

Recruit Holdings Co., Ltd.



Notice of Annual Meeting of Shareholders 2021

LETTER TO SHAREHOLDERS

Dear Shareholders:

I am “Deko” Hisayuki Idekoba, and I took over as CEO in April this year.

I am pleased to invite you to participate in our 61st Annual Shareholders Meeting.

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

Since I joined Recruit Co., Ltd. as a new graduate in 1999, I have been involved in the creation and management of various businesses, and this year marks my 22nd year with the Company. For the past three years, I have been in charge of formulating and executing the strategy for Recruit Holdings and the Group across all three SBUs.

Going forward, we will continue to work on our mission, “Opportunities for Life,” which means connecting individual users and business clients faster, simpler and closer than ever before.

In pursuit of our mission, we are now outlining three specific pillars of our overall strategy.

The first is “Simplify Hiring,” in other words, dramatically improving the quality and speed of matching to simplify the hiring process in the vast global HR Matching market by utilizing technology and data.

The second pillar is, “Help Business Work Smarter,” in other words, beyond our Marketing and HR Solutions that we have been expanding in Japan, supporting our business clients in improving their performance and productivity through our Software as a Service (“SaaS”) solutions, which are operational and management support tools.

And the third pillar is, “Prosper Together,” in other words, seeking mutual prosperity with all stakeholders. While this philosophy has always been a part of our history, as the number of our individual users and business clients increases around the world, we feel that our mission and responsibility to contribute to a sustainable society is also increasing. That’s why we decided to elevate this to one of our business strategies.

As COVID-19 continues to rage around the world, I believe that the short term economic and business environment will continue to be uncertain, due to differences in the progress of vaccination, the spread of new strains of virus, and the details of economic support in each country. We are closely monitoring the situation.

In any business environment, we will continue to provide useful products and services to society. I believe this is the role and responsibility we must fulfill.

I hope to make steady progress in the execution of our management strategies in parallel with prudent short-term decision-making to respond to sudden changes in the business environment, while achieving solid results in the mid- to long-term. By doing this, I believe we can achieve a sustainable increase in our enterprise value.

Thank you for your continued understanding and support.

June 2021



Hisayuki Idekoba
CEO, President, and Representative Director of the Board
Recruit Holdings Co., Ltd.

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Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions, estimates and outlook for the future based on the Company's plans and expectations as of March 31, 2021 unless the context otherwise indicates. There can be no assurance that the relevant forward-looking statements will be achieved. Please note that significant differences between such forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and enterprise clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other factors. Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.

Note Regarding Reference Translation

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

Third-Party Information

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

U.S. Disclaimer – Un-sponsored American Depositary Receipt ("ADR")

The Company does not support or encourage, and has not consented to, the creation of any un-sponsored ADR facilities in respect of its securities and in any event disclaims any liability in connection with an un-sponsored ADR. The Company does not represent to any depository institution, bank or anyone nor should any such entity rely on a belief that the Web site of the Company includes all published information in English, currently, and on an ongoing basis, required to claim an exemption under U.S. Exchange Act Rule 12g3-2(b).

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

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

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

Change of Company Name

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

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

Also, the companies within Recruit Group that changed their names during April 1, 2021 to May 17, 2021 are indicated below.

Company Name (as of March 31, 2021)	New Company Name (as of May 17, 2021)	Change
USG People Holdings B.V.	RGF Staffing the Netherlands B.V.	April, 2021

Average Exchange Rate During the Period

(In yen)

	FY2019	FY2020
US dollar	108.70	106.10
Euro	120.81	123.76
Australian dollar	74.11	76.21

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2021

TSE code: 6098
June 2, 2021

Dear Shareholders:

We would like to notify you of the 61st Annual Meeting of Shareholders (the “Meeting”) of Recruit Holdings for FY2020.

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

Accordingly, you are kindly requested to exercise your voting rights by mail or via the Internet. Please review the attached Reference Documents for the Annual Meeting of Shareholders and the documents that will be posted on the Company’s website, and exercise your voting rights by 5:30 p.m. JST, June 16, 2021 (Wednesday).

Thank you very much for your cooperation.

Masumi Minegishi
Chairperson and Representative Director
of the Board

Recruit Holdings Co., Ltd.
8-4-17 Ginza, Chuo-ku,
Tokyo, Japan

Date and Time: June 17, 2021 (Thursday) at 11:00 a.m. JST (Reception for attendees opens at 10:00 a.m. JST)

Place: 4F Hall, BELLESALLE Onarimon Tower, Sumitomo Fudosan Onarimon Tower (Reception: 4F) 1-1-1 Shibakoen, Minato-ku, Tokyo, Japan

Meeting Agenda:

- Report matters:**
1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for FY2020
 2. The Non-consolidated Financial Statements for FY2020

Matters to be acted upon:	Proposal 1:	Election of Six (6) Directors of the Board
	Proposal 2:	Election of One (1) Substitute Audit & Supervisory Board Member
	Proposal 3:	Revision of the Equity Compensation Plan for Directors of the Board, Etc.
	Proposal 4:	Revision of the Stock Option Plan for Directors of the Board (Excluding Outside Directors)
	Proposal 5:	Proposal to Amend Articles of Incorporation

Instructions for Exercising Voting Rights

1. To vote by mail, please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return the Form to the Company by post to reach us by 5:30 p.m. JST on June 16, 2021 (Wednesday).
2. To vote via the Internet, please review the “Exercise of Voting Rights via the Internet” (Japanese only) and register your approval or disapproval of the proposals by 5:30 p.m. JST on June 16, 2021 (Wednesday).
3. If you vote more than once via the Internet, we will treat only the most recent vote as valid.
4. If you vote both in writing and via the Internet, we will treat only the vote submitted via the Internet as valid.

Voting Information

- * When attending in person on the day of the Meeting, please present the enclosed Voting Form to the reception.
- * In the case of attendance by proxy, a power of attorney is required in addition to the Voting Form. Please note the proxy must be one other shareholder having voting rights in the Company.
- * Of the documents provided with the Notice of Annual Meeting of Shareholders, the “Main Offices,” “Main Lenders,” “Status of Stock Acquisition Rights” and “Internal Controls and Its Operational Status” in the Business Report, the “Consolidated Statements of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and the “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are separately made available on the Company’s website (<https://recruit-holdings.com/ir/>) under laws and regulations and Article 15 of the Company’s Articles of Incorporation, and are not detailed in this Notice.
Consolidated and Non-consolidated Financial Statements audited by the Audit & Supervisory Board members and the Independent Auditor comprise the statements specified in this Notice and the “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” posted on the Company’s above-mentioned website.
- * Any amendments to the Reference Documents for the Annual Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements will be posted on the Company’s website (<https://recruit-holdings.com/ir/>).
- * Please note that no gift will be provided for attendees at the Meeting to maintain fairness between the attendees and those shareholders who cannot attend. We appreciate your understanding on this matter.
- * **Instead of mailing the Notice of Resolutions in writing, we will publish the result of resolutions on our website (<https://recruit-holdings.com/ir/>) after the Meeting is concluded.**

Notice on Dividends of Surplus

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

The Board of Directors authorized the payment of year-end dividends for FY2020 at its meeting on May 17, 2021, and under the provisions in the Articles of Incorporation, as follows.

Year-end dividend:	10.50 yen per share
Effective date and date of commencing payment:	June 18, 2021 (Friday)

We plan to send "Statements of Payments of Dividends" and "Confirmation of Designated Account for the Payment of Dividends" on June 17, 2021 (Thursday) for shareholders who have chosen to have dividends sent to bank accounts via direct deposit, or to have dividends allocated to securities company accounts in proportion to the number of shares held in respective accounts.

For any other shareholders not mentioned above, we plan to send "Dividend Receipts" and "Statements of Payments of Dividends" on June 17, 2021. The dividends can be collected at savings counters of nearby Japan Post Bank or post offices within the term for payment (June 18, 2021 to July 31, 2021).

REFERENCE DOCUMENTS FOR THE ANNUAL MEETING OF SHAREHOLDERS

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

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

The candidates for Directors of the Board are as follows:

Candidate No.	Name	Board Position	Director since	Attendance at Board of Directors Meeting during FY2020
1	Masumi Minegishi	Chairperson and Representative Director of the Board	2009	Participated in all 13 meetings
2	Hisayuki Idekoba	President, CEO and Representative Director of the Board	2019	Participated in all 13 meetings
3	Ayano Senaha	Director of the Board	2020	Participated in all 9 meetings *
4	Rony Kahan	Director of the Board	2018	Participated in all 13 meetings
5	Naoki Izumiya	Outside Director of the Board, Independent	2018	Participated in all 13 meetings
6	Hiroki Totoki	Outside Director of the Board, Independent	2018	Participated in all 13 meetings

* A total of nine meetings of the Board of Directors were held since she was appointed as Director of the Board at the Annual Meeting of Shareholders held on June 30, 2020.



Chairperson and Representative Director of the Board

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

Number of Company Shares held:
1,007,387

Career summary:

Masumi Minegishi is Chairperson and Representative Director of the Board. He has previously served as President, CEO, and Representative Director of the Board of Recruit Holdings from 2012 to 2020. 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 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.

Meeting body in charge for the fiscal year ended March 2021 (*Bold: Chairperson)

Board of Directors, Business Strategy Meeting, Nomination Committee, Evaluation Committee, Compensation Committee, Compliance Committee, Risk Management Committee, Sustainability Committee

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 Sales Promotion Business (formerly the Group-IMC Strategic Business Unit), Housing Division Company, and IMC Division Company
April	2003	• Corporate Executive Officer in charge of Information & Editing Department and IMC Division Company
April	1987	• Joined the Company

Significant concurrent position(s)

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

Reasons for being appointed as a 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.



**President, CEO, and
Representative Director of the
Board**

Age: 46
(Date of Birth: April 22nd, 1975)

**Number of Company Shares held:
231,440**

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 & President of Indeed, transforming the Company into the leading global HR technology company it is today.

Meeting body in charge for the fiscal year ended March 2021

Board of Directors, Business Strategy Meeting, Compliance Committee, Risk Management Committee, Sustainability Committee

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 RGF Staffing B.V. (formerly Recruit Global Staffing B.V.)
April	2016	• Managing Corporate Executive Officer in charge of HR Technology Strategic Business Unit (“SBU”) (formerly Global Online HR SBU)
October	2015	• CEO of Indeed, Inc.
October	2013	• CEO and President of Indeed, Inc.
September	2012	• Chairman of the Board of Indeed, Inc.
April	2012	• Corporate Executive Officer in charge of R&D and Asia Job Board at Global Headquarters
April	1999	• Joined the Company

Significant concurrent position(s)

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

Reasons for being appointed as a 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.



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

Age: 38
(Date of Birth: December 5th, 1982)

Number of Company Shares held: 19,907

Meeting body in charge for the fiscal year ended March 2021 (*Bold: Chairperson)

*Board of Directors, Business Strategy Meeting, Nomination Committee, Evaluation Committee, Compensation Committee, Compliance Committee, **Risk Management Committee, Sustainability Committee***

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 Chief of Staff at Indeed, Corporate Executive Officer in 2018, and Director of the Board 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 candidate for 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.



**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.

Meeting body in charge for the fiscal year ended March 2021

Board of Directors , Business Strategy Meeting

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 candidate for Director of the Board

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



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

Age: 72
(Date of Birth: August 9th, 1948)

**Number of Company Shares
held:920**

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 role as Chairman, 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.

Meeting body in charge for the fiscal year ended March 2021 (*Bold: Chairperson)

*Board of Directors , **Nomination Committee**, Evaluation Committee, Compensation Committee*

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

		<i>*Current position</i>
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.
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 candidate for Director of the Board

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

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

i. 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.

ii. To play a leading role in matters related to selection and dismissal, evaluation and compensation of Directors of the Board and Corporate Executive Officers as a chair and/or member of the Nomination, Evaluation, and Compensation Committees.

iii. 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.

Independence Criteria

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



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

Age: 56
(Date of Birth: July 17th, 1964)

**Number of Company Shares held:
2,249**

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 2013, he became Representative Director and CFO of Corporate Executive Officer of So-net Entertainment Corporation. In 2014, Mr. Totoki led the structural reformation of the smartphone business as President and CEO of Sony Mobile Communications Inc.

Meeting body in charge for the fiscal year ended March 2021 (*Bold: Chairperson)

Board of Directors , Nomination Committee, Evaluation Committee, Compensation Committee

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

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

Significant concurrent positions

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

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

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

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

- i. 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.
- ii. 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.
- iii. 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.

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 Staffing business and Media & Solutions business. However, such transactions account for less than 1% of Sony Group Corporation consolidated sales and operating revenue and Recruit Holdings consolidated revenue, respectively, and are thus too small to be material. Therefore, the Company believes that Mr. Totoki has sufficient independence where there are no potential conflicts of interests with general shareholders.

- * Each candidate does not have any special interest in the Company.
- * The above number of shares held by each candidate is as of March 31, 2021, and the shares held include a stake in the Recruit Group Officer Stock Ownership Association and a stake in American Depositary Receipt (ADR) facility (please note that the Company does not support or encourage, and has not consented to, the creation of any unsponsored ADR facilities and this information is being provided as factual reference only). The above age of each candidate is as of June 17, 2021. Other information in the Reference Documents for the Annual Meeting of Shareholders is based on information available as of May 17, 2021.
- * The Company has entered into a directors and officers liability insurance contract to insure all Directors of the Board. The contents of the insurance contract are as described on page 57 of the BUSINESS REPORT. If the candidates are reappointed, they will continue to be named as the insured under the contract. The insurance contract is expected to be renewed during their term of office.
- * The Holding Company has entered into agreements with Messrs. Rony Kahan, Naoki Izumiya and Hiroki Totoki to limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required under applicable laws and regulations. The limitation of liability, however, applies only when the relevant personnel has performed his or her duties in good faith and is not deemed negligent. If the reappointment of each of them is approved as proposed, the agreements will be continued.
- * The Company has reported Messrs. Naoki Izumiya and Hiroki Totoki to the Tokyo Stock Exchange as Independent Directors of the Board as specified by the Tokyo Stock Exchange. If they are reappointed as proposed, they will continue to serve as Independent Directors of the Board.

