stock (Thousand shares)		
Board Incentive Plan (“BIP”) trust	1,330	1,475
Stock options	1,829	1,202
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (Thousand shares)	1,664,522	1,648,599

27 Equity Compensation

Stock Options

Overview

The Company has a stock option plan under which stock options are granted to Directors of the Board, Corporate Executive Officers and Corporate Professional Officers (Corporate Executive Officers and Corporate Professional Officers are collectively referred to as “Senior Management”) of Recruit Holdings. Stock options are granted to persons as resolved by the Board of Directors of Recruit Holdings based on terms approved by its Shareholders Meeting. The Company’s stock option plan is accounted for as an equity-settled share-based payment. The Company implemented a ten-for-one stock split of its common stock effective July 31, 2014 and a three-for-one stock split of its common stock effective July 1, 2017. Number of shares granted for stock options presented in each fiscal year are adjusted to reflect those stock splits.

Equity compensation agreements outstanding as of the year ended March 31, 2021 are as follows:

Type	For the Year Ended March 31, 2014	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Grant date	August 31, 2013	December 26, 2014	September 25, 2015	July 31, 2019	July 27, 2020
Number of shares granted	1,002,000 shares of common stock	876,000 shares of common stock	967,800 shares of common stock	434,900 shares of common stock	282,100 shares of common stock
Contractual life	20 years	20 years	20 years	10 years	10 years
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting conditions	—	—	—	(Note 1)	(Note 1)
Exercise period	From September 1, 2013 to August 31, 2033[2, 3]	From December 27, 2014 to December 26, 2034[2, 3]	From September 26, 2015 to September 25, 2035[2, 3]	From July 31, 2019 to July 30, 2029[2, 4]	From July 27, 2020 to July 26, 2030[2, 4]

[1] In principle, vesting conditions require continuous service till the vesting date, and stock options are vested in stages depending on the service period starting from the grant date.

[2] The exercise period is specified in the allotment agreement. If stock options are not exercised within the exercise period, the stock acquisition rights are forfeited.

[3] The stock option holders can exercise their options within only10 days from the date on which they cease to be Directors of the Board and Senior Management during the exercise period.

[4] The stock option holders can exercise their options only for the period up to the earlier of the day that is the last day of the exercise period of the stock options or three years from the date on which they cease to be Directors of the Board or Senior Management during the period.

Estimation Method for Fair Value of Unit Price of Stock Options Granted

The fair value of unit price of the stock options is estimated by applying the Black-Scholes model. The grant-date weighted-average fair values of the stock options granted during the years ended March 31, 2020 and 2021 are 915 yen and 985 yen, respectively.

The assumptions used in the Black-Scholes model for valuing the stock options granted during the years are as follows:

	For the Year Ended March 31, 2020		
Vesting period	From July 31, 2019 to April 1, 2020	From July 31, 2019 to April 1, 2021	From July 31, 2019 to April 1, 2022
Remaining life of options	5.5 years	6 years	6.5 years
Share price	3,718 yen	3,718 yen	3,718 yen
Exercise price	3,718 yen	3,718 yen	3,718 yen
Volatility*	29.542%	29.542%	29.542%
Dividend per share	30 yen	30 yen	30 yen
Risk-free interest rate	(0.258)%	(0.260)%	(0.259)%

* Calculated based on historical daily share prices since going public.

	For the Year Ended March 31, 2021		
Vesting period	From July 27, 2020 to April 1, 2021	From July 27, 2020 to April 1, 2022	From July 27, 2020 to April 1, 2023
Remaining life of options	5.5 years	6 years	6.5 years
Share price	3,558 yen	3,558 yen	3,558 yen
Exercise price	3,558 yen	3,558 yen	3,558 yen
Volatility*	32.819%	32.993%	32.993%
Dividend per share	30 yen	30 yen	30 yen
Risk-free interest rate	(0.132)%	(0.132)%	(0.134)%

* Calculated based on historical daily share prices since going public.

Share-based Payment Expenses

Expenses for the stock option plan, which are included within "Selling, general and administrative expenses" in the consolidated statements of profit or loss, for the years ended March 31, 2020 and 2021 are 285 million yen and 241 million yen, respectively.

Changes in the Number of Stock Options and Weighted-average Exercise Prices thereof

The weighted-average share prices upon exercise of stock options during the year are 3,096 yen and 3,207 yen for the years ended March 31, 2020 and 2021, respectively. The weighted-average remaining contractual lives as of March 31, 2020 and 2021 were 13.6 years and 11.7 years, respectively.

Changes in the number of stock options and weighted-average exercise prices thereof are as follows:

	For the Year Ended March 31, 2020		For the Year Ended March 31, 2021	
	Number of options	Weighted-average exercise price (Yen)	Number of options	Weighted-average exercise price (Yen)
Outstanding at the beginning of the year	1,845,000	1.00	2,264,600	714.82
Granted	434,900	3,718.00	282,100	3,558.00
Exercised	15,300	1.00	835,300	140.28
Forfeited	-	-	-	-
Expired at maturity	-	-	-	-
Outstanding at the end of the year	2,264,600	714.82	1,711,400	1,463.90
Outstanding and exercisable as of the end of the year	2,017,700	347.33	1,455,000	1,083.58

Performance-based Equity Compensation Plan

Overview of the Performance-based Equity Compensation Plan

The Company has introduced a performance-based equity compensation plan using an equity-settled Board Incentive Plan (“BIP”) trust as an incentive plan for its Directors of the Board and Senior Management of Recruit Holdings and some of its subsidiaries.

The plan is implemented as a long-term incentive plan for Directors of the Board and Senior Management, by establishing a strong connection between their compensation and shareholder value. The Company believes this plan results in an increase in their willingness to contribute to business performance and enterprise value over mid-to long-term. In the plan, Directors of the Board and Senior Management are granted the Recruit Holdings’ shares or receive the monetary equivalent value of such shares according to their rank and the level of attainment of performance targets.

The plan is accounted for as an equity-settled share-based payment.

Share-based Payment Expenses

Expenses for the performance-based equity compensation plan, which are included within “Selling, general and administrative expenses” in the consolidated statements of profit or loss, for the years ended March 31, 2020 and 2021 are 1,411 million yen and 1,375 million yen, respectively.

