Items Disclosed on Internet Concerning
Convocation Notice of
the 57th Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Non-consolidated Financial Statements
(April 1, 2016 - March 31, 2017)

Recruit Holdings Co., Ltd.
Notes to Consolidated Financial Statements
(Notes on Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Matters Related to the Scope of Consolidation
   (1) Status of consolidated subsidiaries
      Number of consolidated subsidiaries: 357
      Names of the major consolidated subsidiaries
      Recruit Sumai Company Ltd.
      Recruit Marketing Partners Co., Ltd.
      Recruit Lifestyle Co., Ltd.
      Recruit Career Co., Ltd.
      Recruit Jobs Co., Ltd.
      Indeed, Inc.
      Recruit Staffing Co., Ltd.
      STAFF SERVICE HOLDINGS CO., LTD.
      STAFFMARK HOLDINGS, INC.
      USG People B.V.
      Chandler Macleod Group Limited
      Recruit Administration Co., Ltd.
      Recruit Communications Co., Ltd.
      Recruit Technologies Co., Ltd.

      During the year ended March 31, 2017, RSI Fund I LLC and 8 other companies have become consolidated subsidiaries due to new establishment, while USG People B.V. and 101 other companies have become consolidated subsidiaries mainly due to acquisition of their shares during the year ended March 31, 2017.
      Meanwhile, due to the sale, etc. of Yuko Yuko Corporation and 2 other companies, which were consolidated subsidiaries of the Company, these companies have been excluded from the scope of consolidation from the year ended March 31, 2017, and BO LE ASSOCIATES GROUP VIETNAM COMPANY LIMITED and 37 other companies have been excluded from the scope of consolidation from the year ended March 31, 2017 due to completion of liquidation, etc.

   (2) Status of non-consolidated subsidiaries
      Name of major non-consolidated subsidiaries
      RECRUIT Treefarm Australia Pty. Ltd.
      Non-consolidated subsidiaries are excluded from the scope of consolidation as the total amounts of their total assets, net sales, net income or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest), etc. have no significant impacts on the consolidated financial statements.

2. Matters Related to the Application of Equity Method
   (1) Status of equity-method associates
      Number of equity-method associates: 19
      Name of the major company, etc.
      51job, Inc.
      During the year ended March 31, 2017, kaonavi, inc. and 5 other companies have become equity-method associates due to acquisition of their shares.
(2) Status of non-consolidated subsidiaries and associates to which the equity method is not applied
Name of the major non-consolidated subsidiary and associate to which the equity method is not applied
RECRUIT Treefarm Australia Pty. Ltd.

Non-consolidated subsidiaries and associates to which the equity method is not applied are excluded from the scope of application of the equity method since their exclusion has an insignificant impact on the consolidated financial statements in terms of net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc., individually and in aggregate.

3. Matters Related to the Fiscal Year of Consolidated Subsidiaries

The balance sheet date of STAFFMARK HOLDINGS, INC. and 194 other consolidated subsidiaries is December 31.

The consolidated financial statements are prepared using the consolidated subsidiaries’ financial statements as of December 31, and necessary adjustments are made to reflect important transactions that occurred between their balance sheet date and the consolidated balance sheet date.

In addition, the balance sheet date of Chandler Macleod Group Limited and 101 other consolidated subsidiaries is June 30.

The consolidated financial statements are prepared based on the tentative closing of accounts, which is performed as of December 31 and compliant with the regular closing of accounts, and necessary adjustments are made to reflect important transactions that occurred between their balance sheet date and the consolidated balance sheet date.

4. Matters Related to Accounting Policies
(1) Valuation standards and valuation methods of significant assets

1) Securities
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

2) Receivables and payables arising from derivative transactions:

(2) Depreciation and amortization methods of significant depreciable assets

1) Property, plant and equipment:
Declining balance method
However, the straight-line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998, and accompanying facilities and structures acquired on or subsequent to April 1, 2016. Overseas consolidated subsidiaries adopt the straight-line method based on the accounting standards of the countries where they are located.
The principal useful lives are as follows:
Buildings and structures: 2 to 50 years
2) Intangible assets: 

The principal years of amortization periods are as follows:

Software (for internal use): 5 to 7 years (period available for internal use)
Customer-related assets: 2 to 15 years

(3) Accounting standards for significant allowances and provisions

1) 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.