Proposal 2: Election of One (1) Substitute Audit & Supervisory Board Member

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

The candidate for substitute Audit & Supervisory Board member is as follows:

MIHO TANAKA (Name on family register: MIHO TAKAHASHI)

New Appointment



Substitute Outside Audit & Supervisory Board Member (Independent)

Age: 46
(Date of Birth: December 1st, 1974)

Number of Company Shares held:
0

Career summary:

Miho Tanaka is a Partner of SHIBA & TANAKA LAW OFFICES (formerly Shiba Management Legal Office), Supervisory Director of Marimo Regional Revitalization REIT, Inc., and Outside Audit and Supervisory Board Member of Solasto Corporation. Her field of expertise is in cross-border business for Japanese and international companies, mergers and acquisitions, finance transactions and corporate governance. Prior to this, she worked at TMI Associates from 2007 to 2015 as a lawyer. Ms. Tanaka started her career in 2004 when she was admitted to Dai-ni Tokyo Bar Association and joined Asahi Koma Law Office (currently Nishimura & Asahi).

Term of Office:

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

Career summary, positions and responsibilities

			<i>*Current position</i>
June	2020	• Outside Audit and Supervisory Board Member* of Solasto Corporation	
February	2016	• Supervisory Director* of Marimo Regional Revitalization REIT, Inc.	
July	2015	• Partner* of SHIBA & TANAKA LAW OFFICES (formerly Shiba Management Legal Office)	
February	2007	• TMI Associates	
October	2004	• Admitted to Dai-ni Tokyo Bar Association, Asahi Koma Law Office (currently Nishimura & Asahi)	

Significant concurrent position(s)

- Partner of Shiba Management Legal Office (SHIBA & TANAKA LAW OFFICES)
- Supervisory Director of Marimo Regional Revitalization REIT, Inc.
- Outside Audit and Supervisory Board Member of Solasto Corporation

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

Miho Tanaka has developed expertise as a lawyer for many years and despite never having been involved directly, has deep knowledge of corporate management. She would bring a neutral and objective perspective supported by her deep insight and a wealth of experience. We believe that she is the appropriate person to

supervise the Company's overall management, and should serve as a substitute Audit & Supervisory Board member.

Independence Criteria

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

- * The candidate does not have any special interest in the Company.
- * The above number of shares held by the candidate is as of March 31, 2021, and the shares held include a stake in the Recruit Group Office Stock Ownership Association. The above age of the candidate is as of June 17, 2021. Other information in the Reference Documents for the Annual Meeting of Shareholders is based on information available as of May 17, 2021.
- * If Ms. Miho Tanaka is appointed as outside Audit & Supervisory Board member, the Company plans to enter into an agreement with her to limit her liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages in the agreement planned to be the minimum amount required under applicable laws and regulations.
- * If Ms. Miho Tanaka is appointed as outside Audit & Supervisory Board member, the Company plans to enter into a directors and office liability insurance contract to insure all outside Audit & Supervisory Board members. The contents of the insurance contract are as described on page 57 of the BUSINESS REPORT.
- * If Ms. Miho Tanaka is appointed as outside Audit & Supervisory Board member, the Company will report her to the Tokyo Stock Exchange Independent Audit & Supervisory Board member as specified by the Tokyo Stock Exchange.

Proposal 3: Revision of the Equity Compensation Plan for Directors of the Board, Etc.

At the 58th Annual Meeting of Shareholders held on June 19, 2018 (hereinafter referred to as the “2018 Shareholders Meeting”), the Company received approval concerning an equity compensation plan in which shares of the Company are granted to Directors of the Board, Corporate Executive Officers, and Corporate Professional Officers. This year’s proposal is made in conjunction with legislative amendments to the Companies Act of Japan which went into effect on March 1, 2021 as well as changes made to the policy for determining executive compensation subsequent to the approval of the original proposal. Given recent developments, we would like to amend the matters approved at the 2018 Shareholders Meeting and seek to resubmit the amended equity compensation plan (hereinafter referred to as the “Plan”) for Directors of the Board (excluding outside Directors; this exclusion applies to the entirety of this proposal, and hereinafter referred to as the “Director(s)”) for approval from the shareholders.

The main changes to the Plan approved at the 2018 Shareholders Meeting are as follows. (These sections are in **bold** under the heading “Overview of the Plan” and “Details of the Plan” below.)

- Revision of sections “Maximum amount of money contributed by the Company” and “Maximum number of shares of the Company to be acquired by the Trust as compensation for Directors for one fiscal year” in the “Overview of the Plan”.
- Revision of the section “Eligible Recipients” in the “Overview of the Plan” to apply to “Directors.”
- Partial revision of the content of the section “Timing of the Vesting of the Shares, etc.” in the “Overview of the Plan” to add a specified timing.
- Addition of the section (6) “Forfeiture of points” to the “Details of the Plan.”

The Plan will operate, as before, under the structure of a trust based Board Incentive Plan (hereinafter referred to as the “BIP Trust”). Under the BIP Trust, shares of the Company are acquired through a trust (hereinafter referred to as the “Trust”) established with funds contributed by the Company, and the shares of the Company, and money equivalent to the value of those shares (the “Shares, etc.”), are delivered or paid (hereinafter referred to as the “Vesting,”) to Directors of the Board through the Trust.

The Company believes it is appropriate to continue this Plan as it is in line with the Company’s intention to create a clear link between compensation for Directors of the Board and the value of shares of the Company, and to increase awareness of the long term contributions they make to the Company’s enterprise value. The policy for determining compensation for Directors of the Company is as described on page 29, and as the details of the policy are considered to be appropriate even after the approval of this proposal, there are no plans to change this policy. This proposal to revise the Plan is made based on the result of deliberations by the Compensation Committee. This committee is chaired by an outside Director, and a majority of its members are outside Directors and outside Audit & Supervisory Board members.

The number of Directors eligible under the Plan will be four (4), if Proposal 1, “Election of Six (6) Directors of the Board,” is approved as proposed.

Overview of the Plan

Maximum amount of money contributed by the Company	2 billion yen per fiscal year
Maximum number of shares of the Company to be acquired by the Trust as compensation for Directors for one fiscal year.	700,000 shares per fiscal year ¹
Method used by the Trust to acquire shares of the Company	Acquire shares from the open market
Eligible Recipients	Directors of the Company
Details of performance target conditions	<p>In the case of performance-based compensation: The level of contribution to the achievement of corporate performance goals designated by the Company aimed at increasing enterprise value.</p> <p>In the case of non-performance-based compensation: None</p>
Timing of the Vesting of the Shares, etc.	At the time of their retirement or a certain time during their tenure in office^{2,3}

¹ Under the Plan, the Trust will acquire shares of the Company from the open market so there will be no dilution.

² Only talent who are hired based on market standard employment practices or laws that significantly differ from those of Japan are eligible to Vesting during their tenure.

³ The Company may grant shares under this Plan each fiscal year. When the Vesting of shares occurs in a single installment, the timing of Vesting of shares during the recipient's tenure of office 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 under the Plan. When the Vesting of shares occurs in multiple installments, the period of the Vesting of shares during the recipient's tenure of office 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 under the Plan and, in that 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).

In contrast, the following are examples of schemes that will not be used because they do not meet the above requirement.

- Of the shares to be granted, one-half will be vested after one year and one-half will be vested after two years (in this case the average length of the period is 1.5 years); and
- A scheme in which all the shares to be granted will vest after only one year has passed.

(Reference) Background of the Equity Compensation Plan

Recruit Group has been active and purposeful in driving business development in global markets. As a result, the ratio of overseas revenue has increased from approximately 3% in the fiscal year ended in March 2012 to approximately 45% in the fiscal year ended March 2021. In order to continue to increase the enterprise value of Recruit Group, it is extremely important for management to build a business foundation that can serve as a platform in the global market and develop it into a business with the potential for business expansion on a global scale. This idea has served as an important theme for management. To that end, the Company recognizes that it is essential to welcome elite talent with a wealth of knowledge and management experience in the global market.

With respect to the compensation of overseas corporate management, it has been observed as a common practice for recipients' equity compensation to vest flexibly during their tenure in office. Including these practices in the Company's executive compensation plan is a necessary tool in order to compete with global companies and have the flexibility to secure elite management talent. With this in mind, the Company designed the Plan so that the shares granted to management talent may vest during

their tenure at the Company, only if their individual market standards differ significantly from that of Japan.

Details of the Plan

(1) Maximum amount of money contributed by the Company

The Company shall establish a Trust (including an extension of the trust period as described in the third paragraph of this Section (1); the same shall apply hereafter), contributing money to the Trust as compensation to the Directors up to a maximum of 2 billion yen for each fiscal year. The Trust will follow the instructions of the trust administrator and will acquire shares of the Company from the stock market using the funds provided to the Trust; the Company will award points to the Directors (as described in (2) below) and each Trust will deliver the Shares, etc. of the Company equivalent to the points awarded.

The Company may establish multiple Trusts in a single fiscal year. In such cases, the combined total amount of trust money to be contributed to all Trusts shall not exceed the maximum amount of 2 billion yen. Furthermore, in the case where the Trust cannot be established in a certain fiscal year due to applicable laws or other reasons, the Trust for the target fiscal year may be established at an appropriate time in or after the following fiscal year. In such cases, the established Trust will be subject to the maximum amount of trust money of the fiscal year in which the Trust was intended to be established and the maximum amount of trust money for the fiscal year in which the Trust was actually established will not apply.

At the expiry of the trust period of each Trust, the Company may operate the Plan by continuing the Trust by means of amendments to the trust agreement or additional contributions to the Trust, instead of establishing a new Trust. In such cases, the Company shall make an additional contribution of up to 2 billion yen in total per fiscal year, shall continue to award points to the Directors during the extended trust period, and shall continue to Vest the Shares, etc. of the Company to the Directors during the extended trust period.

If amendments to the trust agreement or additional contributions to the Trust are not carried out at the expiry of the trust period of each Trust, and if the Directors who may meet the beneficiary requirements remain in office, no points shall be awarded to such Directors after the expiry, but the trust period of the Trust may be extended for a period of up to ten years until the completion of the Vesting of the Shares, etc. of the Company to such Directors.

(2) Calculation method and maximum number of Shares, etc. of the Company to be Vested to the Directors

The Company shall award points to each of the Directors according to their individual rank and, if the compensation is performance-based, the level of achievement of performance targets. The number of the shares of the Company to be vested from each Trust to the Directors under the Plan shall be determined as one share per point.

In the event of an increase or decrease in the number of the shares of the Company held in the Trust due to a share split, a gratis allotment of shares, a share consolidation, or other initiatives involving shares, the Company will make an adjustment to the number of the shares of the Company vested to the Directors for each point in proportion to the ratio of such increase or decrease.

(Formula to calculate points)

In the case that the calculation is based on the value of equity compensation, the value shall be calculated as the value of equity compensation divided by the average acquisition unit price of the shares of the Company held in the Trust (if the trust period is extended by means of amendments to the trust agreement or additional contributions to the Trust, this shall be the average acquisition unit price of the shares of the Company acquired by the Trust after such extension of the trust period).

In the case that the calculation is based on the number of shares for equity compensation, the number of shares for equity compensation shall be calculated as one share per point.

- * In the case of non-performance-based compensation, the amount of equity compensation shall be set at a standard amount based on the individual rank of the Directors.
- * In the case of performance-based compensation, the amount of equity compensation shall be calculated by multiplying the standard amount based on the individual rank of the Directors by performance-linked factors according to the degree of achievement of performance target indicators. If the level of achievement of the performance target indicators is low, contribution under the Plan may not be made.

The maximum number of the shares of the Company to be acquired by the Trust as compensation for Directors for one fiscal year is 700,000 shares per fiscal year. This maximum number is set based on the most recent stock prices of the Company, in light of the (1) "Maximum amount of money contributed by the Company described above.

(3) Method and timing of Vesting of the shares to the Directors

The Directors that meet the beneficiary requirements shall receive the shares of the Company from the Trust in proportion to the accumulated number of points calculated based on (2) above (hereinafter referred to as the "Accumulated Points") at the time of their predetermined retirement or a certain time during their term of office (however, as specifically described in the section the section "Timing of the Vesting of the Shares, etc.," when the Vesting of shares occurs in a single installment, the timing for the Vesting of shares during the recipient's tenure of office will not occur until at least two years or more has passed from the start date of the fiscal year in which the recipient is eligible to receive grants under the Plan. When the Vesting of shares occurs in multiple installments, the period of the Vesting of shares during the recipient's tenure of office 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 under the Plan and, in that case, the average length of the period required for the Vesting to be completed shall be two years or more.)

In such instances, the Directors may be vested in the shares of the Company at a certain ratio to the Accumulated Points (where odd lot shares less than one unit are rounded down to the nearest whole unit), while the remaining shares of the Company corresponding to the points are converted to money within the Trust and the money equivalent to the value of such shares are paid to the Directors.

If a Director does not have a securities account that can administer Japanese shares, all the Accumulated Points are converted to money within the Trust and the money equivalent to the value of the Accumulated Points is paid to the Director.

In the event of the death of a Director during their term of office, the shares of the Company corresponding to the Accumulated Points up to the time of death of the Director shall be converted to money and the money shall be paid to the their heirs from the Trust.

(4) Voting rights for the shares of the Company held in the Trust

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the shares of the Company held in the Trust during the trust period.

(5) Handling of surplus dividends relating to the shares of the Company in the Trust

Dividends of surplus relating to the shares of the Company in the Trust shall be received by the Trust and used for trust fees and trust expenses. If there are any dividends remaining at the end of the trust period, after being used for trust fees and trust expenses, the remainder will be donated to groups that have no vested interest in the Company.

If the Trust is to continue to be used, the remaining dividends will be used as share acquisition funds.

(6) Forfeiture of points

In the event of a serious breach of duties or a serious breach of internal rules regarding a Director, all or part of the points awarded to such Director may be confiscated.

(7) Other details of the Plan

Other details concerning the Plan shall be specified at a meeting of the Board of Directors of the Company when establishing the Trust, amending the trust agreement, or making additional contributions to the Trust.

Proposal 4: Revision of the Stock Option Plan for Directors of the Board (Excluding Outside Directors)

The proposal to issue stock acquisition rights as stock options within the limit of 700 million yen per year as compensation for Directors of the Board (excluding outside Directors; this exclusion applies to the entirety of this proposal, and hereinafter referred to as the “Director(s)”) separately from the BIP Trust was approved at the 59th Annual Meeting of Shareholders held on June 19, 2019 (hereinafter referred to as the “2019 Shareholders Meeting”).