Method for Measurement of Fair Value of the Recruit Holdings Shares Granted during the Year Based on Performance-based Equity Compensation Plan

The weighted-average fair value of the Recruit Holdings’ shares granted during the year is determined based on the following preconditions:

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Number of shares granted (Shares)	244,468	496,144
Weighted-average fair value (Yen)[1]	4,579	3,884
Vesting conditions	(Note 2)	(Note 2)

1 For shares granted, the fair values are measured based on observable market prices.

2 In principle, vesting conditions require continuous service till the vesting date.

Equity-based Incentive Plan for Employees

Overview of the Equity-based Incentive Plan for Employees

The Company has introduced an equity-based incentive plan using an equity-settled Employee Stock Ownership Plan (ESOP) trust as an incentive plan for employees of its subsidiaries.

The plan is implemented as a long-term incentive plan for the employees, by establishing a strong connection between their compensation and shareholder value. The Company believes this plan results in an increase in their willingness to contribute to business performance and enterprise value over mid-to long-term. In the plan, the employees are granted the Recruit Holdings' shares or receive the monetary equivalent value of such shares according to the vesting period.

This plan is accounted for as an equity-settled share-based payment.

Share-based Payment Expenses

Expenses for the equity-based incentive plan for employees, which are included within "Selling, general and administrative expenses" in the consolidated statements of profit or loss, for the year ended March 31, 2021 are 3,705 million yen.

Method for Measurement of Fair Value of the Recruit Holdings Shares Granted during the Year Based on Equity-based Incentive Plan for Employees

The weighted-average fair value of the Recruit Holdings' shares granted during the year is determined based on the following preconditions:

	For the Year Ended March 31, 2021
Number of shares granted (Shares)	7,978,033
Weighted-average fair value (Yen)[1]	4,497
Vesting conditions	(Note 2)

1 For shares granted, the fair values are measured based on observable market prices. Expected dividends are incorporated into the measurement of fair value.

2 In principle, vesting conditions require continuous service till the vesting date.

28 Financial Instruments

Capital Management

Details of capital management are as presented in “Capital Resources and Liquidity” in “Management’s Discussion and Analysis of Financial Position, Results of Operations, and Cash Flows.”

Financial Risk Management

In the course of conducting its business activities, the Company is exposed to financial risks (credit risk, liquidity risk, foreign currency risk, interest rate risk and price risk). The Company monitors those financial risks in order to avoid or reduce the risks as necessary.

The Company uses derivative transactions to hedge foreign currency risk and interest rate risk, and not for speculative purposes.

Credit Risk Management

The Company’s trade receivables such as notes and accounts receivable - trade are exposed to customer credit risk.

The Company examines new clients to understand and mitigate at an early stage the potential uncollectibility of receivables due to deterioration in their financial conditions. With regard to trade receivables, the Company manages due dates and balances for each client and also monitors the financial condition of major clients on a regular basis. In addition, the Company enters into transactions only with financial institutions with high credit ratings to mitigate counterparty risk. The Company is not exposed to credit risk that is excessively concentrated in a particular counterparty. Except for guarantee obligations made by the Company, its maximum exposure to credit risk is the carrying amount (after impairment) of the financial assets presented in the consolidated statements of financial position.

Reconciliation of Loss Allowance

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Beginning balance	4,519	7,480
Increase	8,020	9,064
Decrease (utilization)	(4,110)	(4,907)
Decrease (reversal)	(945)	(1,205)
Decrease due to loss of control	-	(205)
Other	(3)	15
Ending balance	7,480	10,242

Assessment of Credit Risk Exposure

Trade and other receivables

The Company is not exposed to credit risk that is excessively concentrated in any single counterparty or group to which it belongs.

Liquidity Risk Management

The Company manages its liquidity risk by preparing and updating a cash management plan at each subsidiary level, ensuring liquidity is available based on estimated revenue and expenditures, and realizing group financing through a cash-pooling system. In addition, the Company has entered into commitment line contracts with financial institutions to prepare further for liquidity risk.

Financial liabilities by maturity are as follows. Contractual cash flows are presented as undiscounted cash flows including interest payments.

As of March 31, 2020

(In millions of yen)

	Carrying amount	Contractual cash flows	1 year or less	Over 1 year through 5 years	Over 5 years
(Financial liabilities other than derivatives)					
Trade and other payables	219,021	219,021	219,021	-	-
Bonds and borrowings	136,699	140,017	25,891	112,830	1,295
Lease liabilities	271,713	300,412	40,859	106,859	152,693
(Derivatives)					
Derivative liabilities*	1,549	1,549	442	1,106	-
Total	628,984	661,001	286,215	220,796	153,989

As of March 31, 2021

(In millions of yen)

	Carrying amount	Contractual cash flows	1 year or less	Over 1 year through 5 years	Over 5 years
(Financial liabilities other than derivatives)					
Trade and other payables	243,905	243,905	243,905	-	-
Bonds and borrowings	112,780	113,544	55,017	57,304	1,222
Lease liabilities	304,989	321,138	44,088	120,980	156,069
(Derivatives)					
Derivative liabilities*	628	628	331	297	-
Total	662,304	679,217	343,343	178,582	157,291

* The cash flows are expected to affect profit or loss in almost the same periods as cash flows occur.

Foreign Currency Risk

Foreign Currency Risk Management

The Company is exposed to the risk of rapid fluctuation of foreign exchange rates.

For certain foreign currency-denominated receivables and payables, the foreign currency fluctuation risk is hedged on an individual basis.

Foreign Currency Sensitivity Analysis

The effect of a 1% strengthening of Japanese yen against the US dollar on profit before tax of the Company in each reporting period is as follows. Currencies other than the one used in the analysis are assumed to be constant. In addition, this analysis does not include the effects of translating financial instruments denominated in the functional currency as well as the assets and liabilities of foreign operations into Japanese yen.

A 1% weakening of Japanese yen against the US dollar on profit before tax of the Company will have an opposite effect by the same amount as shown in the following table.

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Profit before tax		
US dollar	1	2

Interest Rate Risk

Interest Rate Risk Management

Borrowings are appropriated for working capital and funds for capital investment, and since a large portion of borrowings have floating interest rates, the Company is exposed to interest rate fluctuation risk. With regard to interest rate fluctuation risk of borrowings, interest rate swaps are used to fix a portion of or the entire interest expense.

Price Risk

Price Risk Management

The Company is exposed to market price fluctuation risk associated with equity instruments.