2) Accrued employees’ bonuses: In order to provide for payment of bonuses to employees, an estimated amount of bonuses to be paid is recorded.

3) Workers’ compensation liability: In order to provide for payments of medical fees and compensation for absence from work in relation to accidents and injuries of dispatched staff, etc., certain overseas consolidated subsidiaries record an estimated amount of payment based on the probability of occurrence.

(4) Significant hedge accounting

1) Hedge accounting

Deferred hedge accounting is applied.

Appropriation treatment is applied to foreign exchange forward contracts that meet the requirements for appropriation treatment. Integrated treatment is applied to interest rate and currency swap transactions that meet the requirements for integrated treatment (exceptional treatment/appropriation treatment).

2) Hedging instruments and hedged items

<table>
<thead>
<tr>
<th>Hedging instruments</th>
<th>Hedged items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange forward contracts</td>
<td>Foreign currency-denominated monetary receivables and payables, etc.</td>
</tr>
<tr>
<td>Interest rate and currency swap</td>
<td>Foreign currency-denominated debt</td>
</tr>
</tbody>
</table>
3) Hedging policy

Foreign exchange forward contracts are carried out for the purpose of hedging fluctuation risks of exchange rates for foreign currency transactions, and hedged items are distinguished on an individual contract basis.

The Company engages in interest rate and currency swap transactions in order to hedge the risks associated with fluctuations in interest rates and foreign exchange rates.

4) Methods for evaluating the effectiveness of hedges

When a foreign exchange forward contract is entered into, it is allocated to a particular transaction in the same amount denominated in foreign currencies and due on the same date in accordance with the risk management policy. Therefore, the correlation with subsequent fluctuations in the exchange rates is completely ensured, and thus the evaluation of effectiveness on the balance sheet date is omitted.

Evaluation of effectiveness on interest rate and currency swap transactions subject to integrated treatment is omitted.

(5) Accounting methods for retirement benefits

1) Method of attributing expected retirement benefit to periods

In calculating retirement benefit obligations, the method of attributing the expected retirement benefits to periods before the end of the current fiscal year is based on the straight-line method.

2) Method of amortizing actuarial differences and prior service cost

Prior service cost is amortized over a fixed period (mainly 5 years) within the average remaining service period of employees at the time of incurrence.

Actuarial differences are amortized over a fixed period (mainly 5 years) within the average remaining service period of employees at the time of incurrence in each fiscal year, starting from the fiscal year following the year of incurrence.

3) Adoption of the simplified method for small-sized companies, etc.

Certain consolidated subsidiaries adopt the simplified method where retirement benefit obligations are measured at the amount of retirement benefits to be required for voluntary termination at the end of the fiscal year for the calculation of net defined benefit liability and retirement benefit expenses.

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

1) Amortization method and amortization period of goodwill

For amortization of goodwill, the duration of its effect is estimated and it is amortized over the estimated years to recover its investment within the limit of ten years on a straight line basis.

In the case where its amount is immaterial, the entire amount is amortized in the fiscal year of incurrence.

2) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies have been translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation adjustments are treated as gains or losses.

Assets and liabilities of overseas consolidated subsidiaries, etc. are translated into Japanese yen using the spot exchange rate at the consolidated balance sheet date, revenues and expenses are translated into Japanese yen using the average exchange rate for the period, and translation adjustments are included in foreign currency translation adjustments and non-controlling interests under equity.

3) Accounting method for consumption taxes

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

(Notes to Changes in Accounting Policies)
Effective from the year ended March 31, 2017, the Company adopted “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (PITF No. 32, issued June 17, 2016) following the revision to the Corporation Tax Act. Accordingly, the depreciation method of facilities attached to buildings and structures acquired on and after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The effect of this change in the consolidated financial statements for the year ended March 31, 2017 was immaterial.