We seek approval to increase the maximum value of the stock options for each fiscal year from 700 million yen to 1.4 billion yen, with the intention of making use of the stock options proactively and flexibly in order to be competitive with global companies and secure elite management talent whose interests will be aligned with shareholders and executives.

Regarding the details of the stock options, considering legislative amendments to the Companies Act of Japan that came into effect on March 1, 2021, as well as changes to the policy for setting compensation for Directors of the Board the Company has made certain additions to the content that was approved at the 2019 Shareholders Meeting, and again seeks the approval of shareholders. The main changes to the proposal approved at the 2019 Shareholders Meeting are as provided in the sections titled (1) “Total Number of Stock Acquisition Rights,” (5) “Exercise Period of Stock Acquisition Rights” and (8) “Conditions for the acquisition of stock acquisition rights” under “Details of Stock Options (Stock Acquisition Rights) for Directors of the Board” below (The applicable sections following the heading under “Details of Stock Options (Stock Acquisition Rights) for Directors of the Board” are in **bold** below.).

The number of Directors eligible under this stock option plan will be four (4), if Proposal 1, “Election of Six (6) Directors of the Board,” is approved as proposed.

Purpose of Introducing Stock Options (Stock Acquisition Rights) for Directors of the Board

The Company will issue stock acquisition rights as compensation, the benefits of which are realized only if the stock price rises, in order to share the advantages and risks of stock price fluctuations with shareholders and to motivate Directors of the Board to contribute to stock price appreciation and corporate value enhancement.

The amount of compensation and detailed terms with respect to the stock acquisition rights as stock options are determined based on the status of the performance of duties and contributions by Directors of the Board. The policy for determining the compensation for Directors of the Board of the Company is detailed on page 29. In view of the above, we believe that the issuance of stock acquisition rights as stock options is appropriate compensation for Directors of the Board.

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

Details of Stock Options (Stock Acquisition Rights) for Directors of the Board

(1) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights to be issued within one year after the Company’s Annual Meeting of Shareholders for each fiscal year is 18,000.

(2) Class and Number of Underlying Shares of the Stock Acquisition Rights

The class of underlying shares of the stock acquisition rights shall be common stock of the Company, and the number of shares underlying one stock acquisition right (the “Number of Shares”) shall be 100 shares.

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

$$\begin{array}{l} \text{Number of Shares} \\ \text{after Adjustment} \end{array} = \begin{array}{l} \text{Number of Shares} \\ \text{before Adjustment} \end{array} \times \begin{array}{l} \text{Ratio of Stock Split or} \\ \text{Stock Consolidation} \end{array}$$

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

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

No cash payment is required to receive stock acquisition rights.

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

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

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

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

$$\begin{array}{l} \text{Exercise Price after} \\ \text{Adjustment} \end{array} = \begin{array}{l} \text{Exercise Price before} \\ \text{Adjustment} \end{array} \times \begin{array}{l} 1 / \text{Ratio of Stock Split or} \\ \text{Stock Consolidation} \end{array}$$

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

(5) Exercise Period of Stock Acquisition Rights

The Board of Directors of the Company may determine the exercise period of the stock acquisition rights 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.

For reference:

The allotment agreement to be executed with the recipient of an allotment of the stock acquisition rights will provide for a limit on the number of the stock acquisition rights that may be exercised for a certain period of time so that the plan may fully function to motivate said

recipient to contribute to the appreciation of the Company's stock price and to enhancing enterprise value. In principle, stock acquisition rights cannot be exercised in their entirety unless three years or more have passed from the start date of the fiscal year to which the Allotment Date occurs. In exceptional cases, the exercise period may be set so that all stock acquisition rights can be exercised within three years, however, only if the Compensation Committee, which is chaired by an independent outside director and the majority of the members are external members, determines that this exception is necessary to acquire excellent management talent globally.

(6) Conditions of Exercise of Stock Acquisition Rights

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

(7) Restrictions on Assignment of Stock Acquisition Rights

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

(8) Conditions for the Acquisition of Stock Acquisition Rights

If the stock acquisition rights cannot be exercised due to the provisions of the paragraph titled "Conditions of Exercise of Stock Acquisition Rights" above or the stock acquisition rights allotment agreement before the Stock Option Holder exercises those rights, the Company may acquire the stock acquisition rights free of charge on a date separately determined by the Board of Directors of the Company.

(9) Other Terms of Stock Acquisition Rights

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

Reference Information related to Proposals 3 and 4

(Compensation policies to be adopted after June 17, 2021)

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

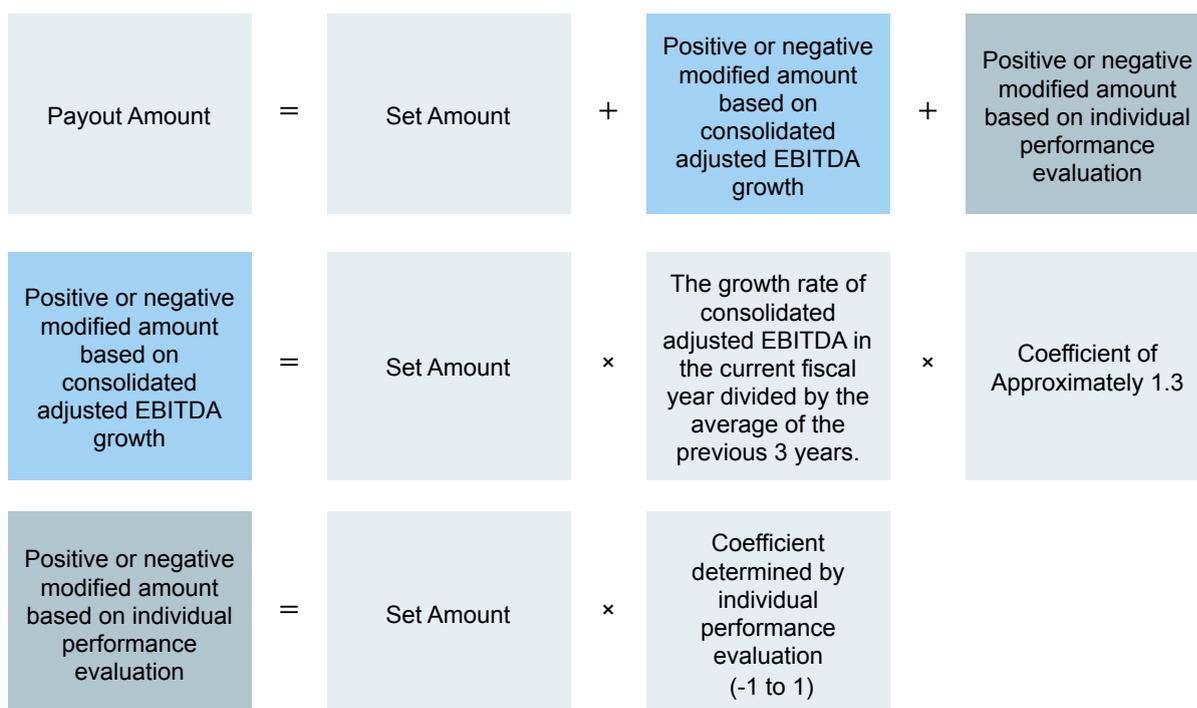
The Company's compensation for executives is composed of "Base Salary (Cash)," "Annual Incentive (Cash)," "BIP Trust Long-term Incentive (Equity)," and "Stock Option Long-term Incentive (Equity)." The goals of each type of compensation and the method for payout are explained below.

Base Salary (Cash)

This element is aimed at securing excellent management personnel and encouraging sound job performance. The amount set according to the individual role of each executive 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 the set amount according to each role, is linked to the growth rate of adjusted EBITDA, which is an important management performance indicator of the Company, and each individual's performance evaluation, the calculation of which is outlined below. The payment method is to pay the set amount every month in the current fiscal year, and then pay the additional amount in the following fiscal year, or collect the amount monthly, in the case of a negative modified amount, over the following fiscal year from the executive following their performance. The calculation for the payout of annual incentives is as expressed below.



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 closing share price of the allotment date.

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

Ratio of Compensation Elements Methods for FY2021

For FY2021, the following percentages of compensation will be paid to Directors of the Board and Audit & Supervisory Board members.

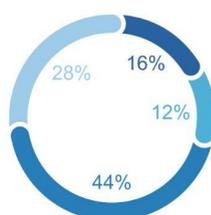
In the case of Directors of the Board, excluding outside Directors, the achievement percentage of set targets will be reflected in their compensation. Their incentive ratio, especially for long-term incentives, increases in line with increasing role and responsibility.

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.

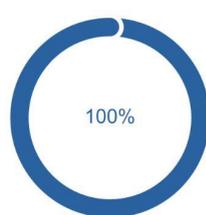
The below compensation elements ratios are planned for FY2021:

	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%	-	-	-

**Directors of the Board
(excluding outside Directors)**



**Outside Directors
of the Board**



**Audit & Supervisory
Board Members**



- Base Salary (Cash)
- Annual Incentive (Cash)
- Long-term Incentive: BIP trust (Equity)
- Long-term Incentive: Stock options (Equity)

¹ The composition 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 outside 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		June 19, 2019	Directors of the Board	Total annual amount not to exceed 1.4 billion yen (of which annual total for outside Directors not to exceed 100 million yen)	7 Directors of the Board (including 2 outside Directors)
Annual Incentive					
Long-term Incentive	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 This item is written as it would be in the case that Proposal 3 is approved. As of the end of FY2020, the content that was approved at, and still in effect following the 58th Annual Meeting of Shareholders 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 This item is written as it would be in the case that Proposal 4 is approved. As of the end of FY2020, the content that was approved at, and still in effect following the 59th Annual Meeting of Shareholders 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 59th Annual Meeting of Shareholders 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.

Proposal 5: Proposal to Amend Articles of Incorporation

The Company proposes to add Article 12, Paragraph 2 to the Articles of Incorporation following the allowance of shareholders meetings being held without including physical locations (so-called “virtual-only shareholders meetings”) by the “Act for Partial Amendment, etc. of the Act on Strengthening Industrial Competitiveness” (the “Act”).

The amendment to the Articles of Incorporation proposed in this item is to become effective on the condition that, in addition to the resolution at this Annual Meeting of Shareholders, the Act becomes effective and that the Company meets all of the requirements prescribed in the Act, such as receiving confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice in accordance with the Order of the Ministry of Economy, Trade and Industry and the Ministry of Justice (the “Order”) that doing so fulfills requirements prescribed in the Order for making a contribution to strengthening industrial competition while taking into consideration the security of shareholders’ interests.

The details of the amendment are as follows (underlined parts indicate proposed amendment).

Current Articles of Incorporation	Proposed Amendment
<p>Chapter III General Meeting of Shareholders</p> <p>12. Convocation of General Meeting of Shareholders</p> <p>The Company’s Annual General Meeting of Shareholders shall be convened in June of each year, and an extraordinary General Meeting of Shareholders shall be convened whenever necessary.</p>	<p>Chapter III General Meeting of Shareholders</p> <p>12. Convocation of General Meeting of Shareholders</p> <p><u>12.1</u> (Unchanged)</p> <p><u>12.2</u> <u>The Company’s General Meeting of Shareholders may be held without including a physical location.</u></p>

BUSINESS REPORT

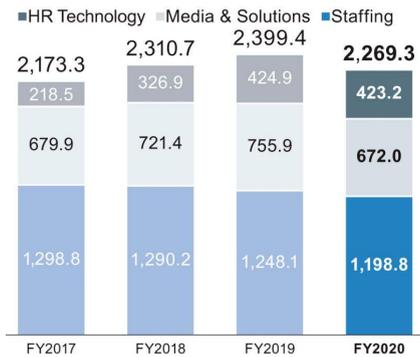
(April 1, 2020 – March 31, 2021)

Overview of the Company

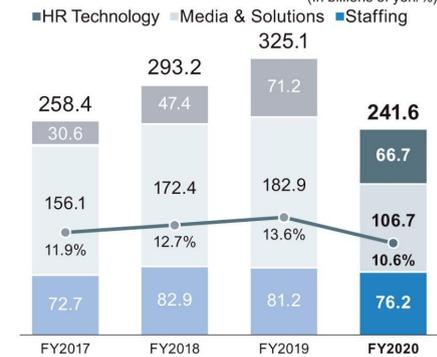
Overview of Operations for FY2020

Consolidated Results of Operations for FY2020

Revenue¹ (In billions of yen)



Adjusted EBITDA¹ and Adjusted EBITDA Margin (In billions of yen/%)



¹ The sum of the three segments does not correspond with consolidated figures due to eliminations and adjustments, such as intra-group transactions.

- Consolidated revenue was 2.26 trillion yen, a decrease of 5.4% year on year. Excluding revenue of 79.0 billion yen from the Rent Assistance Program, revenue decreased 8.7% year on year.
 - Revenue in Media & Solutions and Staffing decreased, however, revenue in HR Technology was about the same as the previous fiscal year due to the recovery of recruiting activities in the US since Q2.
- Adjusted EBITDA was 241.6 billion yen, a decrease of 25.7% year on year.
 - Adjusted EBITDA decreased in all three segments.
- Adjusted EPS was 82.56 yen, a decrease of 31.8% year on year.

Consolidated revenue for FY2020 was 2.26 trillion yen, a decrease of 5.4% year on year. Excluding revenue of 79.0 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 FY2020 decreased 8.7% year on year.

Due primarily to the impact of the spread of COVID-19 globally, revenue in the Media & Solutions and Staffing decreased, however, revenue in HR Technology was approximately flat compared to the previous fiscal year due to the recovery of hiring activities in the US since Q2. Excluding the negative impact of foreign exchange rate movements of 3.8 billion yen, consolidated revenue for FY2020 decreased 5.3% year on year.

Consolidated operating income for FY2020 was 162.8 billion yen, a decrease of 21.0% year on year. This was mainly due to a decrease in revenue and aggressive investment in Q4 to drive revenue growth in the next fiscal year.

Profit before tax for FY2020 was 168.5 billion yen, a decrease of 25.5% year on year.