Equity instruments are managed by regularly monitoring the market prices and financial condition of issuers and, on an ongoing basis, evaluating the holding status in light of the relationship with issuers.

Price Sensitivity Analysis

Assuming that the fair values of all equity financial assets with active markets decrease by 10% at the end of each fiscal year, the effects on other comprehensive income (before tax effects) are as follows:

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Other comprehensive income (before tax effects)	(5,068)	(11,027)

Derivatives and hedge accounting

Risk Management Policies

The Company uses derivatives to hedge foreign currency risk and interest rate risk. Derivatives are limited to transactions with actual demand and not entered into for speculative purposes. Where natural hedges cannot be used against market risk, the Company applies hedge accounting by designating such derivatives as hedges based on the risk management policies.

To mitigate interest rate risk and foreign currency risk arising from business operations, cash flow hedges are applied. The Company generally assesses qualitatively whether key conditions for the hedged item and the hedging instrument are matched or closely matched, or quantitatively whether changes in the values of the hedged item and the hedging instrument have an offsetting relationship on the same risk in order to confirm the economic relationship between the hedged item and the hedging instrument. For a hedging relationship in which ineffectiveness is expected to occur, the amount of the ineffectiveness is determined by a quantitative method. The Company implements highly effective hedges, and the amount of hedge ineffectiveness is not material.

Derivatives subject to hedge accounting are managed under the risk management policies, and part or all of the risk is hedged.

Quantitative Information on Derivatives (Subject to Hedge Accounting)

(In millions of yen)

		As of March 31, 2020		As of March 31, 2021	
	Hedging instrument	Notional amount	Carrying amount	Notional amount	Carrying amount
Interest rate risk	Interest rate swaps	34,940	(12)	24,957	(23)
Foreign currency risk	Currency swaps	68,474	-	-	-
Interest rate risk/ Foreign currency risk	Interest rate and currency swaps	52,410	(1,536)	37,436	(472)
Total		155,826	(1,549)	62,393	(495)

Assets and liabilities arising from derivatives are recorded within “Other financial assets” and “Other financial liabilities,” respectively, in the consolidated statements of financial position.

The fair values are determined based on prices presented by financial institutions.

The periods in which cash flows are expected to occur under cash flow hedges are one year through three years. The cash flows are expected to affect profit or loss in almost the same periods as cash flows occur.

Effects of Applying Hedge Accounting on the Consolidated Statements of Profit or Loss and the Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the Year Ended March 31, 2020		For the Year Ended March 31, 2021	
	Gain (loss) on hedge recognized in cash flow hedge reserves	Amount reclassified from cash flow hedge reserves to profit or loss	Gain (loss) on hedge recognized in cash flow hedge reserves	Amount reclassified from cash flow hedge reserves to profit or loss
Interest rate risk	(7)	(0)	(5)	(1)
Interest rate risk/ Foreign currency risk	214	(569)	589	(666)
Total	206	(570)	584	(668)

The amount reclassified from cash flow hedge reserves to profit or loss is recorded within “Finance income” or “Finance costs” in the consolidated statements of profit or loss.

29 Fair Value Measurement

Method of Fair Value Measurement

Assets

Since cash and cash equivalents, and trade and other receivables are settled within a short period of time, their carrying amounts approximate their fair values.

The fair value of other financial assets other than the following is determined by discounting them to their present value using an interest rate that reflects the remaining term and credit risk of the asset, and their carrying amounts approximate their fair value.

Equity Financial Assets

The fair value of stocks included in equity financial assets for which active markets exist is determined based on market prices. The fair value of stocks for which active markets do not exist is assessed mainly based on transaction prices in the latest arm’s length transactions.

Derivative Assets

The fair value of derivative assets is determined based on prices presented by financial institutions.

Liabilities

Since trade and other payables, and short-term borrowings are settled within a short period of time, their carrying amounts approximate their fair values.

The fair value of long-term borrowings is determined by discounting the sum of principal and interest to the present value by using an interest rate that would be applied for new similar borrowings.

The fair value of bonds is determined with reference to market prices.

The fair value of other financial liabilities other than the following is determined by discounting them to the present value using an interest rate that reflects the remaining term and credit risk of the liability, and their carrying amounts approximate their fair values.

Derivative Liabilities

The fair value of derivative liabilities is determined based on prices presented by financial institutions.

Fair Value Hierarchy

Fair value measurements in the Company are categorized, depending on their observability in the market, into three different levels which are defined as follows:

Level 1: Fair value measured at quoted prices in active markets

Level 2: Fair value determined, either directly or indirectly, by using observable prices other than Level 1

Level 3: Fair value determined using valuation techniques based on unobservable inputs

When more than one input is used to measure the fair value, the level of the fair value is determined based on the lowest level input that is significant to the measurement of the overall fair value. There were no significant transfers between Level 1, Level 2 and Level 3 during the years ended March 31, 2020 and 2021. The Company recognizes transfers between the levels of the hierarchy at the end of the reporting period during which the event causing the transfer occurred.

The Breakdown by Level of Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The breakdown by level of the fair value hierarchy of financial instruments at the end of each fiscal year is as follows:

As of March 31, 2020

(In millions of yen)

	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Equity financial assets	88,374	50,803	-	37,570
Derivative assets	-	-	-	-
Total	88,374	50,803	-	37,570
Financial liabilities				
Derivative liabilities	1,549	-	1,549	-
Total	1,549	-	1,549	-

As of March 31, 2021

(In millions of yen)

	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Equity financial assets	152,216	110,391	-	41,825
Derivative assets	83	-	83	-
Total	152,300	110,391	83	41,825
Financial liabilities				
Derivative liabilities	628	-	628	-
Total	628	-	628	-

Equity financial assets categorized within Level 1 are mainly stocks for which active markets exist.

Derivative assets and derivative liabilities categorized within Level 2 are mainly derivative financial instruments including interest rate swaps, currency swaps and forward foreign exchange contracts.

Equity financial assets categorized within Level 3 are mainly unlisted stocks for which active markets do not exist.

There are no material changes in financial assets categorized within Level 3 of the fair value hierarchy in the year ended March 31, 2021.

Financial Assets and Financial Liabilities Measured at Amortized Cost

The carrying amount and fair value of financial assets and financial liabilities measured at amortized cost at the end of each fiscal year are as follows:

(In millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	49,927	49,946	49,955	49,983

The above table does not include financial assets and financial liabilities measured at amortized cost whose carrying amount approximates their fair value. Long-term borrowings mainly bear interest at floating rate, which reflects market interest rate, and thereby their carrying amount approximates their fair value.