(Notes to Changes in Representation Methods)

(Matters Related to Consolidated Balance Sheets)
“Customer-related assets,” which was included in “Other” under “Intangible assets” in the previous fiscal year, is presented separately from the year ended March 31, 2017, due to its increased materiality.

(Matters Related to Consolidated Statements of Income)
“Business integration expenses,” which was included in “Other” under “Extraordinary losses” in the previous fiscal year, is presented separately from the year ended March 31, 2017, due to its increased materiality.

(Notes to Consolidated Balance Sheets)
Accumulated depreciation of property, plant and equipment: ¥54,627 million

(Notes to Consolidated Statements of Changes in Equity)
1. Class and total number of shares issued at the end of the year ended March 31, 2017
   Common stock: 565,320,010 shares
2. Class and number of treasury stock at the end of the year ended March 31, 2017
   Common stock: 8,458,560 shares
   Note: Number of shares of the Company held by the trust included in the number of treasury stock at the end of the year ended March 31, 2017: 272,659 shares
3. Matters related to dividends
   (1) Dividend payout amounts
      At the Meeting of the Board of Directors held on May 13, 2016, the amount of dividends was resolved as follows:
      Total amount of dividends ¥28,236 million
      Source of dividends Retained earnings
      Dividend per share ¥50
      Record date March 31, 2016
      Effective date June 22, 2016
   (2) Dividends whose record dates are within the year ended March 31, 2017 but effective dates are in the following fiscal year
      At the Meeting of the Board of Directors held on May 12, 2017 the following proposal will be discussed and resolved.
      Total amount of dividends ¥36,213 million
      Source of dividends Retained earnings
      Dividend per share ¥65
Record date: March 31, 2017
Effective date: June 21, 2017

Note: Total amount of dividends resolved at the Meeting of the Board of Directors held on May 12, 2017 includes dividends for the Company’s stock held in the trust account related to the Board Incentive Plan of $17 million.

4. Class and the number of shares to be issued upon the exercise of stock acquisition rights at the end of the year ended March 31, 2017 (excluding those whose beginning dates of exercise periods had not commenced)
   Common stock: 865,000 shares

(Notes on Financial Instruments)
1. Matters Related to Status of Financial Instruments
   (1) Policy for financial instruments
       The Group uses financial instruments, mainly short-term cash deposits, as fund management, and bank loans and issuance of bonds as fund-raising. Derivative transactions are used, not for speculative purposes, but to manage exposure to financial risks as described below.
   (2) Nature and extent of risks arising from financial instruments
       Notes and accounts receivable - trade which are operating receivables are exposed to customer credit risk. Securities comprise negotiable certificates of deposits, etc. Investment securities and shares of subsidiaries and associates are mainly composed of shares of other companies with which the Group has business relationships and subsidiaries and associates, and are exposed to market price fluctuation risk.
       Notes and accounts payable - trade and accrued expenses which are operating payables are settled within a short period. Debts and bonds are used for operating capital and funds for capital investment, and since a large portion of debts have floating interest rates, they are exposed to interest rate fluctuation risk. Certain foreign currency-denominated receivables and payables are exposed to exchange rate fluctuation risk.
   (3) Risk management for financial instruments
       1) Credit risk management (risks related to clients’ default of contracts, etc.)
           The Group manages its credit risk by examining new clients and controlling due dates and balances of operating receivables of each client. In addition, the Group strives to understand at an early stage the potential uncollectibility of operating receivables due to deterioration in financial conditions, etc. through regular monitoring of the financial condition of main clients.
           The Group enters into derivatives transactions only with financial institutions which have a sound credit profile to mitigate counterparty risk.
       2) Market risk management (fluctuation risks of exchange rates and interest rates, etc.)
           The Group manages investment securities and shares of subsidiaries and associates by monitoring fair values and the financial condition of issuers on a regular basis and continuously evaluating the holding status in light of the relationships with issuers.
           With regard to interest rate fluctuation risk of debts, interest rate swaps are used to fix a part of interest expense.
           Certain foreign currency-denominated receivables and payables are hedged on an individual basis regarding the exchange rate fluctuation risk.
           Derivative transactions are carried out only on hedged items with actual demand.
       3) Liquidity risk management on fund-raising (risks that the Group may not be able to execute payment by the due date)
           The Group manages its liquidity risk by preparing and updating a cash management plan at each company, as necessary, and securing liquidity on hand according to the status of revenue and
expenditure. In addition, the Group reinforces concentration and management of funds by group fund-raising, under which funds are received from consolidated subsidiaries with surplus cash and lent to consolidated subsidiaries with cash deficit.