Profit for FY2020 was 131.6 billion yen, a decrease of 27.3% year on year and profit attributable to owners of the parent for FY2020 was 131.3 billion yen, a decrease of 27.0% year on year.

Consolidated adjusted EBITDA for FY2020 was 241.6 billion yen, a decrease of 25.7% year on year. This was due to a decrease in adjusted EBITDA in all three segments.

Adjusted EPS for FY2020 was 82.56 yen, a decrease of 31.8% year on year. Profit available for dividends for FY2020 was 121.7 billion yen, a decrease of 34.0% year on year.

Research and development expenses in FY2020 were 74.4 billion, consisting 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.

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

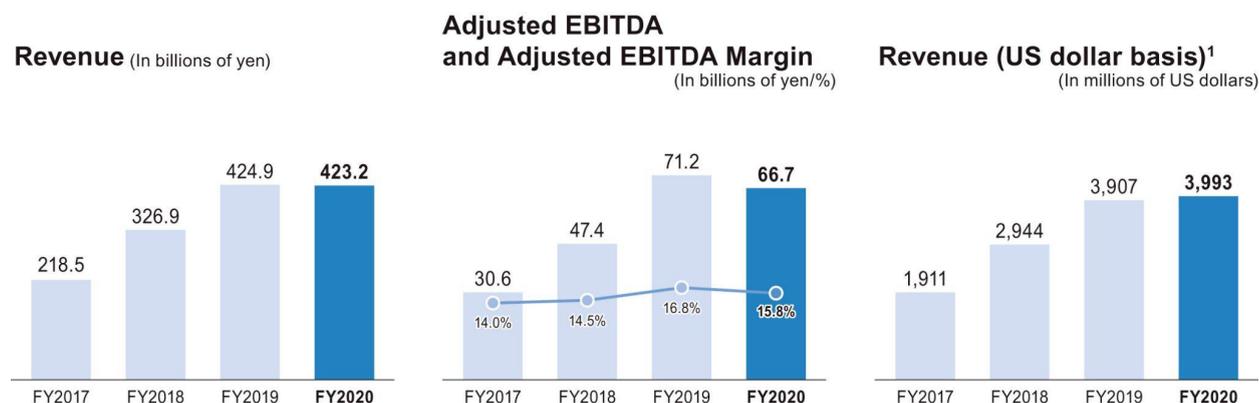
Amidst the spread of COVID-19, the Company has continued to prioritize the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, business clients, and business partners, and operates its businesses while implementing measures 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. Please find more information regarding the Company's response to COVID-19 on the website below:

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

Results of Operations by Segment

HR Technology

• Global job search platform offering advertising services and recruiting solutions



- Revenue decreased 0.4% in Japanese yen while increased 2.2%¹ in US dollar terms year on year. Although revenue decreased significantly in Q1, demand for sponsored job advertising began to recover from Q2.
- Adjusted EBITDA decreased 6.3% year on year, primarily driven by increased investment in marketing and product enhancement as revenue trends improve. Adjusted EBITDA margin was 15.8% (16.8% in FY2019).

Revenue for FY2020 was 423.2 billion yen, an decrease of 0.4% year on year. On a US dollar basis, reported revenue increased 2.2%¹ for FY2020 as increasing hiring activity from small and medium sized businesses, particularly in the US, led to increased demand for sponsored job advertising over the course of the second, third, and fourth quarters, following a severe negative decline in demand, due to the impact of COVID-19, which reached a low point during Q1. Restrictions and measures were put in place to limit the spread of COVID-19 during the year and were variously retracted, reenacted, or strengthened throughout the year across all of the countries where HR Technology operates, having an impact on both employer and job seeker activity. Especially in the US, hiring demand from new and existing customers accelerated as they reopened, expanded operations, or created new businesses following the easing or ending of COVID-19 related shutdowns.

Adjusted EBITDA for FY2020 was 66.7 billion yen, a decrease of 6.3% year on year, and adjusted EBITDA margin was 15.8%, a decrease from 16.8% for FY2019. Although revenue decreased significantly in Q1, as revenue trends improved thereafter, HR Technology increased marketing investments 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.

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.

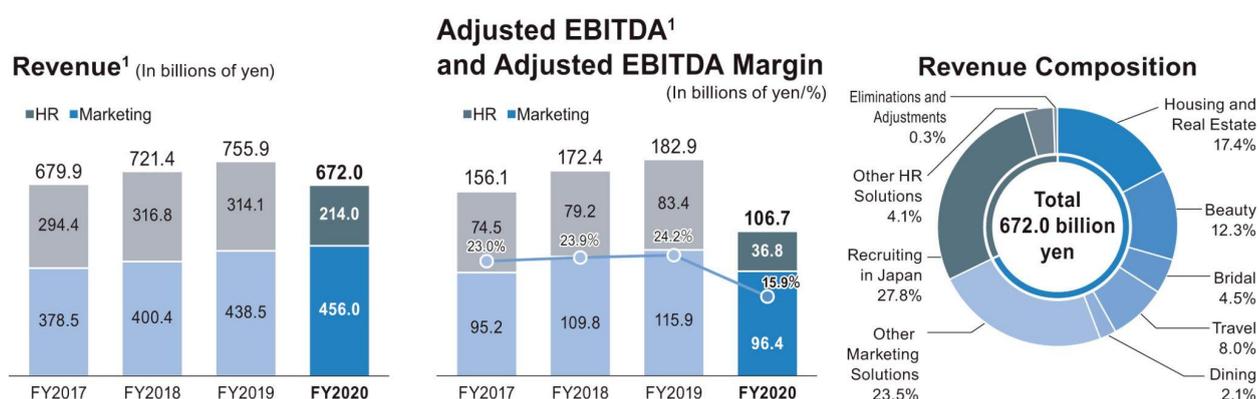
Media & Solutions

Marketing Solutions:

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.

HR Solutions:

A variety of HR services mainly in Japan through online platforms and print media for job seekers and business clients.



¹ The sum of the three segments does not correspond with consolidated figures due to eliminations and adjustments, such as intra-group transactions.

- Revenue decreased 11.1% (-21.6% excluding revenue from the Rent Assistance Program) year on year due to the negative impact of the spread of COVID-19 and the state of emergency in Japan.
- Adjusted EBITDA decreased 41.6% year on year. Adjusted EBITDA margin was 15.9%.
- Media & Solutions managed its operating expenses mainly by reducing marketing expenses during 1H FY2020, while proactively invested in marketing during 2H FY2020.

Revenue for FY2020 was 672.0 billion yen, a decrease of 11.1% year on year. Excluding revenue of 79.0 billion yen from the Rent Assistance Program, revenue for FY2020 was 592.9 billion yen, a decrease of 21.6% year on year.

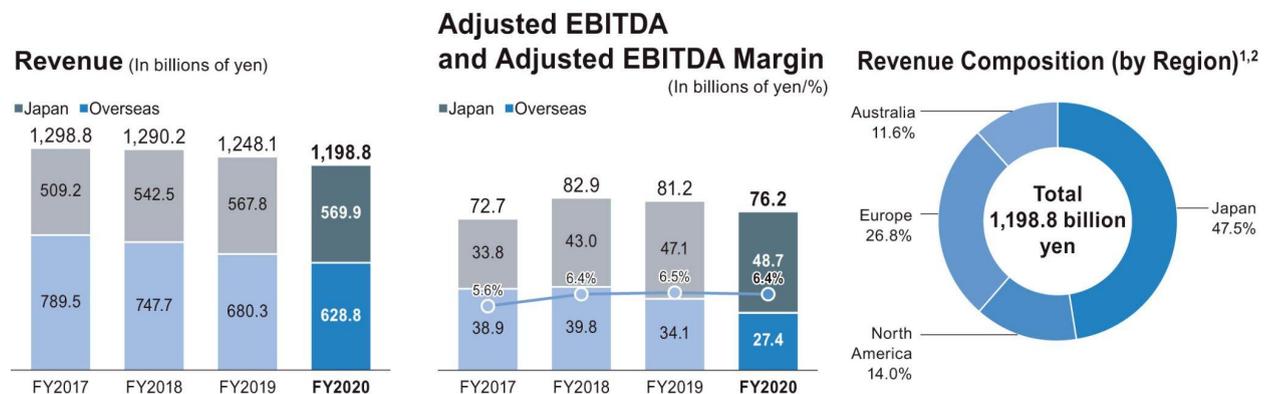
Revenue in Marketing Solutions excluding revenue from the Rent Assistance Program decreased due to the negative impact of the spread of COVID-19 and the state of emergency in Japan. Demand for advertisements from business clients in Housing & Real Estate and Beauty remained stable during the pandemic. After declining in the first half of the year, revenue in Travel, benefitting from the Go To Travel campaign, increased year on year in Q3 FY2020. However, revenue decreased again in Q4 FY2020 as the campaign was suspended at the end of December. The impact on revenue in Dining from the Go To Eat campaign was limited due to our advertising-based model of Hot Pepper Gourmet with the subsegment experiencing significant year on year revenue declines throughout FY2020. The challenging business environment continued for Bridal and resulted in a significant decrease in revenue for FY2020. Revenue for HR Solutions decreased as hiring demand was negatively impacted by the spread of COVID-19 and the state of emergencies in Japan. In particular, there was a decline in hiring demand for part-time workers in the dining industry, which has been severely impacted by the COVID-19 restrictions, including shortened opening hours of restaurants. The placement service declined year on year due to

reduced hiring demand while the number of business clients that resumed recruiting and hiring activity has been gradually recovering.

Adjusted EBITDA for FY2020 was 106.7 billion yen, a decrease of 41.6% year on year, and adjusted EBITDA margin was 15.9%. In addition to a decrease in revenue, Media & Solutions managed its operating expenses mainly by reducing marketing expenses during the first half of the year, while proactively invested in marketing in an attempt to capture the growth opportunity in FY2021 and beyond, which further impacted adjusted EBITDA margins during the second half of the year.

Staffing

- **Japan**: Staffing services in Japan
- **Overseas**: Staffing services mainly in North America, Europe, and Australia



¹ The figures of North America, Europe and Australia, are the revenue breakdown of Overseas operations divided by each subsidiary's location

² Total is not 100% because the data are rounded to integers.

- Revenue decreased 4.0% (-4.5% ex FX impact) year on year. Revenue for Japan operations increased 0.4% and for Overseas operations decreased 7.6% (-8.6% ex FX impact) year on year.
- Adjusted EBITDA decreased 6.2% (Japan +3.4%, Overseas -19.6%) year on year. Adjusted EBITDA margin was 6.4%.
- For Japan operations, revenue was flat yoy primarily due to the implementation of the “equal pay for equal work” regulations and the spread of the COVID-19. Adjusted EBITDA increased mainly due to cost control measures, monitoring the supply and demand balance in the labor market.
- For Overseas operations, revenue and adjusted EBITDA decreased year on year, primarily due to the continued restrictions on some business clients' operations in order to mitigate the spread of COVID-19, particularly in the first half of FY2020.

Revenue for FY2020 was 1,198.8 billion yen, a decrease of 4.0% year on year. Excluding the negative impact of foreign exchange rate movement, revenue decreased by 4.5% year on year. Revenue in Japan operations was flat year on year as a decrease in the number of temporary staff due to the spread of COVID-19 offset an increase in billing prices following the implementation of the “equal pay for equal work” regulations from April 1, 2020. Revenue in Overseas operations decreased, primarily due to the continued restrictions on some business clients' operations in order to mitigate the spread of COVID-19, particularly in the first half of FY2020.

Adjusted EBITDA for FY2020 was 76.2 billion yen, a decrease of 6.2% year on year, and adjusted EBITDA margin remained flat at 6.4% compared to 6.5% for FY2019. Adjusted EBITDA for Japan operations increased, mainly due to cost control measures, monitoring the supply and demand balance in the labor market. Adjusted EBITDA for Overseas operations decreased due to the revenue decline.

The following table presents main brands and services for each reportable segment, as of March 31, 2021.

Segment	Operations	Brands and Services
HR Technology	-	<p>Indeed Online job platform and company information site</p> <p>Glassdoor Online job platform and company information site</p>
Media & Solutions	Marketing Solutions	<p>SUUMO Online platform, print media, and in-person consultation service for housing and real estate</p> <p>Hot Pepper Beauty Online platform and print media for beauty treatment</p> <p>Zexy Magazine, online platform and in-person consultation service for wedding planning</p> <p>Jalan Online platform and print media for travel in Japan</p> <p>Hot Pepper Gourmet Online platform and print media for dining</p> <p>Car Sensor Online platform and print media for pre-owned automobiles</p> <p>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</p> <p>Air BusinessTools Cloud-based operational and management support solutions for business clients across an expanding variety of businesses</p>
	HR Solutions	<p>Rikunabi Online matching platform for new graduates</p> <p>Rikunabi NEXT Online matching platform for professionals</p> <p>RECRUIT AGENT Employment placement service for professionals</p> <p>TOWNWORK Online matching platform and print media for part-time and full-time job seekers</p>
Staffing	Japan	-
	Overseas	-

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 were no significant disposals or sales of facilities.

Media & Solutions

For FY2020, capital expenditures of 66.3 billion yen were made primarily for the development and acquisition of software. There were no significant disposals or sales 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 for the expansion of business. There were no significant disposals or sales of facilities.

Corporate

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

Financing

Not applicable.

Significant business combination, etc.

Not applicable.

Trends in Assets and Income

(In millions of yen, unless otherwise specified)

Item	FY2017	FY2018	FY2019	FY2020 (current consolidated fiscal year)
Revenue	2,173,385	2,310,756	2,399,465	2,269,346
Profit before tax	199,228	239,814	226,149	168,502
Profit attributable to owners of the parent	151,667	174,280	179,880	131,393
Basic earnings per share (yen)	90.79	104.31	108.27	79.83
Equity attributable to owners of the parent	835,605	965,775	988,449	1,091,571
Total assets	1,574,032	1,748,982	1,998,917	2,196,613
Equity attributable to owners of the parent per share (yen)	500.20	578.04	599.65	667.96

¹ The Company prepares its consolidated financial statements based on IFRS.

² Basic earnings per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity attributable to owners of the parent per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.