The fair value hierarchy of long-term borrowings is categorized as Level 3.

The fair value hierarchy of bonds is categorized as Level 2.

30 Cash Flow Information

Reconciliation of Liabilities from Financing Activities

Changes in liabilities from financing activities are as follows:

(In millions of yen)

	Borrowings	Bonds	Lease liabilities	Total
Balance at April 1, 2019	112,183	49,899	-	162,082
Cumulative effects of changes in accounting policies	-	-	243,492	243,492
Restated balance at April 1, 2019	112,183	49,899	243,492	405,574
Cash movements	(24,652)	-	(39,096)	(63,748)
New leases	-	-	68,838	68,838
Effects of changes in foreign exchange rates	(764)	-	(2,040)	(2,805)
Other	6	28	519	553

Balance at March 31, 2020	86,772	49,927	271,713	408,413
Cash movements	(24,559)	-	(40,849)	(65,409)
Changes due to new leases, contract modifications, etc.	-	-	72,144	72,144
Effects of changes in foreign exchange rates	1,207	-	3,125	4,333
Other	(595)	28	(1,144)	(1,711)
Balance at March 31, 2021	62,825	49,955	304,989	417,770

* Cash movements in “Borrowings” represent the net amount of “Proceeds from long-term borrowings,” “Net increase (decrease) in short-term borrowings” included in “Other,” and “Repayments of long-term borrowings” under cash flows from financing activities in the consolidated statements of cash flows.

31 Related Party Transactions

Transactions with Related Parties

There are no significant transactions with related parties (except for those eliminated in the consolidated financial statements).

Compensation for Key Management Personnel

Compensation for Directors of the Board (excluding outside Directors) of Recruit Holdings is as follows:

(In millions of yen)

Type	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Annual Incentive	625	366
Post-employment benefits	0	47
Equity Compensation	856	972
Total	1,482	1,385

32 Major Subsidiaries

Major subsidiaries of the Holding Company are as presented in “Major Subsidiaries and Associates” in “Company Overview.”

Other

Quarterly Information for the Year Ended March 31, 2021

(In millions of yen, unless otherwise stated)

(Cumulative period)	First three months	First six months	First nine months	Full year
Revenue	475,488	1,044,621	1,656,199	2,269,346
Profit before tax	28,547	78,490	146,828	168,502
Profit attributable to owners of the parent	22,323	62,533	117,583	131,393
Basic earnings per share (Yen)	13.54	37.92	71.31	79.83

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	13.54	24.38	33.39	8.44

Non-consolidated Financial Statements and Notes

Non-consolidated Financial Statements

Balance Sheets

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	198,424	171,775
Accounts receivable - trade	38,407	30,056
Prepaid expenses	237	152
Short-term loans receivable	46,773	44,217
Accounts receivable - other	12,933	15,028
Other current assets	394	358
Allowance for doubtful accounts	(130)	(64)
Total current assets	**297,040**	**261,523**
Non-current assets		
Property, plant and equipment		
Buildings	39	38
Machinery and equipment	1	1
Tools, furniture and fixtures	99	86
Total property, plant and equipment	**140**	**126**
Intangible assets		
Software	431	375
Other intangible assets	59	48
Total intangible assets	**490**	**423**
Investments and other assets		
Investment securities	39,533	79,773
Stocks of subsidiaries and associates	827,403	827,403
Long-term loans receivable	240,441	199,229
Other assets	4,412	4,043
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	**1,111,786**	**1,110,446**
Total non-current assets	**1,112,417**	**1,110,996**
Total assets	**1,409,458**	**1,372,520**

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Short-term borrowings	318,178	354,260
Current portion of bonds payable	-	30,000
Accounts payable - other	4,455	13,133
Accrued expenses	2,042	1,575
Income taxes payable	1,182	292
Deposits received	86	33
Other current liabilities	2,042	254
Total current liabilities	**327,987**	**399,551**
Long-term liabilities		
Bonds payable	50,000	20,000
Long-term borrowings	62,393	37,436
Provision for retirement benefits for directors (and other officers)	1,044	744
Provision for Board Incentive Plan trust	3,015	2,823
Deferred tax liabilities	91,550	106,083
Other long-term liabilities	667	557
Total long-term liabilities	**208,670**	**167,645**
Total liabilities	**536,658**	**567,197**
Equity		
Shareholders' equity		
Common stock	40,000	40,000
Capital surplus		
Other capital surplus	1,571	344
Total capital surplus	1,571	344
Retained earnings		
Legal retained earnings	3,256	7,299
Other retained earnings		
General reserve	820,909	820,909
Retained earnings brought forward	109,237	78,827
Total retained earnings	**933,403**	**907,036**
Treasury stock	(113,244)	(180,148)
Total shareholders' equity	**861,730**	**767,232**
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale securities	9,350	36,772
Total valuation and translation adjustments	**9,350**	**36,772**
Stock acquisition rights	1,719	1,317
Total equity	**872,799**	**805,322**
Total liabilities and equity	**1,409,458**	**1,372,520**

Statements of Income

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Operating revenue		
Royalty income	35,325	27,324
Dividends from subsidiaries and associates	66,736	-
Total operating revenue	**102,061**	**27,324**
Operating expenses		
Salaries and allowances	3,682	3,283
Business commissions	3,044	2,572
Other	3,277	2,170
Total operating expenses	**10,004**	**8,026**
Operating income	**92,056**	**19,297**
Non-operating income		
Interest income	805	614
Dividend income	1,116	1,026
Other	1,247	107
Total non-operating income	**3,169**	**1,748**
Non-operating expenses		
Interest expense	675	732
Foreign exchange losses	101	11
Commitment fees	-	368
Other	382	359
Total non-operating expenses	**1,160**	**1,470**
Ordinary income	**94,065**	**19,574**
Extraordinary income		
Gain on sales of investment securities	-	994
Other	25	84
Total extraordinary income	**25**	**1,078**
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Income before income taxes	**94,090**	**20,653**
Income taxes - current	(1,200)	1,362
Income taxes - deferred	9,436	5,227
Total income taxes	**8,235**	**6,589**
Net income	**85,854**	**14,063**

