Items Disclosed on the Internet Concerning
Convocation Notice of
the 58th Ordinary General Meeting of Shareholders

Consolidated Statement of Change in Equity
Notes to Consolidated Financial Statements
Statement of Change in Equity
Notes to Non-consolidated Financial Statements
(April 1, 2017 - March 31, 2018)

Recruit Holdings Co., Ltd.

In accordance with the laws and regulations and the Company’s Articles of Incorporation, the items listed above are
deemed to be provided to the shareholders by being available on the Company’s website (https://recruit-holdings.co.jp/ir/).
## Consolidated Statement of Change in Equity
(April 1, 2017 to March 31, 2018)

### Equity attributable to owners of the parent

<table>
<thead>
<tr>
<th>Common stock</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Exchange differences on translation of foreign operations</th>
<th>Effective portion of the change in the fair value of cash flow hedges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at April 1, 2017</td>
<td>10,000</td>
<td>52,529</td>
<td>714,055</td>
<td>(31,640)</td>
<td>3,221</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>151,667</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td>(379)</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(21)</td>
<td></td>
<td></td>
<td>(1,063)</td>
<td></td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td>(131)</td>
<td></td>
<td></td>
<td>655</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(54,571)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity transactions with non-controlling interests</td>
<td></td>
<td></td>
<td></td>
<td>(2,245)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(16)</td>
<td></td>
<td></td>
<td>515</td>
<td></td>
</tr>
<tr>
<td>Transactions with owners - total</td>
<td>-</td>
<td>(2,414)</td>
<td>(54,435)</td>
<td>(408)</td>
<td>502</td>
</tr>
<tr>
<td>Balance at March 31, 2018</td>
<td>10,000</td>
<td>50,115</td>
<td>811,287</td>
<td>(32,049)</td>
<td>3,723</td>
</tr>
</tbody>
</table>

### Other components of equity

<table>
<thead>
<tr>
<th>Net change in financial assets measured at fair value through other comprehensive income</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at April 1, 2017</td>
<td>-</td>
<td>-</td>
<td>(7,369)</td>
<td>737,575</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>151,667</td>
<td>662</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(160)</td>
<td>(219)</td>
<td>2,738</td>
<td>2,738</td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>(160)</td>
<td>(219)</td>
<td>2,738</td>
<td>154,405</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>160</td>
<td>219</td>
<td>379</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>-</td>
<td></td>
<td></td>
<td>(1,085)</td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td>(523)</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td></td>
<td></td>
<td>(54,571)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>1,026</td>
<td></td>
<td></td>
<td>1,026</td>
</tr>
<tr>
<td>Equity transactions with non-controlling interests</td>
<td>-</td>
<td></td>
<td></td>
<td>(2,245)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td></td>
<td></td>
<td>499</td>
</tr>
<tr>
<td>Transactions with owners - total</td>
<td>160</td>
<td>219</td>
<td>882</td>
<td>(56,376)</td>
</tr>
<tr>
<td>Balance at March 31, 2018</td>
<td>-</td>
<td>-</td>
<td>(3,748)</td>
<td>835,605</td>
</tr>
</tbody>
</table>
Notes to Consolidated Financial Statements

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

1. Standards for Preparing Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting, from the current fiscal year. Certain disclosure items required by IFRS are omitted pursuant to the latter part of the said paragraph.

2. Matters Related to the Scope of Consolidation

Status of consolidated subsidiaries
Number of consolidated subsidiaries: 349
Names of the major consolidated subsidiaries
   Indeed, Inc.
   Recruit Sumai Company Ltd.
   Recruit Marketing Partners Co., Ltd.
   Recruit Lifestyle Co., Ltd.
   Recruit Career Co., Ltd.
   Recruit Jobs Co., Ltd.
   Recruit Staffing Co., Ltd.
   STAFF SERVICE HOLDINGS CO., LTD.
   STAFFMARK HOLDINGS, INC.
   Recruit Global Staffing B.V. (renamed from USG People B.V. in January 2018)
   Chandler Macleod Group Limited
   Recruit Administration Co., Ltd.
   Recruit Communications Co., Ltd.
   Recruit Technologies Co., Ltd.

3. Matters Related to the Application of Equity Method

Status of equity-method associates
Number of equity-method associates: 12
Name of the major company, etc.
51job, Inc.
4. Significant Accounting Policies

(1) Valuation standards and valuation methods of financial instruments

1) Financial assets

A. Recognition, classification and measurement of financial assets

Financial assets are recognized when the Group becomes a party to the contract of the financial instrument. The Group 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).

a. Financial assets measured at amortized cost

The Group 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.

b. FVTOCI financial assets

i. FVTOCI debt financial assets

The Group 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 at fair value, 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.

ii. FVTOCI equity financial assets

Of financial assets measured at fair value, the Group classifies equity financial assets for which the Group 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 Group, 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 indicates the collection of the cost of investment.
c. FVTPL financial assets

The Group classifies financial assets measured at the above amortized cost, 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.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI debt financial assets.

The Group 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 loss allowance for that financial asset is measured at an amount equal to lifetime expected credit losses. If not, the loss allowance 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 loss allowance is measured at an amount equal to lifetime expected losses under a simplified approach, based on their past credit losses, regardless of changes in the credit risk.

C. Derecognition

The Group 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 is transferred as a result of the transfer of the financial asset.

Interests in the transferred financial asset which are created or retained by the Group are recognized separately as assets or liabilities.