Significant Subsidiaries (as of March 31, 2021)

Segment	Company	Common stock	Ratio of voting rights held by the Company ¹	Major business
HR Technology				
	RGF OHR USA, Inc.	10 US dollars	100.0%	HR Technology Business Headquarters
	Indeed, Inc.	10 US dollars	100.0%	Online job platform and company information site
	Glassdoor, Inc.	10 US dollars	100.0%	Online job platform and company information site
Media & Solutions				
Marketing Solutions	Recruit Co., Ltd.	350 million yen	100.0%	Media & Solutions Business Headquarters
	Recruit Sumai Company Ltd.	150 million yen	100.0%	Provides online platform and print media in the housing business
	Recruit Marketing Partners Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the bridal, education and automobile businesses, etc.
	Recruit Lifestyle Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the travel, dining and beauty businesses, etc.
HR Solutions	Recruit Career Co., Ltd.	643 million yen	100.0%	Provides services for recruitment advertisement and employment placement for professionals
	Recruit Jobs Co., Ltd.	150 million yen	100.0%	Provides mainly part-time and temporary job advertisement service
Staffing				
	RGF Staffing B.V.	1.5 euro	100.0%	Staffing Business Headquarters
Japan	Recruit Staffing Co., Ltd.	1,939 million yen	100.0%	Provides staffing services mainly for clerical jobs in Japan
	STAFF SERVICE HOLDINGS CO., LTD.	500 million yen	100.0%	Provides staffing services mainly for clerical and manufacturing jobs in Japan
Overseas	Staffmark Group, LLC	117,514 thousand US dollars	100.0%	Provides staffing services mainly for light works in the United States
	The CSI Companies, Inc.	2.0 US dollars	70.0%	Provides staffing services mainly for clerical and IT jobs in the United States
	ADVANTAGE RESOURCING UK LIMITED	11,172 thousand GBP	100.0%	Provides comprehensive staffing services in the United Kingdom
	Unique NV	50,082 thousand euro	100.0%	Provides comprehensive staffing services in Belgium
	RGF Staffing France SAS	48,431 thousand euro	100.0%	Provides comprehensive staffing services in France
	RGF Staffing Germany GmbH	500 thousand euro	100.0%	Provides comprehensive staffing services in Germany
	USG People Holdings B.V.	1 thousand euro	100.0%	Provides comprehensive staffing services in the Netherlands
	Chandler Macleod Group Limited	191,490 thousand Australian dollars	100.0%	Provides comprehensive staffing services in Australia

¹ The ratio of voting rights includes indirect holding of voting rights.

Issue to be Addressed

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.

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 EBITDA¹ and adjusted EPS² as target management KPIs. Also, executive officers' compensation is linked to target management KPIs, especially adjusted EBITDA, to align with shareholder interests.

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

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

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

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

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

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. Also, 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.

The Company's business strategies are as follows:

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 button¹. 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 131 billion US dollars² 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 dollars³ 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 dollars⁴ 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 26 billion US dollars⁵ 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 19 billion US dollars⁶ 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 371 billion US dollars⁶ 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 67 billion US dollars⁶ 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 market⁷ 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 Amount derived by applying SIA's Base Case scenario for the year-on-year change of Global Staffing Revenue of -16% to 442 billion US dollars, which was SIA 2019 Global Temp Staffing Revenue; both metrics from SIA, Global Staffing Market Estimates and Forecast: November 2020 Update. Direct Hire Market is defined as a segment of Place & Search Market, which in turn is a segment of Global Staffing Industry Market. Both the Place & Search Market and the Direct Hire Market segments are derived by applying SIA's Global Staffing Industry Market figures to country-by-country ratios of the relative proportion attributable to these segments within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Place & 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 371 billion US dollars, which was the revenue of the temporary staffing market in 2020 as derived using SIA, Global Staffing Market Estimates and Forecast: November 2020 Update.
- 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* 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* 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 chain¹⁰.

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 FY2021¹¹.

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 FY2030¹², 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 employees’ 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 FY2030¹³.

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 FY2030¹⁴.

Please refer to the press release “Recruit Holdings Redefines Commitment to Sustainability” announced on May 17, 2021 for more details.

https://recruit-holdings.com/ir/ir_news/2021/20210517_03.html

- 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 Strategic Business Unit (“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 May 17, 2021.

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

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.

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 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.

Employees (as of March 31, 2021)

Segment	Number of employees
HR Technology	10,694
Media & Solutions	20,597
Staffing	15,371
Holding Company corporate function	138
Total	46,800

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

Status of Shares (as of March 31, 2021)

Total Number of Shares Authorized to be Issued	6,000,000,000
Total Number of Shares Issued	1,695,960,030
Number of Shareholders	47,487

Major Shareholders

Shareholder name	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust account)	169,067,500	10.33%
Custody Bank of Japan, Ltd. (Trust account)	91,430,800	5.59%
JP MORGAN CHASE BANK 386532	50,782,321	3.10%
TOPPAN PRINTING CO., LTD.	50,100,000	3.06%
Dai Nippon Printing Co., Ltd.	40,100,000	2.45%
Custody Bank of Japan, Ltd. (Trust account 7)	36,218,100	2.21%
SSBTC CLIENT OMNIBUS ACCOUNT	34,265,525	2.09%
Nippon Television Network Corporation	29,330,000	1.79%
The Recruit Group Employees Shareholding Association	28,794,780	1.76%
NTT DATA Corporation	28,350,000	1.73%

¹ The Company's treasury stock (60,374,434 shares) is excluded in the calculation of the shareholding ratio. Treasury stock does not include the Company's stock held by the Board Incentive Plan (1,389,130 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	Number of shares	Shareholding ratio
BlackRock Japan Co., Ltd.	23,983,500	1.41%
BlackRock Advisers, LLC	1,710,894	0.10%
BlackRock Investment Management LLC	2,162,802	0.13%
BlackRock Fund Managers Limited	1,934,004	0.11%
BlackRock Asset Management Ireland Limited	5,769,456	0.34%
BlackRock Fund Advisors	19,339,000	1.14%
BlackRock Institutional Trust Company, N.A.	22,294,930	1.31%

Name	Number of shares	Shareholding ratio
BlackRock Investment Management (UK) Limited	8,165,122	0.48%
Total	85,359,708	5.03%

- ³ A 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	Number of shares	Shareholding ratio
Sumitomo Mitsui Trust Asset Management Co., Ltd.	48,135,600	2.84%
Nikko Asset Management Co., Ltd.	37,486,600	2.21%
Total	85,622,200	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	Number of shares	Shareholding ratio
Nomura Securities Co., Ltd.	2,572,647	0.15%
NOMURA INTERNATIONAL PLC	1,812,603	0.11%
Nomura Asset Management Co., Ltd.	83,182,100	4.90%
Total	87,567,350	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 holders Capital International Inc. and 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	Number of shares	Shareholding ratio
Capital Research and Management Company	56,357,897	3.32%
Capital International K.K.	3,351,200	0.20%
Total	59,709,097	3.52%

The details of the BIP Trust compensation that was awarded to executives 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

Leadership

Directors of the Board and Audit & Supervisory Board Members (as of March 31, 2021)

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

Board Position	Name	Responsibilities at the Company and significant concurrent positions as of March 31, 2021
President and Representative Director of the Board	Masumi Minegishi	CEO; Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Director of the Board	Hisayuki Idekoba	Finance and Operations (COO); Director of the Board of Indeed, Inc.; CEO and Director of the Board of RGF OHR USA, Inc.; Director of the Board of Recruit Co., Ltd.; Chairman and Director of the Board of RGF Staffing B.V.
Director of the Board	Ayano Senaha	Corporate Planning (CSO); Human Resources and General Affairs (CHRO); Risk Management (CRO); Director of the Board of RGF OHR USA, Inc. ; Director of the Board of Glassdoor, Inc.
Director of the Board	Rony Kahan	Chairman and Director of the Board of Indeed, Inc. .; Chairman and Director of the Board of RGF OHR USA, Inc.
Outside Director of the Board (Independent)	Naoki Izumiya	Honorary Advisor of Asahi Group Holdings, Ltd.; Independent Director of Obayashi Corporation
Outside Director of the Board (Independent)	Hiroki Totoki	Director, Executive Deputy President and CFO, Representative Corporate Executive Officer of Sony Corporation
Standing Audit & Supervisory Board Member	Yukiko Nagashima (Name in the family register: Yukiko Watanabe)	Outside Director of the Board of Japan Tobacco Inc.
Standing Audit & Supervisory Board Member	Akihito Fujiwara	
Outside Audit & Supervisory Board Member (Independent)	Yoichiro Ogawa	Chief of Yoichiro Ogawa CPA Office
Outside Audit & Supervisory Board Member (Independent)	Katsuya Natori	Managing Partner of ITN Partners; Supervisory Director of Global One Real Estate Investment Corp.; External Director and Chairman of Audit Committee of Olympus Corporation

- * Audit & Supervisory Board member Yoichiro Ogawa has extensive knowledge of finance and accounting based on his experience as CEO of Deloitte Tohmatsu Group, as well as Representative of the Asia-Pacific Region at Deloitte Touche Tohmatsu Limited.
- * Directors of the Board Shogo Ikeuchi and Keiichi Sagawa and Audit & Supervisory Board member Yasuaki Nishiura retired from office due to expiration of their term of office and Audit & Supervisory Board member Hiroki Inoue retired due to resignation at the conclusion of the 60th Annual Meeting of Shareholders held on June 30, 2020. Ayano Senaha was appointed as Director of the Board, and Yoichiro Ogawa and Katsuya Natori were appointed as outside Audit & Supervisory Board member at the Annual Meeting of Shareholders held on June 30, 2020 and assumed their position.
- * The Company has entered into an agreement with each of the Directors of the Board, excluding Executive Directors, and with Audit & Supervisory Board members, to limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required under applicable laws and regulations. The limitation of liability, however, applies only when the relevant personnel has performed his or her duties in good faith and is not deemed negligent.
- * 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 to execute their duties without obsolescence.

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.

Changes in position and responsibilities of Directors of the Board from April 1, 2021

Name	New position for FY2021	Former position in FY2020	Date of change
Masumi Minegishi	Chairperson and Representative Director of the Board	President, CEO, and Representative Director of the Board	April 1, 2021
Hisayuki Idekoba	President, CEO in charge of Corporate Planning Division, and HR Technology Segment; Representative Director of the Board	Executive Vice President in charge of Finance and Operations (COO); Director of the Board	April 1, 2021
Ayano Senaha	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	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 1, 2021

Compensation

Policies for Compensation for FY2020

For details of the policies for determining compensation for Directors of the Board and Audit & Supervisory Board members, details of performance-based compensation and non-monetary compensation, details of resolutions concerning compensation passed at the shareholders meeting, and matters concerning delegation of decision making of individual compensation, please refer to "Compensation Policies for FY2021" on page 29 of this Notice. The policies for determining compensation are considered to be appropriate even after the approval of "Proposal 3: Revision of the Equity Compensation Plan for Directors of the Board, Etc." and "Proposal 4: Revision of the Stock Option Plan for Directors of the Board (Excluding Outside Directors)," which are submitted at this Annual Meeting of Shareholders, and therefore, there are no plans to change these policies. The details of policies pertaining to FY2020 are provided in the footnote section and other relevant section of "Compensation Policies for FY2021".

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	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 56th 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 56th 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.

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 Please refer to the "Definition of Financial Measures" in this document for the definition of adjusted EBITDA and adjusted EPS.

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.

Relationship between Significant Entities Where Outside Directors of the Board and Outside Audit & Supervisory Board Members Hold Concurrent Positions and the Company

Name	Relationship
<p>Naoki Izumiya (Appointed in June 2018)</p>	<p>Mr. Naoki Izumiya has within the past 10 years served as Chairman and Representative Director of Asahi Group Holdings, Ltd., 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 Asahi Group Holdings, Ltd. and Recruit Holdings, respectively, and are thus too small to be material.</p> <p>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 Recruit Holdings, respectively, and are thus too small to be material.</p> <p>Therefore, the Company believes that Mr. Izumiya has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>
<p>Hiroki Totoki (Appointed in June 2018)</p>	<p>Mr. Hiroki Totoki 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 in services including the Media & Solutions business and the Staffing business. However, such transactions account for less than 1% of Sony Group Corporation consolidated sales and operating revenue and Recruit Holdings consolidated revenue, respectively, and are thus too small to be material.</p> <p>Therefore, the Company believes that Mr. Totoki has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>
<p>Yoichiro Ogawa (Appointed in June 2020)</p>	<p>Mr. Yoichiro Ogawa currently works as Chief of Yoichiro Ogawa CPA Office, and he has within the past 10 years worked for Deloitte Touche Tohmatsu Limited, Deloitte Touche Tohmatsu LLC, and the Deloitte Tohmatsu Group. These companies have business relationships with the Company in services including the Media & Solutions business, the Staffing business and the HR Technology business. However, such transactions account for less than 1% of the sales of those companies and Recruit Holdings consolidated revenue, respectively, and are thus too small to be material.</p> <p>Therefore, the Company believes that Mr. Ogawa has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>

Name	Relationship
Katsuya Natori (Appointed in June 2020)	<p data-bbox="563 282 1434 600">Mr. Katsuya 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 Media & Solutions business, the Staffing business and the HR Technology business. However, such transactions account for less than 1% of the consolidated revenue of Olympus Corporation and Recruit Holdings, respectively, and are thus too small to be material.</p> <p data-bbox="563 636 1434 728">Therefore, the Company believes that Mr. Natori has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>

Relationship with Major Business Partners and Other Specified Associated Service Providers

Not applicable to any of the outside Directors and outside Audit & Supervisory Board members.

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 "Composition and Attendance of the Board and Committees as of March 31, 2021" 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 and Evaluation Committees, 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.

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.

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.

Based on his career and a wealth of international experience he has amassed as a Director of the Board 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., Vice President of Global Process Services at IBM Japan, Ltd.

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.

Independent Auditor

Name

Ernst & Young ShinNihon LLC

Amount of Compensation

Compensation for Audit in FY2020

378 million yen

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

588 million yen

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

Description of Non-audit Business

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

Policy regarding Determination of Dismissal or Non-reappointment of Independent Auditor

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

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

Corporate Governance

Corporate Governance Overview

Basic Policy on Corporate Governance

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

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.