Statements of Change in Equity

For the Year Ended March 31, 2020

(In millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total share-holders' equity
Balance at April 1, 2019	10,000	6,716	24,857	31,574	750	820,909	75,198	896,857	(32,378)	906,053
Changes of items during the period										
Cash dividends					2,506		(51,815)	(49,308)		(49,308)
Net income							85,854	85,854		85,854
Purchase of treasury stock									(81,119)	(81,119)
Disposal of treasury stock			(2)	(2)					253	250
Transfer from legal capital surplus to common stock	6,716	6,716)		(6,716)						-
Transfer from surplus to common stock	23,283		(23,283)	(23,283)						-
Other changes during the period										
Total changes of items during the period	30,000	6,716)	(23,286)	(30,002)	2,506	-	34,039	36,545	(80,866)	(44,323)
Balance at March 31, 2020	40,000	-	1,571	1,571	3,256	820,909	109,237	933,403	((113,244)	861,730

(In millions of yen)

	Valuation and translation adjustments		Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2019	25,165	25,165	1,449	932,667
Changes of items during the period				
Cash dividends				(49,308)
Net income				85,854
Purchase of treasury stock				(81,119)
Disposal of treasury stock				250
Transfer from legal capital surplus to common stock				-
Transfer from surplus to common stock				-
Other changes during the period	(15,814)	(15,814)	269	(15,545)
Total changes of items during the period	(15,814)	(15,814)	269	(59,868)
Balance at March 31, 2020	9,350	9,350	1,719	872,799

For the Year Ended March 31, 2021

(In millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Common stock	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total share-holders' equity
Balance at April 1, 2020	40,000	1,571	1,571	3,256	820,909	109,237	933,403	(113,244)	861,730
Changes of items during the period									
Cash dividends				4,043		(44,473)	(40,430)		(40,430)
Net income						14,063	14,063		14,063
Purchase of treasury stock								(70,504)	(70,504)
Disposal of treasury stock		(1,226)	(1,226)					3,601	2,374
Other changes during the period									
Total changes of items during the period	-	(1,226)	(1,226)	4,043	-	(30,410)	(26,367)	(66,903)	(94,497)
Balance at March 31, 2021	40,000	344	344	7,299	820,909	78,827	907,036	(180,148)	767,232

(In millions of yen)

	Valuation and translation adjustments		Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2020	9,350	9,350	1,719	872,799
Changes of items during the period				
Cash dividends				(40,430)
Net income				14,063
Purchase of treasury stock				(70,504)
Disposal of treasury stock				2,374
Other changes during the period	27,422	27,422	(401)	27,020
Total changes of items during the period	27,422	27,422	(401)	(67,476)
Balance at March 31, 2021	36,772	36,772	1,317	805,322

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Financial Statements are as follows;

Significant Accounting Policies

Valuation Standards and Valuation Methods of Assets

Valuation standards and valuation methods of securities

Shares of Subsidiaries and Associates

Stated at cost using the moving-average method

Available-for-sale Securities

Available-for-sale securities with market value

Market value method based on the market price at the end of the period, etc. (Valuation differences are directly recorded as equity and cost of securities sold is calculated by the moving-average method.)

Available-for-sale securities without market value

Stated at cost using the moving-average method

Depreciation and Amortization Methods of Non-current Assets

Property, Plant and Equipment

Straight-line method

The principal useful lives are as follows:

- Buildings: 2 to 50 years
- Tools, furniture and fixtures: 2 to 15 years

Intangible Assets

Straight-line method

The principal years of amortization are as follows:

- Software (for internal use): 5 years (period available for internal use)

Accounting Standards for Allowances and Provisions

Allowance for Doubtful Accounts

In order to provide for losses due to bad debt, for general receivables, an estimated uncollectible amount is principally recorded according to the historical bad debt ratio. For specific receivables from companies in financial difficulty, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.

Provision for Retirement Benefits for Directors (and Other Officers)

In order to provide for the payments of retirement benefits to Directors (and other officers), an estimated amount of benefits payable at the end of the fiscal year is recorded in accordance with the internal rules.

Provision for Board Incentive Plan Trust

In order to provide for the grant of shares of Recruit Holdings to Directors (and other officers), an estimated amount of shares to be granted for the points awarded to Directors (and other officers) is recorded in accordance with the internal stock delivery regulations.

Significant Hedge Accounting

Hedge Accounting

Deferred hedge accounting is applied.

Exceptional treatment is applied to interest rate swaps that meet the requirements for exceptional treatment. Integrated treatment (exceptional treatment/appropriation treatment) is applied to interest rate and currency swap transactions that meet the requirements for integrated treatment.

Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swap	Interest on borrowings
Interest rate and currency swap	Foreign currency-denominated debt

Hedging Policy

The Company engages in interest rate swap transactions and interest rate and currency swap transactions in order to hedge the risks associated with fluctuations in interest rates and foreign exchange rates.

Methods for Evaluating the Effectiveness of Hedges

Evaluation of effectiveness on exceptional treatment for interest rate swaps and integrated treatment for interest rate and currency swaps is not performed as not required.

Other Important Matters That Form the Basis for Preparing Non-consolidated Financial Statements

Translation of Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Monetary receivables and payables denominated in foreign currencies have been translated into Japanese yen at the spot exchange rate at the balance sheet date, and translation adjustments are treated as gains or losses.

Accounting Method for Consumption Taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

Application of the Consolidated Taxation System

The consolidated taxation system is applied.

Application of Tax Effect Accounting for Transition from the Consolidated Taxation System to the Group Tax Sharing System

Concerning items which transitioned to the group tax sharing system and those for which the non-consolidated tax payment system were amended in line with the transition to the group tax sharing system, which has been established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), the Company will not apply the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28 of February 16, 2018), in accordance with Paragraph 3 of “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No.39 of March 31, 2020). As a result, the amounts of deferred tax assets and deferred tax liabilities are reported based on the provisions of the tax act before the amendment.

Significant Accounting Estimates

Stocks of subsidiaries and associates recorded by the Company as of the end of the current fiscal year are 827,403 million yen, which mainly consist of shares in RGF Staffing B.V. of 402,140 million yen.

The Company determines whether there is a significant decline in value in substance by comparing the value in substance which reflects excess earnings power expected when the Company acquired RGF Staffing B.V. with the carrying amount. The excess earnings power based on the forecast expected at the time of the acquisition of RGF Staffing B.V. and its subsidiaries in staffing business reflects a customer base and brand strength possessed by each company in their respective country, as well as synergies obtained by utilizing know-how accumulated based on the experiences in other subsidiaries in the staffing business in the group.