(4) Supplementary explanation on fair value of financial instruments, etc.

The fair value of financial instruments is measured at quoted market price. If quoted market price is not available, they are measured at other reasonably assessed price. Since assessed price is calculated using certain assumptions, it could differ in case different assumptions are used.

2. Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded in the consolidated balance sheets, fair value and the difference between the two as of March 31, 2017 are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in the following table (see Note 2).

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Consolidated balance sheet amount</th>
<th>Fair value</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash and deposits</td>
<td>261,342</td>
<td>261,342</td>
<td>-</td>
</tr>
<tr>
<td>(2) Notes and accounts receivable - trade</td>
<td>305,336</td>
<td>305,336</td>
<td>-</td>
</tr>
<tr>
<td>(3) Securities and investment securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Shares of subsidiaries and associates</td>
<td>35,464</td>
<td>96,180</td>
<td>60,716</td>
</tr>
<tr>
<td>2) Available-for-sale securities</td>
<td>152,468</td>
<td>152,468</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>754,611</td>
<td>815,328</td>
<td>60,716</td>
</tr>
<tr>
<td>(1) Notes and accounts payable - trade</td>
<td>68,029</td>
<td>68,029</td>
<td>-</td>
</tr>
<tr>
<td>(2) Accrued expenses</td>
<td>97,891</td>
<td>97,891</td>
<td>-</td>
</tr>
<tr>
<td>(3) Income taxes payable</td>
<td>35,218</td>
<td>35,218</td>
<td>-</td>
</tr>
<tr>
<td>(4) Bonds payable</td>
<td>50,000</td>
<td>49,953</td>
<td>(47)</td>
</tr>
<tr>
<td>(5) Long-term debt (*)</td>
<td>162,324</td>
<td>162,064</td>
<td>(259)</td>
</tr>
<tr>
<td>Total</td>
<td>413,462</td>
<td>413,156</td>
<td>(306)</td>
</tr>
<tr>
<td>Derivative transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* The balance sheet amount of long-term debt includes the current portion of long-term debt.

Note 1: Fair value measurement of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair values of cash and deposits and notes and accounts receivable - trade are measured at their carrying amounts since they are settled in a short period and therefore approximate the fair values.

(3) Securities and investment securities

The fair values of securities and investment securities are measured at a quoted price of a stock exchange, and the fair values of bonds are mainly measured at a quoted price obtained from the financial institutions with which the Company has transactions. The shares of subsidiaries and associates with a quoted price of a stock exchange are recorded at the amounts after applying the equity method in the consolidated balance sheets.

The fair values of securities and investment securities are measured at their carrying amounts since they are settled in a short period and therefore approximate the fair values.

Liabilities
(1) Notes and accounts payable - trade, (2) Accrued expenses and (3) Income taxes payable
   The fair values of notes and accounts payable - trade, current portion of long-term debt, accrued expenses and income taxes payable are measured at their carrying amounts since they are settled in a short period and therefore approximate the fair values.

(4) Bonds payable
   The fair values of bonds payable are measured by referring to the quoted market price.

(5) Long-term debt
   The fair values of long-term debt are measured by discounting the sum of the principal and interest at the assumed interest rate applicable in a new similar borrowing.

Derivative transactions
   The fair values of derivative transactions subject to appropriation treatment of foreign exchange forward contracts and exceptional treatment of interest rate and currency swap are stated as part of the fair value of the hedged long-term debt as they are treated together with such debt.