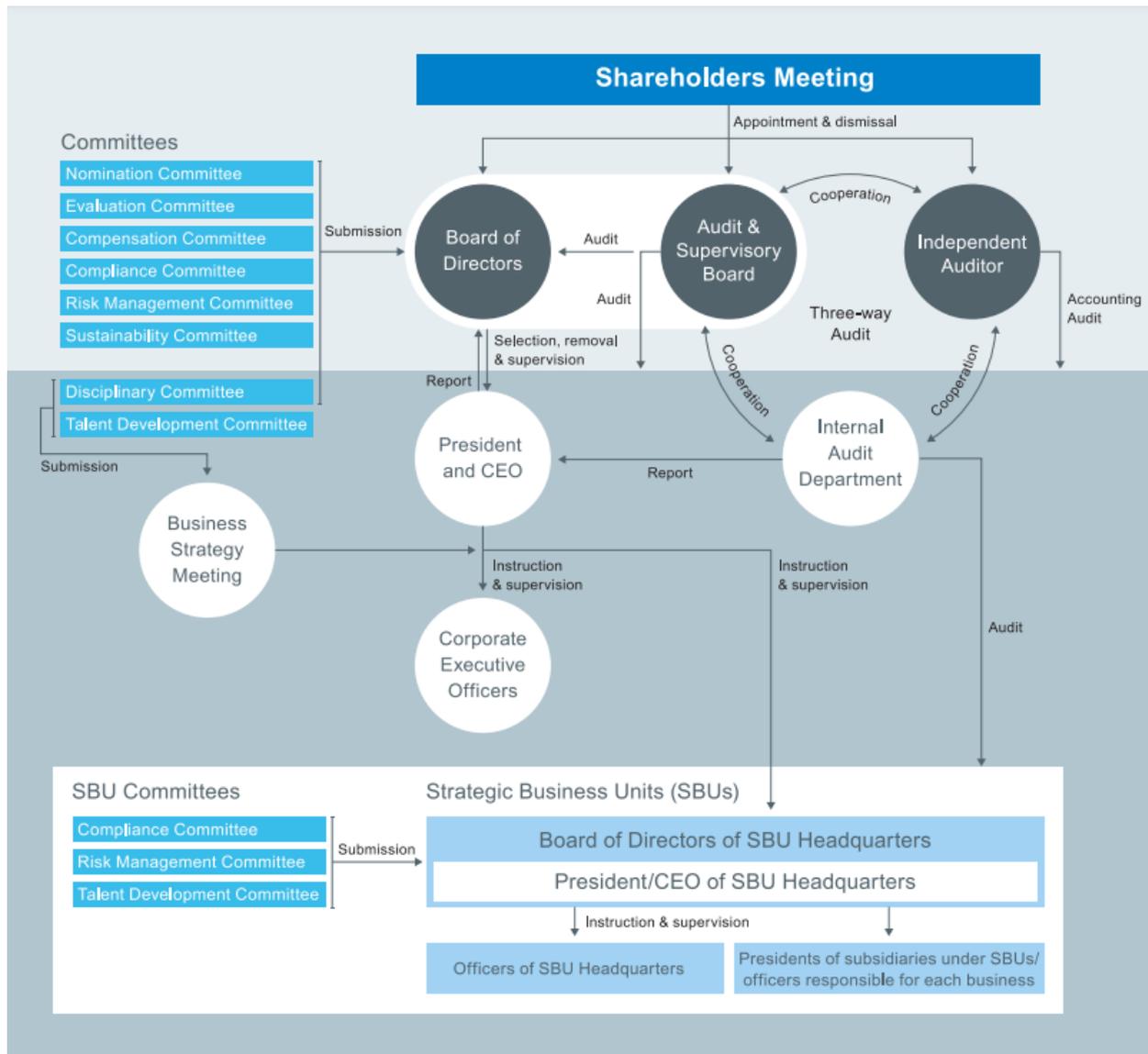
Furthermore, the Company has appointed Corporate Executive Officers, and established the Business Strategy Meeting to serve as an advisory body to the CEO in order to enhance the Company's decision-making process and business execution. The Business Strategy Meeting discusses important matters for the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

The Company has organized management units called Strategic Business Units ("SBU"). Each SBU has established a managing company, 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. Corporate Executive Officers of the Holding Company concurrently serve as President/CEO of SBU Headquarters.

Board of Directors

Role of the Board of Directors

The Board of Directors seeks to increase enterprise and shareholder value in the mid- to long-term. The responsibilities of 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 regularly held, generally once per month. 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 comprises 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.

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 May 17, 2021, two of the ten members of the Board of Directors 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, Evaluation, and Compensation Committees.
- To oversee decision-making in cases where any potential conflict of interest exists between Directors and the Company. The Board of Directors acts as the decision-making body for 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.

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, Evaluation and Compensation Committees

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

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

The roles of each committee are as follows:

Nomination Committee

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

- Nomination, succession and dismissal of the 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.

Evaluation Committee

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

Compensation Committee

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

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 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 the Corporate Planning Division. The Committee deliberates on the Company's sustainability strategy and monitors its progress. The Committee's participants include the CEO, the Director of the Board in charge of sustainability, 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 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 and Attendance of the Board and Committees as of March 31, 2021

Upper row: Composition as of March 31, 2021

Lower row: Attendance of members as of March 31, 2021 (excluding Business Strategy Meeting)

Position	Name and surname	Board of Directors	Audit and Supervisory Board	Business Strategy Meeting ^{*4}	Nomination Committee	Evaluation Committee	Compensation Committee	Risk Management		
								Chair	Member	Observer
Representative Director, President and CEO	Masumi Minegishi	C 13/13		C	M 2/2	M 4/4	M 4/4	C 2/2	M 2/2	M 2/2
Internal Directors of the Board	Hisayuki Idekoba	M 13/13		M				M 2/2	M 2/2	M 2/2
	Ayano Senaha	M 9/9 ^{*2}		M	M 1/1 ^{*2}	M 3/3 ^{*2}	M 3/3 ^{*2}	M 2/2	C 2/2	C 2/2
	Rony Kahan	M 13/13		O						
Independent Directors of the Board	Naoki Izumiya	M 13/13			C 2/2	M 4/4	M 4/4			
	Hiroki Totoki	M 13/13			M 2/2	C 4/4	C 4/4			
Standing Audit & Supervisory Board Members	Yukiko Nagashima	M ^{*1} 13/13	C 15/15	M				O 2/2	O 2/2	
	Akihito Fujiwara	M ^{*1} 13/13	M 15/15	M				O 2/2	O 2/2	
Independent Audit & Supervisory Board Members	Yoichiro Ogawa	M ^{*1} 9/9 ^{*3}	M 11/11 ^{*3}		M 1/1 ^{*3}					
	Katsuya Natori	M ^{*1} 9/9 ^{*3}	M 11/11 ^{*3}			M 3/3 ^{*3}	M 3/3 ^{*3}			
Corporate Executive Officers	Yoshihiro Kitamura			M						M 2/2
	Rob Zandbergen									M 2/2
	Junichi Arai			M				M 2/2	M 2/2	
	Hiroaki Ogata			M						
	Mio Kashiwamura			M				M 2/2	M 2/2	
	Iwaaki Taniguchi			M				M 2/2	M 2/2	
	Takahiro Noguchi			M						
	Kentaro Mori			M				M 2/2	M 2/2	
	Lowell Brickman			M				M 2/2	M 2/2	

Position	Name and surname	Board of Directors	Audit and Supervisory Board	Business Strategy Meeting ⁴	Nomination Committee	Evaluation Committee	Compensation Committee	Compliance Committee	Risk Management Committee	Sustainability Committee
Internal Member	Kazuo Tase									M 2/2
	<hr/>									
Outside Experts	Yves Serra									M 2/2
	<hr/>									
	Mariko Kawaguchi									M 2/2
<hr/>										
	Keiko Honda									M 2/2
<hr/>										

- ¹ Audit & Supervisory Board members are required to attend the Board of Directors meetings to audit the execution of duties of Directors of the Board under the Companies Act of Japan.
- ² 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.
- ³ 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.
- ⁴ Information on attendance is not provided for the Business Strategy Meeting since participants for each meeting vary depending on the content of the proceedings.

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 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 dividend for FY2020 (In million yen)	Dividend per share for FY2020 (yen)
November 16, 2020	15,681	9.50
May 17, 2021	17,173	10.50

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As of March 31, 2021

(In millions of yen)

Description	Amount
Assets	
Current assets	927,517
Cash and cash equivalents	501,043
Trade and other receivables	342,259
Other financial assets	39,043
Other assets	45,170
Non-current assets	1,269,096
Property and equipment	81,290
Right-of-use assets	283,674
Goodwill	399,361
Intangible assets	206,793
Investments in associates and joint ventures	72,373
Other financial assets	183,016
Deferred tax assets	38,350
Other assets	4,235
Total assets	2,196,613
Liabilities	
Current liabilities	603,172
Trade and other payables	243,905
Bonds and borrowings	54,673
Lease liabilities	36,415
Other financial liabilities	779
Income tax payables	20,662
Provisions	11,509
Other liabilities	235,224
Non-current liabilities	492,152
Bonds and borrowings	58,106
Lease liabilities	268,574
Other financial liabilities	895
Provisions	11,331
Net liability for retirement benefits	57,039
Deferred tax liabilities	71,839

Other liabilities	24,365
Total liabilities	1,095,324
Equity	
Equity attributable to owners of the parent	1,091,571
Common stock	40,000
Share premium	17,422
Retained earnings	1,201,573
Treasury stock	(180,148)
Other components of equity	12,723
Non-controlling interests	9,717
Total equity	1,101,289
Total liabilities and equity	2,196,613

Consolidated Statement of Profit or Loss

For the year ended March 31, 2021

(In millions of yen)

Description	Amount
Revenue	2,269,346
Cost of sales	1,123,653
Gross profit	1,145,693
Selling, general and administrative expenses	983,076
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
Income tax expense	36,812
Profit for the year	131,690
Profit attributable to:	
Owners of the parent	131,393
Non-controlling interests	296
Profit for the year	131,690

NON-CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

As of March 31, 2021

(In millions of yen)

Description	Amount
Assets	
Current assets	261,523
Cash and deposits	171,775
Accounts receivable - trade	30,056
Prepaid expenses	152
Short-term loans receivable	44,217
Accounts receivable - other	15,028
Other current assets	358
Allowance for doubtful accounts	(64)
Non-current assets	1,110,996
Property, plant and equipment	126
Buildings	38
Machinery and equipment	1
Tools, furniture and fixtures	86
Intangible assets	423
Software	375
Other	48
Investments and other assets	1,110,446
Investment securities	79,773
Stocks of subsidiaries and associates	827,403
Long-term loans receivable	199,229
Other assets	4,043
Allowance for doubtful accounts	(3)
Total assets	1,372,520
Liabilities	
Current liabilities	399,551
Short-term borrowings	354,260
Current portion of bonds payable	30,000
Accounts payable - other	13,133
Accrued expenses	1,575
Income taxes payable	292
Deposits received	33

Other current liabilities	254
Long-term liabilities	167,645
Bonds payable	20,000
Long-term borrowings	37,436
Provision for retirement benefits for directors (and other officers)	744
Provision for Board Incentive Plan trust	2,823
Deferred tax liabilities	106,083
Other long-term liabilities	557
Total liabilities	567,197
Equity	
Shareholders' equity	767,232
Common stock	40,000
Capital surplus	344
Other capital surplus	344
Retained earnings	907,036
Legal retained earnings	7,299
Other retained earnings	899,736
General reserve	820,909
Retained earnings brought forward	78,827
Treasury stock	(180,148)
Valuation and translation adjustments	36,772
Unrealized gain (loss) on available-for-sale securities	36,772
Stock acquisition rights	1,317
Total equity	805,322
Total liabilities and equity	1,372,520

Statement of Income

For the year ended March 31, 2021

(In millions of yen)

Description	Amount
Operating revenue	27,324
Royalty income	27,324
Operating expenses	8,026
Salaries and allowances	3,283
Business commissions	2,572
Other	2,170
Operating income	19,297
Non-operating income	1,748
Interest income	614
Dividend income	1,026
Other	107
Non-operating expenses	1,470
Interest expense	732
Foreign exchange losses	11
Commitment fees	368
Other	359
Ordinary income	19,574
Extraordinary income	1,078
Gain on sales of investment securities	994
Other	84
Extraordinary losses	0
Loss on retirement of non-current assets	0
Income before income taxes	20,653
Income taxes-current	1,362
Income taxes-deferred	5,227
Net income	14,063

AUDIT REPORTS

(Translation)
Independent Auditor's Report

May 17, 2021

The Board of Directors
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Designated Engagement Partner
Certified Public Accountant

Yoshifumi Mitsugi
Designated Engagement Partner
Certified Public Accountant

Takuto Miki
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Recruit Holdings Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021, in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by IFRSs, matters related to going concern.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Conflicts of Interest

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

Notes to the Readers of Independent Auditor's Report

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

(Translation)
Independent Auditor's Report

May 17, 2021

The Board of Directors
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoji Murohashi
Designated Engagement Partner
Certified Public Accountant

Yoshifumi Mitsugi
Designated Engagement Partner
Certified Public Accountant

Takuto Miki
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of change in equity, the notes to the non-consolidated financial statements, and the related supplementary schedules (the "Financial Statements") of Recruit Holdings Co., Ltd. (the "Company") applicable to the 61st fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position and results of operations of the Company for the fiscal year ended March 31, 2021, in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Conflicts of Interest

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

Notes to the Readers of Independent Auditor's Report

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

Audit & Supervisory Board's Report

The Audit & Supervisory Board reports the following reflecting the discussion among its members on the execution of duties of Directors of the Board during the fiscal year 2020, from April 1, 2020 through March 31, 2021. The discussion was made based on audit reports prepared by each Audit & Supervisory Board member.