When the Company assesses if the excess earnings power is impaired, the Company considers the 5-year future cash flow projection based on a business plan, the growth rate for the periods subsequent to the period covered by the business plan, and the discount rate used in the impairment test of goodwill for preparation of its consolidated financial statements. The future cash flow projection is mainly affected by market growth rates.(see “Impairment Tests on Goodwill” under “11 Goodwill and Intangible Assets” in “Notes to the Consolidated Financial Statements.”)

The assessment as of March 31, 2021 shows that the value in substance has not decreased significantly compared with the carrying amount. Therefore, the Company determined that it did not need to impair the shares in RGF Staffing B.V., and recorded no valuation loss on the shares.
The business plan used for determining whether there is a significant decline in the value in substance, which reflects excess earnings power, is prepared based on management’s best estimate.

Changes in Presentation Methods

Application of “Accounting Standard for Disclosure of Accounting Estimates”

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 of March 31, 2020) to the non-consolidated financial statements from the current fiscal year, and provides notes on significant accounting estimates in the non-consolidated financial statements.

However, the notes do not include information for the previous fiscal year in accordance with the transitional measure specified in the proviso of Paragraph 11 of the accounting standard.

Additional Information

Board Incentive Plan ("BIP") Trust

The Company has introduced a performance-based equity compensation plan as an incentive plan for Directors of the Board, Corporate Executive Officers and Corporate Professional Officers of Recruit Holdings and its subsidiaries.

Overview of the transaction

See "27 Equity Compensation" in "Notes to the Consolidated Financial Statements."

Shares of Recruit Holdings held by the BIP Trust

Shares of Recruit Holdings held by the BIP Trust are recorded as treasury stock in equity at their carrying amount in the trust.

The carrying amount and number of those treasury shares are 3,679 million yen and 1,521,856 shares as of March 31, 2020 and 3,992 million yen and 1,389,130 shares as of March 31, 2021.

Matters related to Balance Sheets

Assets and Liabilities in Relation to Subsidiaries and Associates

Those included in each item that are not presented separately are as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Short-term monetary receivables	97,979	89,371
Short-term monetary payables	297,493	341,747
Long-term monetary receivables	240,441	199,229

Contingent Liabilities

The Company guarantees the obligations of the following subsidiaries and associates as stated below:

(In millions of yen)

As of March 31, 2020		As of March 31, 2021	
Indeed, Inc.	75,939	Indeed, Inc.	69,836
Indeed Ireland Operations Limited	31,671	Indeed Ireland Operations Limited	32,844
Glassdoor, Inc.	18,047	Glassdoor, Inc.	18,011
Staffmark Group, LLC	10,364	Staffmark Group, LLC	9,853
Start People SAS	6,860	RGF Staffing Interservices NV	5,521

USG People Interservices NV	5,771	Chandler Macleod Group Limited	673
Chandler Macleod Group Limited	672	Megagon Labs, Inc.	241
Megagon Labs, Inc.	291	Other	16
Hotspring Ventures Limited	108		
Other	18		
Total	149,746	Total	136,998

Overdraft Agreements and Loan Commitment Contracts

The Company has entered into overdraft agreements and loan commitment contracts with financial institutions to secure liquidity and raise operating funds efficiently.

The amount of maximum borrowings available and the balances of outstanding borrowings and unused borrowings under the overdraft agreements and loan commitments at the end of the fiscal year are as follows:

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
Maximum borrowings available	113,000	512,999
Outstanding borrowings	-	-
Unused borrowings	113,000	512,999

Matters related to Statements of Income

Transaction Volume with Subsidiaries and Associates

(In millions of yen)

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Transaction volume of operating transactions (revenue)	102,061	27,324
Transaction volume of operating transactions (expenses)	684	914
Transaction volume of non-operating transactions (revenue)	445	390
Transaction volume of non-operating transactions (expenses)	483	581

Matters related to Securities

Stocks of Subsidiaries and Stocks of Associates

As of March 31, 2020

(In millions of yen)

Category	Amount reported on the balance sheet	Market value	Difference
(1) Stocks of subsidiaries	-	-	-
(2) Stocks of associates	8,367	156,630	148,263
Total	8,367	156,630	148,263

As of March 31, 2021

(In millions of yen)

Category	Amount reported on the balance sheet	Market value	Difference
(1) Stocks of subsidiaries	-	-	-
(2) Stocks of associates	8,367	162,477	154,109
Total	8,367	162,477	154,109

· The amounts reported on the balance sheet for stocks of subsidiaries and stocks of associates whose market values are considered extremely difficult to identify.

(In millions of yen)

Category	As of March 31, 2020	As of March 31, 2021
(1) Stocks of subsidiaries	819,036	819,036
(2) Stocks of associates	-	-
Total	819,036	819,036

Given that these stocks do not have market prices and it is considered extremely difficult to identify their market values, they are not included in the above tables of "Stocks of subsidiaries and stocks of associates."

Matters related to Tax Effect Accounting

Breakdown by Cause of Deferred Tax Assets and Deferred Tax Liabilities

(In millions of yen)

	As of March 31, 2020	As of March 31, 2021
(Deferred tax assets)		
Stocks of subsidiaries and associates	26,125	26,033
Tax losses carry-forward	11,058	6,548
Loss on valuation of investment securities	3,429	3,428
Other	2,310	1,860
Subtotal of deferred tax assets	42,924	37,872
Valuation allowance	(30,051)	(30,277)
Total deferred tax assets	12,873	7,595
(Deferred tax liabilities)		
Stocks of subsidiaries and associates	(102,608)	(102,558)
Unrealized gain (loss) on available-for-sale securities	(1,815)	(11,121)
Total deferred tax liabilities	(104,423)	(113,679)
Net deferred tax liabilities	(91,550)	(106,083)

Breakdown by Cause of Significant Differences between the Statutory Effective Tax Rate and the Actual Effective Tax Rate for Income Taxes after Tax Effect Accounting

(%)

	As of March 31, 2020	As of March 31, 2021
Statutory effective tax rate	30.6	-
(Adjustments)		
Permanently non-taxable income, including dividend income	(20.5)	-
Valuation allowance	0.4	-
Other	(1.7)	-
Actual effective tax rate for income taxes after tax effect accounting	8.7	-

Notes are not presented since the difference between the statutory effective tax rate and the actual effective tax rate for income taxes after tax effect accounting as of March 31, 2021 was less than 5% of the statutory effective tax rate.