Note 2: Unlisted shares, etc. (the amount recorded in the consolidated balance sheets: ¥18,867 million) are not included in “(3) Securities and investment securities,” as they do not have quoted prices in an active market and their fair values are deemed extremely difficult to determine.

(Notes on Per Share Information)
   Equity per share: ¥1,384.16
   Net income per share: ¥152.51

Note: From the year ended March 31, 2017, the Company introduced the Board Incentive Plan. The Company’s stock held in the trust is recognized as treasury stock in the consolidated financial statements. In line with this, the Company’s stock held in the trust is included in treasury stock deducted from the number of shares issued at the end of the period for the calculation of equity per share. In addition, the Company’s stock held in the trust is included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net income per share. The number of treasury stock at the end of the period deducted for the calculation of equity per share is 272,659 shares. The average number of shares of treasury stock deducted for the calculation of net income per share is 102,164 shares in the current fiscal year.

(Notes on Business Combinations, etc.)
1. Business Combination by Acquisition

   (1) Overview of the Business Combination
       1) Company name and business description of the acquired company
          Company name: USG People B.V. (Renamed from USG People N.V. in July 2016)
          Business description: Comprehensive staffing business
          The Company acquired 98 subsidiaries of USG People B.V. at the same time.
       2) Main reason for the business combination
          The Company aims to achieve stable and sustainable growth by enhancing existing domestic businesses as well as promoting the establishment and expansion of a global business platform.
          In order to further accelerate and expand overseas business development in the Staffing segment, the Company acquired the shares of USG People B.V., which provides comprehensive staffing services in Europe mainly in the Netherlands.
       3) Effective date of the business combination
          June 1, 2016
       4) Legal form of the business combination
          The transaction was classified as a stock acquisition in which cash is provided as a consideration.
       5) Company name following the business combination
          The company name has not been changed following the business combination.
6) Percentage of voting rights acquired
   Before the stock acquisition: 0%
   After the stock acquisition: 98.68%

7) Principal basis for determining the acquirer
   This was determined based on the fact that the transaction was a stock acquisition in which cash was
   provided as a consideration.

(2) Period of Business Performance of the Acquired Company Included in the Consolidated Financial
   Statements
   From July 1, 2016 to December 31, 2016

(3) Breakdown of Acquisition Cost
   Consideration paid for acquisition
<table>
<thead>
<tr>
<th>Cash</th>
<th>¥181,140 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total acquisition cost</td>
<td>¥181,140 million</td>
</tr>
</tbody>
</table>

(4) Details and Amounts of Major Acquisition-related Expenses:
   Advisory fees, etc.: ¥1,258 million

(5) Amount of Goodwill Recognized, Reason Thereof, Method and Period of Amortization
   1) Amount of goodwill
      ¥125,246 million
   2) Reason
      Due to prospective earning power expected from future business development.
   3) Method and period of amortization
      Goodwill is amortized using the straight-line method over a period of 10 years.

(6) Amounts of Assets Acquired and Liabilities Assumed on the Date of the Business Combination and
    Breakdown by Major Items
   | Current assets | ¥53,624 million |
   | Noncurrent assets | ¥97,143 million |
   | Total assets | ¥150,768 million |
   | Current liabilities | ¥64,379 million |
   | Long-term liabilities | ¥50,661 million |
   | Total liabilities | ¥115,041 million |

(7) Amounts and Amortization Period of Acquisition Costs Allocated to Intangible Assets Excluding Goodwill
   | Main components | Amount | Amortization period |
   | Customer-related assets | ¥61,198 million | 14 years |
   | Trademark rights | ¥21,162 million | 10 years |

(8) Estimated Amount of Impact on Consolidated Statements of Income for the Year Ended March 31, 2017
    Assuming the Business Combination was Completed on the Beginning Date of the Current Fiscal Year, and
    the Method of Calculating such Amount
   Net sales | ¥161,052 million
   EBITDA (operating income + depreciation and
   amortization + amortization of goodwill) | ¥6,585 million

(Computation method of the estimated amounts)
   The amounts of the estimated impact is the difference between (a) net sales and operating results
   assuming the business combination was completed on the beginning date of the fiscal year, adjusting for
amortization of intangible assets and goodwill, and (b) net sales and operating results of the acquisition company’s consolidated statements of income adjusting for amortization of intangible assets and goodwill. The estimated amounts of impact have not been audited.