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

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

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

- Each Audit & Supervisory Board member attended the Board of Director meetings and other important meetings. They received reports from Directors of the Board and employees on the status of execution of their duties, and requested explanations as necessary. Each Audit & Supervisory Board member also inspected the important approval documents, etc., and examined the status of operations and of assets at its head office and principal offices. For the audit of its subsidiaries, each Audit & Supervisory Board member communicated and shared information with the Directors of the Board and Audit & Supervisory Board members of the subsidiaries, and received their business reports as necessary.
- Each Audit & Supervisory Board member periodically received reports from Directors of the Board and employees requested explanations as necessary, and expressed his or her opinions on the following matters that are stated in the Business Report.
 - The resolutions by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Directors of the Board complies with laws and regulations and the Articles of Incorporation.
 - The resolutions by the Board of Directors regarding the establishment of systems stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan, to ensure the properness of operations of the Company.
 - The development and operation of the Internal Controls established based on the resolutions above.
- The Audit & Supervisory Board members monitored and verified that the Independent Auditor maintains its independence and conducts the audits appropriately. The members also received reports on the status of the execution of duties from the Independent Auditor, requested explanations as necessary and received responses. In addition, The Audit & Supervisory Board member were informed by the Independent Auditor that it had arranged the "System for Ensuring Properness in Execution of Duties" (matters stipulated in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), requested explanations as necessary and received responses. Furthermore, the Audit & Supervisory Board members discussed Key Audit Matters ("KAM") with EY Ernst & Young ShinNihon LLC, received reports on the status of their audit, and requested explanations as necessary.

Based on the procedures mentioned above, The Audit & Supervisory Board reviewed the Business Report and the related supplementary schedules, the Non-consolidated Financial Statements which comprise the Balance Sheet, Statement of Income, Statement of Change in Equity, Notes to the Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Change in Equity, and Notes to the Consolidated Financial Statements for the year ended March 31, 2021.

Audit Results

Audit Results of Business Report and Other Related Reports

The Audit & Supervisory Board acknowledges the followings:

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

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

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

Results of the Audit of Consolidated Financial Statements and Supplementary Schedules

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

May 17, 2021

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

Standing Audit & Supervisory Board member	Yukiko Nagashima
Standing Audit & Supervisory Board member	Akihito Fujiwara
Outside Audit & Supervisory Board member	Yoichiro Ogawa
Outside Audit & Supervisory Board member	Katsuya Natori

Reference | ESG Indexes and Recognitions

Recruit Holdings is incorporated into the following ESG related indexes and obtained recognitions.

<p>MSCI Japan ESG Select Leaders Index</p> <p>2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p> <p>MSCI Japan Empowering Women Index</p> <p>2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>S&P/JPX Carbon Efficient Index</p> 
<p>FTSE4Good Index Series</p>  <p>FTSE4Good</p> <p>FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan</p>	<p>Dow Jones Sustainability Asia Pacific Index</p> <p>Member of Dow Jones Sustainability Indices</p> <p>Powered by the S&P Global CSA</p>
<p>Excellent Integrated Reports selected by GPIF asset managers</p> <p>Recruit Group Profile Inside Out 2020</p> <p>https://recruit-holdings.com/who/reports/2020/pdf/insideout2020_en.pdf</p> 	

Note: MSCI ESG Indexes
THE INCLUSION OF Recruit Holdings Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Recruit Holdings Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI.
MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

(The above contents are based on the latest information available to the Company as of April 2021.)

Recruit Holdings Co., Ltd.



Additional Information to Notice of Annual Meeting of Shareholders 2021

This document has been prepared to provide additional information to, and prepared separately from, the Notice of Annual Meeting of Shareholders (the “Notice”).

Under the laws and regulations and Article 15 of the Company’s Articles of Incorporation, the information in the original Japanese version of this document is allowed to be made available on the Company’s website separately from the Notice, while the Japanese original version of the Notice is required to be physically delivered to shareholders under the Companies Act.

Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions, estimates and outlook for the future based on the Company's plans and expectations as of March 31, 2021 unless the context otherwise indicates. There can be no assurance that the relevant forward-looking statements will be achieved. Please note that significant differences between such forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and enterprise clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other factors. Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.

Note Regarding Reference Translation

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

Third-Party Information

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

U.S. Disclaimer – Un-sponsored American Depositary Receipt (“ADR”)

The Company does not support or encourage, and has not consented to, the creation of any un-sponsored ADR facilities in respect of its securities and in any event disclaims any liability in connection with an un-sponsored ADR. The Company does not represent to any depository institution, bank or anyone nor should any such entity rely on a belief that the Web site of the Company includes all published information in English, currently, and on an ongoing basis, required to claim an exemption under U.S. Exchange Act Rule 12g3-2(b).

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Main Offices (as of March 31, 2021)

The Holding Company

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

Main Subsidiaries

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

Main Lenders (as of March 31, 2021)

Lenders	Amount borrowed
MUFG Bank, Ltd.	18,821 million yen
Sumitomo Mitsui Banking Corporation	14,178 million yen
Mizuho Bank, Ltd.	14,178 million yen
Sumitomo Mitsui Trust Bank, Limited	4,642 million yen
Resona Bank, Limited.	4,642 million yen
Mizuho Trust & Banking Co., Ltd.	2,142 million yen
The Bank of Yokohama, Ltd.	2,142 million yen
THE HOKURIKU BANK, LTD.	1,643 million yen

Status of Stock Acquisition Rights

Status of Stock Acquisition Rights as of March 31, 2021

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

- Number of stock acquisition rights: 93
- Type and number of shares subject to stock acquisition rights
Common stock: 279,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
September 1, 2013 to August 31, 2033
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Director of the Board, Corporate Executive Officer, or Corporate Professional Officer of the Company.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	52	Common stock	156,000 shares	2
Corporate Executive Officers	41	Common stock	123,000 shares	2

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

- Number of stock acquisition rights: 93
- Type and number of shares subject to stock acquisition rights
Common stock: 279,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
December 27, 2014 to December 26, 2034
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Director of the Board, Corporate Executive Officer, or Corporate Professional Officer of the Company.
In the event of the death of the Director of the Board, Corporate Executive Officer or Corporate Professional Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	67	Common stock	201,000 shares	2
Corporate Executive Officers	26	Common stock	78,000 shares	2

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

- Number of stock acquisition rights: 972
- Type and number of shares subject to stock acquisition rights
Common stock: 291,600 shares (300 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
September 26, 2015 to September 25, 2035
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Director of the Board, Corporate Executive Officer, or Corporate Professional Officer of the Company (if the person allotted with stock acquisition rights had already lost all of the positions on the date of the allotment of stock acquisition rights, said person can exercise these rights within one year from the day following the date of allotment of stock acquisition rights).
In the event of the death of the Director of the Board, Corporate Executive Officer or Corporate Professional Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	667	Common stock	200,100 shares	2
Corporate Executive Officers	305	Common stock	91,500 shares	3

Stock acquisition rights issued based on the resolution of the meeting of the Board of Directors held on July 16, 2019.

- Number of stock acquisition rights: 3,723
- Type and number of shares subject to stock acquisition rights
Common stock: 372,300 shares (100 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 3,718 yen
- Period during which stock acquisition rights may be exercised
July 31, 2019 to July 30, 2029
- Terms for exercising stock acquisition rights
Stock acquisition rights cannot be exercised in fractional portions.
If persons allotted with stock acquisition rights (the “Stock Acquisition Right Holder”) lose their positions as a Director of the Board or Corporate Executive Officer of the Company, they may exercise the stock acquisition rights within three years from the date on which they lose their positions or by the final date of the exercise period, whichever comes first.
A Stock Acquisition Right Holder may not pledge or otherwise dispose of the stock acquisition rights.
Other conditions will be set out in the stock acquisition rights allotment agreement to be executed between the Company and the Stock Acquisition Right Holder pursuant to the resolution of the Company’s Board of Directors.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	2,726	Common stock	272,600 shares	4
Corporate Executive Officers	997	Common stock	99,700 shares	5

Stock acquisition rights issued based on the resolution of the meeting of the Board of Directors held on July 8, 2020.

- Number of stock acquisition rights: 2,821
- Type and number of shares subject to stock acquisition rights
Common stock: 282,100 shares (100 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 3,558 yen
- Period during which stock acquisition rights may be exercised
July 27, 2020 to July 26, 2030
- Terms for exercising stock acquisition rights
Stock acquisition rights cannot be exercised in fractional portions.
If persons allotted with stock acquisition rights (the “Stock Acquisition Right Holder”) lose their positions as a Director of the Board or Corporate Executive Officer of the Company, they may exercise the stock acquisition rights within three years from the date on which they lose their positions or by the final date of the exercise period, whichever comes first.
A Stock Acquisition Right Holder may not pledge or otherwise dispose of the stock acquisition rights.
Other conditions will be set out in the stock acquisition rights allotment agreement to be executed between the Company and the Stock Acquisition Right Holder pursuant to the resolution of the Company’s Board of Directors.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	2,061	Common stock	206,100 shares	4
Corporate Executive Officers	760	Common stock	76,000 shares	5

Status of Stock Acquisition Rights Granted in FY2020

Stock acquisition rights issued based on the resolution of the meeting of the Board of Directors held on July 8, 2020.

- Number of stock acquisition rights: 2,821
- Type and number of shares subject to stock acquisition rights
Common stock: 282,100 shares (100 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 3,558 yen
- Period during which stock acquisition rights may be exercised
July 27, 2020 to July 26, 2030
- Terms for exercising stock acquisition rights
Stock acquisition rights cannot be exercised in fractional portions.
If persons allotted with stock acquisition rights (the “Stock Acquisition Right Holder”) lose their positions as a Director of the Board or Corporate Executive Officer of the Company, they may exercise the stock acquisition rights within three years from the date on which they lose their positions or by the final date of the exercise period, whichever comes first.
A Stock Acquisition Right Holder may not pledge or otherwise dispose of the stock acquisition rights.
Other conditions will be set out in the stock acquisition rights allotment agreement to be executed between the Company and the Stock Acquisition Right Holder pursuant to the resolution of the Company’s Board of Directors.
- Status of stock acquisition rights held by the Directors of the Board and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Directors of the Board (excluding outside Directors of the Board)	2,061	Common stock	206,100 shares	4
Corporate Executive Officers	760	Common stock	76,000 shares	5

Internal Controls and Their Operational Status

Internal Controls

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 April 7, 2020.

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

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

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 and 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.

Overview of Operational Status of Internal Controls

The Company endeavors to develop and appropriately operate its internal controls based on the resolution described above by having the Internal Audit Department carry out inspections.

A description of the main points of the operational status of internal controls during FY2020 is as follows.

Compliance Initiatives

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

Risk Management Initiatives

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

Initiatives to Promote Appropriate and Efficient Execution of Professional Duties

- During FY2020, the Board of Directors of the Company met 13 times. In addition to resolutions on matters reserved for the decision of the Board of Directors pursuant to laws and regulations and the Company’s Articles of Incorporation, the Board of Directors also made decisions on matters that may have a major impact on the Recruit Group Management Philosophy, the Company’s corporate governance, and the Company’s consolidated financial results as well as the reputation of the Company as a whole.

- During FY2020, the Business Strategy Meeting, an advisory body to the Company's CEO, was held 15 times. The meeting acted as a platform to ascertain the state of business execution by each business division and deliberate on important matters delegated by the Board of Directors, thereby enabling the CEO of the Company to apply a flexible decision-making process.

Management of Subsidiaries

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

Activities of Audit & Supervisory Board Members

- Reporting and information disclosure to Audit & Supervisory Board members were conducted at important Company meetings by ensuring opportunities for Audit & Supervisory Board members to attend these meetings.
- Audit & Supervisory Board members worked to increase the effectiveness of their audits primarily by holding regular information-sharing meetings with Audit & Supervisory Board members of the Company's subsidiaries, and Directors of the Board of its subsidiaries in charge of audits. They also held regular meetings with the Internal Audit Department and Independent Auditor of the Company. In addition, Corporate Executive Officers of the Company reported to Audit & Supervisory Board members on business results, the state of business operations, the development of internal controls, and similar matters, to enhance the effectiveness of audits conducted by Audit & Supervisory Board members.
- The President, CEO, and Representative Director of the Board and Audit & Supervisory Board members held regular meetings to exchange opinions.
- The Company has appointed an "Assistant to support the Company Audit & Supervisory Board Members" in their duties. The Company ensures the independence of such Assistants from the Directors of the Board, which includes respecting the opinions of the Audit & Supervisory Board members with regard to the appointment, transfer, evaluation, and discipline of these Assistants.

Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

(In millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Share premium	Retained earnings	Treasury stock	Other components of equity		
					Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the 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		(132)		(70,504)			
Disposal of treasury stock		(1,226)		3,601	(2,224)		
Dividends			(40,394)				
Share-based payments					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

	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 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			—	(70,636)		(70,636)
Disposal of treasury stock			(2,224)	149		149
Dividends			—	(40,394)		(40,394)
Share-based payments			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

Notes to Consolidated Financial Statements

Notes on Important Matters that Form the Basis for Preparing Consolidated Financial Statements

Standards for Preparing Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”), pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. Certain disclosure items required by IFRS are omitted pursuant to the latter part of the same paragraph.

Matters Related to the Scope of Consolidation

Status of consolidated subsidiaries

Number of consolidated subsidiaries: 351

Names of the major consolidated subsidiaries

- RGF OHR USA, Inc.
- Indeed, Inc.
- Glassdoor, Inc.
- Recruit Co., Ltd.
- Recruit Sumai Company Ltd.
- Recruit Marketing Partners Co., Ltd.
- Recruit Lifestyle Co., Ltd.
- Recruit Career Co., Ltd.
- Recruit Jobs Co., Ltd.
- RGF Staffing B.V.
- Recruit Staffing Co., Ltd.
- STAFF SERVICE HOLDINGS CO., LTD.
- 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

Matters Related to the Application of Equity Method

Status of equity-method associates

Number of equity-method associates: 8

Names of the major company, etc.

- 51job, Inc.
- kaonavi, inc.

Significant Accounting Policies

Valuation standards and valuation methods of 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 determined, except for cases where the dividend clearly represents the collection of the cost of investment.

FVTPL financial assets

The Company classifies all financial assets other than those measured at amortized cost, all debt financial assets that are not classified into FVTOCI debt financial assets and derivatives as FVTPL financial assets.

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 losses under a simplified approach, based on historical experience, 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 requirements 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 statement 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 rate differences (foreign exchange gains and losses) of monetary items denominated in foreign currencies that arise from fluctuations in foreign exchange rates.

Hedge Accounting

If the hedging relationship qualifies for hedge accounting, the Company accounts for a part of derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives designated as cash flow hedges 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 cash flow hedges is immediately recognized in profit or loss.