Annexed Detailed Schedules

Annexed Detailed Schedule of Property, Plant and Equipment, Etc.

(In millions of yen)

Category	Type of assets	Balance at the beginning of the year	Increase during the year	Decrease during the year	Amortization during the year	Balance at the end of the year	Accumulated depreciation
Property, plant and equipment	Buildings	39	1	-	2	38	50
	Machinery and equipment	1	-	-	0	1	1
	Tools, furniture and fixtures	99	3	0	16	86	511
	Total	140	5	0	19	126	563
Intangible assets	Software	431	73	10	118	375	
	Other	59	4	3	11	48	
	Total	490	77	14	130	423	

Annexed Detailed Schedule of Provisions

(In millions of yen)

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Allowance for doubtful accounts	135	41	108	68
Provision for retirement benefits for directors (and other officers)	1,044	54	353	744
Provision for Board Incentive Plan trust	3,015	1,007	1,199	2,823

Components of Major Assets and Liabilities

See the consolidated financial statements.

Other

There are no applicable items

Other Information

Outline of Share-related Administration of the Company

Fiscal year	April 1 to March 31 of the following year
Annual Meeting of Shareholders	June
Record date	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares per trading unit	100 shares
Purchase of fractional shares	
Place of handling	*Special Account* Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Japan
Administrator of shareholder registry	*Special Account* Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Japan
Broker	-
Trade commissions	A separately stipulated amount equivalent to the commissions for the entrustment of share trades
Public notification method	The Company uses digital notification as the public notification method. However, if digital notification is not possible due to an accident or other unavoidable circumstances, notification will be made through the Nikkei newspaper. The URL for public notification by the Company is as follows https://recruit-holdings.co.jp/ir/library/fr_public/
Gift to shareholders	None

* Shareholders holding fractional shares cannot exercise their rights except for those listed below.
  - The rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act of Japan
  - The rights to make claims pursuant to Article 166, Paragraph 1 of the Companies Act of Japan
  - The rights to receive allotments of shares for subscription and allotments of stock options for subscription based on the number of shares held by the shareholder

Information on the Parent Company of the Holding Company

The Holding Company does not have a parent company, etc. prescribed in Article 24-7 Paragraph1 of the Financial Instruments and Exchange Act of Japan.

Other Reference Information

The following documents were submitted from the beginning of the fiscal year under review until the submission date of this document.

Yukashouken Houkokusho and Its Attachments

Yukashouken Houkokusho for FY2019 and Its Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on June 30, 2020.

Internal Control Report and Its Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on June 30, 2020 for FY2019.

Quarterly Report

Quarterly Report for the Q1 FY2020

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on August 26, 2020.

Quarterly Report for the Q2 FY2020

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on November 16, 2020.

Quarterly Report for the Q3 FY2020

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on February 15, 2021.

Confirmation Documents

- Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2020 for FY2019.
- Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on August 26, 2020 for the Q1 FY2020.
- Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on November 16, 2020 for the Q2 FY2020.
- Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on February 16, 2021 for the Q3 FY2020.

Extraordinary Report

Extraordinary report based on Article 19, Paragraph 2, Item 9-2 (results of exercise of voting rights at an annual shareholders meeting) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on July 1, 2020.

Extraordinary report based on Article 19, Paragraph 2, Item 2-2 (issuance of stock acquisition rights) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on July 8, 2020.

Extraordinary report based on Article 19, Paragraph 2, Item 1 (secondary distribution of common stock in the international markets) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on November 30, 2020.

Extraordinary report based on Article 19, Paragraph 2, Item 3 (change in specified subsidiaries) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on January 5, 2021.

Extraordinary report based on Article 19, Paragraph 2, Item 9 (change in representative director) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on January 18, 2021.

Amendment Report for Extraordinary Report

Amendment report (Amendment report for the above extraordinary report submitted on July 8, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on July 27, 2020.

Amendment report (Amendment report for the above extraordinary report submitted on November 30, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on December 2, 2020.

Share Buyback Report

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on December 14, 2020, January 8, 2021, February 5, 2021 and March 5, 2021.

Securities Registration Statement (Reference Method) and Its Attachments

Securities Registration Statement related to allotment of common stock to other persons

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on May 17, 2021.

Shelf Registration Statement (Straight Bonds) and Its Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on January 29, 2021.

Information on Guarantor of the Holding Company

Not applicable.

(Translation)

Independent Auditor's Report

June 17, 2021

The Board of Directors

Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshifumi Mitsugi
Certified Public Accountant
Designated and Engagement Partner

Takuto Miki
Certified Public Accountant
Designated and Engagement Partner

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Recruit Holdings Co., Ltd. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial statements.

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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of goodwill related to RGF Staffing B.V.</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>As described in the Note 11 Goodwill and Intangible Assets to the consolidated financial statements, the Company has goodwill of 149,008 million yen arising from the acquisition of RGF Staffing B.V., which operates a staffing business across Europe, and discloses the underlying assumptions used in impairment test of the goodwill.

In conducting the impairment test, the Company measures the recoverable amount of a cash-generating unit or a group of cash-generating units (collectively "CGU") to which goodwill is allocated based on value in use. Value in use is calculated using the present value of estimated pre-tax 5-year future cash flows based on a business plan approved by the management of each CGU. The estimated 5-year future cash flows are determined based on internal and external sources including market growth rates as well as management's assessment of future trends in the industry and historical data. For the periods subsequent to the period covered by the estimated future cash flows, the Company calculated the terminal value based on indefinite life by discounting the future cash flows estimated using a growth rate assumption determined considering the environment of the country and the industry to which the CGU belongs. The pre-tax discount rate is determined based on the weighted average cost of capital considering the time value of money and the risks specific to the assets.

Key assumptions used in estimating value in use are: market growth rates within the estimated future cash flows based on the 5-year business plans; the growth rate for the periods subsequent to the period covered by the business plans; and the discount rate. The business plans are prepared based on management's best estimate.