2. Business Divestitures
Sales of Investments in Subsidiaries
(1) Overview of the Business Divestiture
1) Name of the divested company
   Yuko Yuko Holdings Inc.
2) Overview of the divested business
   Consolidated subsidiary: Yuko Yuko Corporation
   Description of business: Publisher and operator of domestic hotel information magazine “Yuko Yuko” and domestic hotel booking website “yukoyuko.net.”
3) Reason for the business divestiture
   In order to acquire business in the senior demographic of the accommodation booking market in the travel business of the Marketing Media segment, the Group acquired Yuko Yuko Corporation in 2006 and has since promoted a growth strategy. At the same time, as a result of the Group’s efforts to grow its existing travel information magazine “Jalan” and travel information search and booking website “Jalan.net,” and rising internet usage rates, the number of active users has steadily increased regardless of age, including the senior demographic. In light of this situation, the Company has concluded that it will be beneficial to cooperate with partner companies other than those of the Group for the further growth of Yuko Yuko Corporation and, accordingly, has transferred the shares of Yuko Yuko Corporation.
4) Date of the business divestiture
   July 27, 2016
5) Other matters concerning the transaction including its legal form
   Share transfer in which consideration is limited to cash or other properties

(2) Overview of the Accounting Treatment
1) Amount of gain on transfer of business divestitures
   ¥19,648 million
2) Appropriate carrying amounts of the assets and liabilities of the transferred business
   \[
   \begin{array}{cc}
   \text{Current assets} & ¥311 \text{ million} \\
   \text{Noncurrent assets} & ¥826 \text{ million} \\
   \hline
   \text{Total assets} & ¥1,137 \text{ million} \\
   \text{Current liabilities} & ¥709 \text{ million} \\
   \text{Long-term liabilities} & ¥114 \text{ million} \\
   \hline
   \text{Total liabilities} & ¥823 \text{ million}
   \end{array}
   \]
3) Accounting treatment
   The difference between the consolidated carrying amount and the sales value of Yuko Yuko Corporation is recorded as gain on sales of shares of subsidiaries and associates under extraordinary income.

(3) Reporting Segment in which the Divested Business was Included
   Marketing Media segment
(4) Approximate Amount of Gain (Loss) Associated with the Divested Business Recorded on Consolidated Statements of Income for the Fiscal Year Ended March 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥2,610 million</td>
</tr>
<tr>
<td>EBITDA (operating income + depreciation and amortization + amortization of goodwill)</td>
<td>¥487 million</td>
</tr>
</tbody>
</table>

(Additional information)

Notes to Non-consolidated Financial Statements
(Notes on Matters Related to Significant Accounting Policies)

1. Valuation Standards and Valuation Methods of Assets
   (1) Valuation standards and valuation methods of securities
       1) Shares of subsidiaries and associates: Stated at cost using the moving-average method
       2) 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

   (2) Receivables and payables arising from derivative transactions: Market value method

   (3) Valuation standards and valuation methods of inventories
       Work in process: Mainly stated at cost based on the specific identification method (amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability)
       Merchandise and supplies: Mainly stated at cost based on the specific identification method (amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability)

2. Depreciation and Amortization Methods of Noncurrent Assets
   (1) Property, plant and equipment: Declining balance method
       However, the straight-line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998, and accompanying facilities and structures acquired on or subsequent to April 1, 2016.
       The principal useful lives are as follows:
       Buildings: 3 to 50 years
       Tools, furniture and fixtures: 2 to 20 years

   (2) Intangible assets:
       Straight-line method
       The principal years of amortization are as follows:
       Software (for internal use): 5 years
       (period available for internal use)

   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.