Depreciation and amortization methods of significant depreciable assets

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 are accounted for as changes in accounting estimates prospectively from the period in which the estimates are changed. 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 benefits
- 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

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.

Accounting standards for significant allowances and 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.

Accounting standards for revenue

The Company recognizes revenue based on the following five-step approach. The details of revenue recognition for each segment are described in "Notes on Revenue Recognition."

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

Other important matters that form the basis for preparing consolidated financial statements

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 statement 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 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 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 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 group of CGUs is reduced and then the carrying amounts of the other assets in the CGU or 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 subsequent periods.

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

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.

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 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 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.

Accounting method for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

Amounts presented

Amounts presented are rounded down to the nearest million yen.

Notes on Accounting Estimates

In preparing the consolidated financial statements, management makes 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. The amount of other financial assets in the consolidated statement of financial position as of March 31, 2021 includes amounts recognized based on such accounting estimates.

Impairment of Property and Equipment, Goodwill and Intangible Assets

The Company tests property and equipment, goodwill and intangible assets for impairment in accordance with “Significant Accounting Policies” in “Notes on Important Matters that Form the Basis for Preparing Consolidated Financial Statements.” 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. The amounts of property and equipment, goodwill, and intangible assets in the consolidated statement of financial position as of March 31, 2021 are recognized based on such accounting estimates.

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. The amount of net defined benefit liability in the consolidated statement of financial position as of March 31, 2021 is recognized based on such accounting estimates.

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 represents management’s best estimates and judgments. However, they may be affected by changes in uncertain future economic conditions. The amount of deferred tax assets in the consolidated statement of financial position as of March 31, 2021 is recognized based on such accounting estimates.

Notes to Consolidated Statement of Financial Position

Loss allowance directly deducted from assets

Trade and other receivables	9,584 million yen
Other financial assets	658 million yen

Accumulated depreciation and accumulated impairment losses of property and equipment

95,835 million yen

Accumulated depreciation and accumulated impairment losses of right-of-use assets

66,779 million yen

Notes to Consolidated Statement of Changes in Equity

Class and total number of shares issued as of March 31, 2021

Common stock: 1,695,960,030 shares

Class and number of shares of treasury stock as of March 31, 2021

Common stock: 61,763,564 shares

* The Holding Company has introduced the Board Incentive Plan (BIP) trust. The number of shares of treasury stock as of March 31, 2021 includes 1,389,130 shares in the Holding Company held by the trust.

Matters related to dividends

Amount of dividends paid

Resolution	Source of dividends	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 (Note 1)	Retained earnings	24,748	15.0	March 31, 2020	June 23, 2020
November 16, 2020 Meeting of the Board of Directors (Note 2)	Retained earnings	15,681	9.5	September 30, 2020	December 10, 2020

Notes: 1. The total amount of dividends includes dividends of 22 million yen on the shares in the Holding Company held by the BIP trust.

2. The total amount of dividends includes dividends of 13 million yen on the shares in the Holding Company held by the BIP trust

Dividends whose record date is in the year ended March 31, 2021, but whose effective date is in the following fiscal year

Resolution	Source of dividends	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 (Note)	Retained earnings	17,173	10.5	March 31, 2021	June 18, 2021

Note: The total amount of dividends includes dividends of 14 million yen on the shares in the Holding Company held by the BIP trust.

Class and number of shares to be issued upon the exercise of stock acquisition rights as of March 31, 2021 (excluding those for which the first day of the exercise period has not arrived)

Common stock: 1,711,400 shares

Notes on Goodwill and Intangible Assets

Significant intangible assets

Significant items in intangible assets are customer-related assets arising from the acquisition of shares in RGF Staffing B.V. (42,592 million yen as of March 31, 2021). 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 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	Amount
HR Technology	HR Technology	201,577
Staffing	RGF Staffing B.V.	149,008
	Each of the other entities	48,776
	Total	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, which is determined by discounting to present value the estimated future cash flows before tax for the next five years based on the business plan of each CGU or group of CGUs approved by management. The estimated future cash flows for the next five years reflect management's assessment of future trends in the business and historical data, and are prepared based on external and internal information including market growth rates. For periods beyond those covered by the estimated future cash flows, a terminal value, often a perpetual value, is determined by discounting to present value the future cash flows before tax based on steady or declining growth rates. The growth rates are estimated taking into consideration the circumstances of the country and the industry to which the CGU or the group of CGUs belongs. The pre-tax discount rates are derived from the weighted-average cost of capital, taking into account the time value of money and the risks specific to the asset.

Notes on Revenue Recognition

A reconciliation of revenue disaggregated by major goods/service and operating segments for the year ended March 31, 2021 is as follows:

(In millions of yen)

HR Technology	423,286
Media & Solutions	672,012
Marketing Solutions	456,022
Housing and Real Estate	116,991
Beauty	82,922
Travel	53,888
Bridal	29,981
Dining	14,116
Others*	158,122
HR Solutions	214,054
Recruiting in Japan	186,585
Others	27,469
Eliminations and Adjustments (Media & Solutions)	1,935
Staffing	1,198,848
Japan	569,973
Overseas	628,875
Eliminations and Adjustments	(24,800)
Total	2,269,346

* An outsourcing fee of 79,035 million yen related to the Administrative Work for the Rent Assistance Program is included.

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.

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.

Notes on Financial Instruments

Matters Related to Status of Financial Instruments

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

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.

Liquidity risk

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.

Market risk

Foreign currency risk

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.

Interest rate risk

Borrowings are appropriated for working capital and funds for capital investment, and since a large portion of borrowings have floating interest rates, they are 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 all interest expense.

Price risk

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.

Matters Related to Fair Value, etc. of Financial Instruments

The carrying amount and fair value of financial instruments at the end of the current fiscal year are as follows. Financial instruments whose carrying amount approximates their fair value are not included in the table below. Long-term borrowings mainly bear interest at floating rate, which reflects market interest rate, and thereby their carrying amount approximates their fair value.

(In millions of yen)

	Carrying amount	Fair value
Bonds	49,955	49,983

Note: The fair value of bonds is measured by referring to the quoted market price.

Notes on Per Share Information

Equity per share attributable to owners of the parent:	667.96 yen
Basic earnings per share:	79.83 yen

The Holding Company has introduced the Board Incentive Plan (BIP) trust. The Holding Company's stock held in the trust is recognized as treasury stock in the consolidated financial statements. In line with this, the Holding Company's stock held in the trust is included in treasury stock deducted from the number of shares issued at the end of the period for the calculation of equity per share attributable to owners of the parent. In addition, the Holding Company's stock held in the trust is included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of basic earnings per share.

The number of treasury stock at the end of the period deducted for the calculation of equity per share attributable to owners of the parent is 1,389,130 shares.

The average number of treasury stock deducted for the calculation of basic earnings per share is 1,475,716 shares in the current fiscal year.

Statement of Changes in Equity

For the year ended March 31, 2021

(In millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal retained earnings	Retained earnings			Treasury stock	Total shareholders' equity
		Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	40,000	1,571	1,571	3,256	820,909	109,237	933,403	(113,244)	861,730
Changes of items during 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 period	-	(1,226)	(1,226)	4,043	-	(30,410)	(26,367)	(66,903)	(94,497)
Balance at end of current period	40,000	344	344	7,299	820,909	78,827	907,036	(180,148)	767,232

	Valuation and translation adjustments		Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	9,350	9,350	1,719	872,799
Changes of items during 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 period	27,422	27,422	(401)	(67,476)
Balance at end of current period	36,772	36,772	1,317	805,322

Notes to Non-consolidated Financial Statements

Notes on Matters Related to 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 Noncurrent 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 of the Board (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 the Holding Company 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 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 Holding 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 omitted.

Other Important Matters That Form the Basis for Preparing Non-consolidated Financial Statements

Translation of significant assets or 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 reviewed 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 Holding 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.

Notes on Changes in Presentation Methods

By applying “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 of March 31, 2020) from the current fiscal year, the Holding Company has disclosed “Notes on Accounting Estimates.”

Notes on Accounting Estimates

Stocks of subsidiaries and associates recorded by the Holding 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 Holding Company determines whether there is a significant decline in the value in substance which reflects excess earnings power expected when the Holding Company acquired RGF Staffing B.V. by comparing the value in substance with the carrying amount. When the Holding Company assesses if the excess earnings power is impaired, the Holding Company considers the budget/forecast, the growth rates and the discount rates used in the impairment test of goodwill for preparation of its consolidated financial statements. The budget/forecast 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. However, it may be affected by changes in uncertain future economic conditions.

Notes to Balance Sheet

Accumulated depreciation of property, plant and equipment: 563 million yen

Guarantee obligation

The Holding Company guarantees the following subsidiaries and associates as stated below:

Indeed, Inc.	69,836 million yen
Indeed Ireland Operations Limited	32,844 million yen
Glassdoor, Inc.	18,011 million yen
Staffmark Group, LLC	9,853 million yen
RGF Staffing Interservices NV	5,521 million yen
Chandler Macleod Group Limited	673 million yen
Megagon Labs, Inc.	241 million yen
Other	16 million yen
Total	136,998 million yen

Monetary receivables and payables in relation to subsidiaries and associates

Short-term monetary receivables:	89,371 million yen
Short-term monetary payables:	341,747 million yen
Long-term monetary receivables:	199,229 million yen

Notes to Statement of Income

Transaction volume with subsidiaries and associates

Transaction volume of operating transactions (revenue):	27,324 million yen
Transaction volume of operating transactions (expenses):	914 million yen
Transaction volume of non-operating transactions (revenue):	390 million yen
Transaction volume of non-operating transactions (expenses):	581 million yen

Notes to Statement of Changes in Equity

Class and number of shares of treasury stock as of March 31, 2021

Common stock: 61,763,564 shares

- The Holding Company has introduced the Board Incentive Plan (BIP) trust. The number of shares of the Holding Company held by the trust included in the number of treasury stock as of March 31, 2021 is 1,389,130 shares.

Notes on Tax Effect Accounting

Breakdown by cause of deferred tax assets and deferred tax liabilities

Deferred tax assets

Stocks of subsidiaries and associates	26,033 million yen
Tax losses carry-forward	6,548 million yen
Loss on valuation of investment securities	3,428 million yen
Other	1,860 million yen
Subtotal of deferred tax assets	37,872 million yen
Valuation allowance	(30,277) million yen
Total deferred tax assets	7,595 million yen

Deferred tax liabilities

Stocks of subsidiaries and associates	(102,558) million yen
Unrealized gain (loss) on available-for-sale securities	(11,121) million yen
Total deferred tax liabilities	(113,679) million yen
Net deferred tax liabilities	(106,083) million yen

Notes on Transactions with Related Parties

Subsidiaries and associates, etc.

(In millions of yen)

Attribute	Name of company, etc.	Ownership percentage of voting rights, etc.	Relationship with related parties	Description of transactions	Transaction amount	Account item	Balance at end of the fiscal year
				Loan of funds ¹	—	Long-term loans receivable	184,354
				Collection of funds	26,336	Short-term loans receivable	26,336
Subsidiary	Recruit Co., Ltd.	Ownership Direct 100%	Loan transactions; Interlocking directorate	Borrowing of funds ²	—	Short-term borrowings	115,739
				Royalty income ³	17,576	Accounts receivable - trade	19,334
Subsidiary	Recruit Sumai Company, Ltd.	Ownership Indirect 100%	Loan transactions	Borrowing of funds ²	—	Short-term borrowings	14,052
Subsidiary	Recruit Lifestyle Co., Ltd.	Ownership Indirect 100%	Loan transactions	Borrowing of funds ²	—	Short-term borrowings	24,766
				Borrowing of funds ²	—	Short-term borrowings	14,691
Subsidiary	Recruit Career Co., Ltd.	Ownership Indirect 100%	Loan transactions	Royalty income ³	4,282	Accounts receivable - trade	4,710
Subsidiary	Recruit Jobs Co., Ltd.	Ownership Indirect 100%	Loan transactions	Borrowing of funds ²	—	Short-term borrowings	13,880

Subsidiary	Recruit Staffing Co., Ltd.	Ownership Indirect 100%	Loan transactions; Interlocking directorate	Borrowing of funds ²	—	Short-term borrowings	33,429
				Royalty income ³	3,121	Accounts receivable - trade	3,433
				Loan of funds ¹	—	Long-term loans receivable	14,875
Subsidiary	STAFF SERVICE HOLDINGS CO., LTD.	Ownership Indirect 100%	Loan transactions; Interlocking directorate	Collection of funds	14,875	Short-term loans receivable	14,875
				Borrowing of funds ²	—	Short-term borrowings	21,905
Subsidiary	Recruit Global Treasury Services Ltd.	Ownership Direct 100%	Loan transactions	Borrowing of funds ⁴	40,000	Short-term borrowings	—

Transaction terms and policies for determining transaction terms, etc.

- ¹ The loan rate is reasonably determined based on market rates and other relevant factors.
- ² The Holding Company centrally manages the Company's funds, and intercompany lending and borrowing are settled on a daily basis. Thus, transaction amount is not stated. The interest rate is reasonably determined based on market rates.
- ³ Royalty income is recognized as a proportion of gross profit, and the rate is determined on a rational basis.
- ⁴ The borrowing rate is reasonably determined based on market rates and other relevant factors.
- ⁵ The amounts of transactions do not include consumption taxes, while the year-end balances include consumption taxes.
- ⁶ Information on guarantee obligations is stated in "Guarantee obligation" under the "Notes to Balance Sheet" section.

Notes on Per Share Information

Equity per share: 491.99 yen

Net income per share: 8.54 yen

The Holding Company has introduced the Board Incentive Plan (BIP) trust. The Holding Company's stock held in the trust is recognized as treasury stock in the non-consolidated financial statements. In line with this, the Holding Company's stock held in the trust is included in treasury stock deducted from the number of shares issued at the end of the period for the calculation of equity per share. In addition, the Holding Company's stock held in the trust is included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net income per share. The number of shares of treasury stock at the end of the period deducted for the calculation of equity per share is 1,389,130 shares.

The average number of shares of treasury stock deducted for the calculation of net income per share is 1,475,716 shares in the current fiscal year.

Notes on Company Subject to Regulation on Consolidated Dividends

The Holding Company is subject to regulation on consolidated dividends.