The impairment test requires an estimate of</td><td>We performed audit procedures to assess the valuation of goodwill including:

- We assessed if the estimated 5-year future cash flows are based on the business plans approved by the management. For the market growth rates that is a key assumption used in estimating future cash flows, we inquired of the management regarding its rationale and compared to the market forecast and available external data, performed trend analysis based on actual past performance, assessed progress toward business plans for the period subsequent to the date of the impairment test, and performed a sensitivity analysis.
- For the growth rate for the period beyond the 5-year period, we inquired of the management regarding its rationale, performed a comparison with available external data and performed a trend analysis based on actual past performance.
- With the involvement of the valuation specialists of our network firm for valuation methodologies of value in use and discount rate, we evaluated the acceptability of the valuation methodologies used by the Company according to the accounting standards and the consistency of the inputs used to calculate the discount rate with publicly available data.</td></tr>
</table>

market growth rates used in the estimate of future cash flows based on the 5-year business plans, a growth rate for the period beyond 5 year and a discount rate, which are subject to uncertainties and requires management's judgement. Therefore, we determined the valuation of goodwill to be a key audit matter.	

Responsibilities of Management, Audit & Supervisory Board Members 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 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 Company's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing the Company'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 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 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 Company 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 IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 members 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 members 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 have impacts on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit & Supervisory Board members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the management's report on internal control over financial reporting of Recruit Holdings Co., Ltd., as of March 31, 2021.

In our opinion, the management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Recruit Holdings Co., Ltd. as of March 31, 2021 is effectively maintained, presents fairly, in all material respects, the results of management's assessment of internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Company in accordance with the ethical requirements in Japan, and we have fulfilled our other ethical responsibilities as auditors. 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 Members and Audit & Supervisory Board for the Management's Report on Internal Control over Financial Reporting

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our responsibility is to obtain reasonable assurance about whether the management's report on internal control over financial reporting is free from material misstatement, and to express an opinion from an independent perspective on an internal control report, based on our internal control audit.

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

- Perform audit procedures to obtain audit evidence for the assessment results for internal control over financial reporting in management's report on internal control. Internal control audit procedures selected and applied depend on the auditor's judgment, taking into account the significance of effects on the reliability of financial reporting.
- Examine representations on the scope, procedures, and results of assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of assessment of internal control over financial reporting in the management's report on internal control. We are responsible for direction, supervision and performance of the audit of management's report on internal control. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board members and Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, results of the internal control audit, including identified material weakness which should be disclosed, the results of remediation, and other matters that are required by auditing standards for internal control.

We also provide the Audit & Supervisory Board members and Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to have impacts 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 Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Notes:

1. The above is a digital version of the matters stated on the original audit report. The original is stored separately by the Holding Company (the company submitting the securities report).

2. XBRL data is not included in the scope of the audit.

(Translation)

Independent Auditor's Report

June 17, 2021

The Board of Directors

Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshifumi Mitsugi
Certified Public Accountant
Designated and Engagement Partner

Takuto Miki
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the accompanying non-consolidated financial statements of Recruit Holdings Co., Ltd. (the Holding Company), which comprise the balance sheet as of March 31, 2021, and the statement of income, the statement of changes in equity, significant accounting policies, the notes to the non-consolidated financial statements and the related supplementary schedules for the year then ended.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Holding Company as of March 31, 2021, and its non-consolidated financial performance for the year then ended in accordance 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 Non-Consolidated Financial Statements section of our report. We are independent of the Holding 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment in RGF Staffing B.V.	
Description of Key Audit Matter	**Auditor's Response**
As described in the Note Significant Accounting Estimates to the financial statements, the Company has an investment of 402,140 million yen in RGF Staffing B.V., which operates a staffing business across Europe, and discloses estimation uncertainties related to the valuation of investments in subsidiaries and associates. The Company determines whether there is a significant decline in value in substance by comparing the value in substance which reflects excess earnings power expected when the Company acquired RGF Staffing B.V. with the carrying amount. The excess earnings power based on the forecast expected at the time of the acquisition of RGF Staffing B.V. and its subsidiaries in the staffing business reflects a customer base and a brand strength possessed by each company in their respective country, as well as synergies obtained by utilizing know-how accumulated based on the experiences in other subsidiaries in the staffing business in the group. When the Company assesses if the excess earnings power is impaired, the Company considers the 5-year future cash flow projection based on a business plan, the growth rate for the periods subsequent to the period covered by the business plan, and the discount rate used in the impairment test of goodwill for preparation of its consolidated financial statements. The future cash flow projection is mainly affected by market growth rates. The business plan used for determining whether there is a significant decline in the value in substance, which reflects excess earnings power, is prepared based on management's best estimate. For the valuation of the investment in RGF Staffing B.V., to determine whether there is a significant decline in the value in substance which reflects the excess earnings power, the Company considered the estimates of market growth rates used in estimate of future cash flows included in the 5-year business plan which is the same business plan used in the impairment test of goodwill for preparation of consolidated financial statements, a growth rate for the period beyond 5 year and a discount rate, which are subject to	We performed audit procedures to assess the valuation of the investment in RGF Staffing B.V. including: ● We compared past business plan to actual results to assess if the excess earnings power is impaired. In addition, we primarily performed following procedures regarding matters which the Company considered when it assessed if the excess earnings power is impaired: - For the market growth rates included in the 5-year cash flow projection based on the business plan which is the same business plan used in the impairment test of goodwill for consolidated financial statements, we inquired of the management regarding its rationale and compared to the market forecast and available external data, performed trend analysis based on actual past performance, and performed a sensitivity analysis. - For the growth rate for the periods beyond 5-year period, we inquired of the management regarding its rationale, performed a comparison with available external data and performed a trend analysis based on actual past performance. - With the involvement of the valuation specialists of our network firm for discount rate, we evaluated the consistency of the inputs used to calculate the discount rate with publicly available data. ● We evaluated management's comparison on the value in substance which reflects excess earnings power and the carrying amount.

uncertainties and require management's judgement. Therefore, we determined the valuation of the investment in RGF Staffing B.V. to be a key audit matter.	

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Holding 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 members and Audit & Supervisory Board are responsible for overseeing the Holding Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 non-consolidated financial statements is not expressing an opinion on the effectiveness of the Holding 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 Holding 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 non-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 Holding Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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 members 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 members 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.

From the matters communicated with the Audit & Supervisory Board members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Conflicts of Interest

We have no interest in the Holding 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 Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Notes: 1. The above is a digital version of the matters stated on the original audit report. The original is stored separately by the Holding Company (the company submitting the securities report).

2. XBRL data is not included in the scope of the audit.