4. Significant Hedge Accounting
   (1) Hedge accounting
       Deferred hedge accounting is applied
       Appropriation treatment is applied to foreign exchange forward contracts that meet the requirements for appropriation treatment. Integrated treatment is applied to interest rate and currency swap transactions that meet the requirements for integrated treatment (exceptional treatment/appropriation treatment).
   (2) Hedging instruments and hedged items

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   (3) Hedging policy
       Foreign exchange forward contracts are carried out for the purpose of hedging fluctuation risks of exchange rates for foreign currency transactions, and hedged items are distinguished on an individual contract basis.
       The Company engages in interest rate and currency swap transactions in order to hedge the risks associated with fluctuations in interest rates and foreign exchange rates.
   (4) Methods for evaluating the effectiveness of hedges
       When a foreign exchange forward contract is entered into, it is allocated to a particular transaction in the same amount denominated in foreign currencies and due on the same date in accordance with the risk management policy. Therefore, the correlation with subsequent fluctuations in the exchange rates is completely ensured, and thus the evaluation of effectiveness on the balance sheet date is omitted.
       Evaluation of effectiveness on interest rate and currency swap transactions subject to integrated treatment is omitted.

5. Other Important Matters That Form the Basis for Preparing Non-consolidated Financial Statements
   (1) Amortization method and amortization period of goodwill
       For amortization of goodwill, the duration of its effect is estimated and it is amortized over the estimated years to recover its investment within the limit of ten years on a straight line basis.
       In the case where its amount is immaterial, the entire amount is amortized in the fiscal year of incurrence.
   (2) 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.
   (3) Accounting method for consumption taxes
       Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.
(Notes to Changes in Accounting Policies)

Effective from the year ended March 31, 2017, the Company adopted “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (PITF No. 32, issued June 17, 2016) following the revision to the Corporation Tax Act. Accordingly, the depreciation method of facilities attached to buildings and structures acquired on and after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The effect of this change in the non-consolidated financial statements for the year ended March 31, 2017 was immaterial.

(Notes to Changes in Representation Methods)

Not applicable.
1. Accumulated depreciation of property, plant and equipment: ¥29,485 million

2. Guarantee obligation

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Guarantee Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indeed, Inc.</td>
<td>¥14,095 million</td>
</tr>
<tr>
<td>STAFFMARK HOLDINGS, INC.</td>
<td>¥11,140 million</td>
</tr>
<tr>
<td>USG People Interservices NV</td>
<td>¥10,893 million</td>
</tr>
<tr>
<td>Chandler Macleod Group Limited</td>
<td>¥2,775 million</td>
</tr>
<tr>
<td>Advantage Resourcing America, Inc.</td>
<td>¥2,162 million</td>
</tr>
<tr>
<td>ADVANTAGE XPO LIMITED</td>
<td>¥280 million</td>
</tr>
<tr>
<td>Other</td>
<td>¥53 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥41,401 million</strong></td>
</tr>
</tbody>
</table>

3. Monetary receivables and payables in relation to subsidiaries and associates

<table>
<thead>
<tr>
<th>Type of Receivable</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term monetary receivables:</td>
<td>¥93,229 million</td>
</tr>
<tr>
<td>Short-term monetary payables:</td>
<td>¥504,460 million</td>
</tr>
<tr>
<td>Long-term monetary receivables:</td>
<td>¥32 million</td>
</tr>
</tbody>
</table>

(Notes to Statements of Income)

Transaction volume with subsidiaries and associates

<table>
<thead>
<tr>
<th>Kind of Transaction</th>
<th>Transaction Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating transactions (revenue)</td>
<td>¥47,107 million</td>
</tr>
<tr>
<td>Operating transactions (expenses)</td>
<td>¥229,928 million</td>
</tr>
<tr>
<td>Non-operating transactions (revenue)</td>
<td>¥6,546 million</td>
</tr>
<tr>
<td>Non-operating transactions (expenses)</td>
<td>¥1,117 million</td>
</tr>
</tbody>
</table>

(Notes to Statements of Changes in Equity)

Class and the number of treasury stock at the end of the year ended March 31, 2017

<table>
<thead>
<tr>
<th>Type of Stock</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>8,458,560</td>
</tr>
</tbody>
</table>

Note: From the year ended March 31, 2017, the Company introduced the Board Incentive Plan. The number of shares of the Company held by the trust included in the number of treasury stock as of March 31, 2017 is 272,659 shares.
(Notes on Tax Effect Accounting)

Breakdown by cause of deferred tax assets and deferred tax liabilities

<table>
<thead>
<tr>
<th>Deferred tax assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful accounts</td>
<td>¥437 million</td>
</tr>
<tr>
<td>Loss on valuation of investment securities</td>
<td>¥3,463 million</td>
</tr>
<tr>
<td>Loss on valuation of shares of subsidiaries and associates</td>
<td>¥16,160 million</td>
</tr>
<tr>
<td>Accrued enterprise tax and office taxes</td>
<td>¥774 million</td>
</tr>
<tr>
<td>Accrued employees’ bonuses</td>
<td>¥247 million</td>
</tr>
<tr>
<td>Liability for employees’ retirement benefits</td>
<td>¥198 million</td>
</tr>
<tr>
<td>Provision for retirement benefits</td>
<td>¥545 million</td>
</tr>
<tr>
<td>Other</td>
<td>¥8,426 million</td>
</tr>
<tr>
<td>Subtotal of deferred tax assets</td>
<td>¥30,255 million</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(¥19,765) million</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>¥10,489 million</td>
</tr>
</tbody>
</table>

(Deferred tax liabilities)

<table>
<thead>
<tr>
<th>Deferred tax liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund of capital surplus of subsidiaries</td>
<td>(¥27,783) million</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>(¥8,811) million</td>
</tr>
<tr>
<td>Other</td>
<td>(¥997) million</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>(¥37,591) million</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>(¥27,101) million</td>
</tr>
</tbody>
</table>
### (Notes on Transactions with Related Parties)

**Subsidiaries and associates, etc.**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Name of company, etc.</th>
<th>Ownership percentage of voting rights, etc.</th>
<th>Description of transactions</th>
<th>Transaction amount</th>
<th>Account item</th>
<th>Balance at end of the fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary</td>
<td>Recruit Sumai Company Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>14,837 [26]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Marketing Partners Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>15,094 [27]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Lifestyle Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>29,069 [50]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Career Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>66,627 [126]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Jobs Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>27,974 [48]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Indeed, Inc.</td>
<td>Ownership Indirect 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>30,920 [118]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Staffing Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>75,590 [139]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>STAFF SERVICE HOLDINGS CO., LTD.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>66,940 [132]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>STAFFMARK HOLDINGS, INC.</td>
<td>Ownership Indirect 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>21,085 [105]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Communications Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>27,961 [59]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Management Solutions Co., Ltd.</td>
<td>Ownership Direct 100%</td>
<td>Borrowing of funds (Note)</td>
<td>—</td>
<td>Short-term borrowings [Interest expense]</td>
<td>27,295 [55]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>USG People B.V.</td>
<td>Ownership Direct 98.6%</td>
<td>Lending of funds (Note)</td>
<td>—</td>
<td>Short-term loans receivable [Interest income]</td>
<td>26,593 [27]</td>
</tr>
</tbody>
</table>
Transaction terms and policies for determining transaction terms, etc.
Note: The Company centrally manages the Group’s funds, and lending and borrowing among group companies are settled on a daily basis. Thus, transaction amount is not stated. The interest rate is reasonably determined based on market rates.

(Notes on Per Share Information)

Equity per share: ¥1,041.41
Net income per share: ¥133.11

Note: From the year ended March 31, 2017, the Company introduced the Board Incentive Plan. The Company’s stock held in the trust is recognized as treasury stock in the non-consolidated financial statements. In line with this, the 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 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 treasury stock at the end of the period deducted for the calculation of equity per share is 272,659 shares.

The average number of shares of treasury stock deducted for the calculation of net income per share is 102,164 shares in the current fiscal year.

(Notes on Company Subject to Regulation on Consolidated Dividends)

The Company is subject to regulation on consolidated dividends.

(Additional information)