2) Financial liabilities

A. Recognition, classification and measurement of financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contract of the financial instrument. The Group measures all financial liabilities at fair value at initial recognition and classifies them as financial liabilities measured at amortized cost or financial assets measured at fair value through profit or loss (FVTPL financial liabilities).

a. Financial liabilities measured at amortized cost

The Group 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.

b. FVTPL financial liabilities

FVTPL financial liabilities are initially recognized at fair value and any subsequent changes in fair value is recognized as finance income or costs in profit or loss, unless hedge accounting requirements are met.

B. Derecognition

The Group derecognizes financial liabilities if their obligations are discharged, canceled, or expired.
3) 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 legally enforceable 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.

4) Derivatives and hedge accounting
   To address the risks from fluctuations in interest rates and foreign exchange rates, the Group applies hedge accounting by entering into derivative contracts, including interest rate swaps, currency swaps and forward exchange contracts. These derivatives are initially recognized as assets or liabilities at fair value at the date on which the contracts are entered into.

   The changes in the fair value after initial recognition are recognized in profit or loss if the hedged item and the hedging instrument do not qualify for hedge accounting. If the hedging relationship qualifies for hedge accounting, the portion of the gain or loss on the hedging instrument in a cash flow hedge that is determined to be an effective hedge is recognized in other comprehensive income, and its 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.

(2) Depreciation and amortization methods of significant depreciable assets
1) Property, plant and equipment
   An item of property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses by using the cost model.

   The cost of an item of property, plant and equipment includes costs directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantlement, removal and restoration.

   An item of property, plant and equipment is depreciated using the straight-line method over the useful life of each component. The depreciation method, useful lives and residual values 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 prospectively from the period in which the estimates are changed.

   Major useful lives are as follows:
   - Buildings and structures: 2 to 50 years

2) 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, other than goodwill, acquired through business combinations are measured at fair value at the date on which the Group obtains control.

   Expenditures on all internally generated intangible assets are expensed in the period in which they are incurred, except for development expenses that satisfy the capitalization criteria.

   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 prospectively from the period in which the estimates are changed. Intangible assets with indefinite useful lives are not amortized.

   Major useful lives are as follows:
   - Software: 5 to 7 years
   - Customer-related assets: 2 to 15 years
(3) Accounting standards for significant allowances and provisions

Provisions are recognized when the Group 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 Group 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.

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

1) Goodwill

Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to a cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the business combination. The Group performs an impairment test for the cash-generating unit or group of cash-generating units to which goodwill was allocated during a specified period of time in each fiscal year or whenever there is an indication of impairment.

A cash-generating unit or group of cash-generating units to which goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes and is not larger than an operating segment before aggregation.

If the recoverable amount of a cash-generating unit or group of cash-generating units 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 cash-generating unit or group of cash-generating units is reduced and then the carrying amounts of the other assets in the cash-generating unit or group of cash-generating units 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 (other operating expenses) and is not reversed in a subsequent period.

2) Post-employment benefits

The Group has established defined contribution plans and defined benefit plans as retirement benefit plans for employees.

Retirement benefit costs for defined contribution plans are recognized in profit or loss for the period over which employees render services.

For each defined benefit plan, the Group 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 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.

3) Effects of changes in foreign exchange rates

The Group’s consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. Each entity in the Group 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 Group companies 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.

The assets and liabilities of foreign operations are translated using the spot exchange rate at the closing date, while revenue 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.

4) Accounting method for consumption taxes

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

5) Amounts presented are rounded down to the nearest million yen.
(Notes to Consolidated Statement of Financial Position)
1. Allowance for doubtful accounts directly deducted from assets
   Trade and other receivables ¥3,138 million
   Other financial assets ¥548 million
2. Accumulated depreciation and accumulated impairment losses
   of property, plant and equipment ¥59,286 million

(Notes to Consolidated Statement of Changes in Equity)
1. Class and total number of shares issued at the end of the year ended March 31, 2018
   Common stock: 1,695,960,030 shares
2. Class and number of treasury stock at the end of the year ended March 31, 2018
   Common stock: 25,412,567 shares
   (Note) The Company has introduced the Board Incentive Plan. The number of treasury stock at the end
   of the current fiscal year includes 1,163,598 shares in the Company held by the trust.
3. Matters related to dividends
   (1) Amount of dividends paid
   
<table>
<thead>
<tr>
<th>Resolution</th>
<th>Source of dividends</th>
<th>Total amount of dividends (in millions of yen)</th>
<th>Dividend per share (yen)</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 12, 2017 Meeting of the Board of Directors (Notes 1, 2)</td>
<td>Retained earnings</td>
<td>36,213</td>
<td>65</td>
<td>March 31, 2017</td>
<td>June 21, 2017</td>
</tr>
<tr>
<td>November 14, 2017 Meeting of the Board of Directors (Note 3)</td>
<td>Retained earnings</td>
<td>18,388</td>
<td>11</td>
<td>September 29, 2017</td>
<td>December 8, 2017</td>
</tr>
</tbody>
</table>
   
   (Notes) 1. Dividend per share does not take into account the stock split implemented on July 1, 2017.
   2. Total amount of dividends includes dividends of ¥17 million on the shares in the Company held
   by the Board Incentive Plan.
   3. Total amount of dividends includes dividends of ¥13 million on the shares in the Company held
   by the Board Incentive Plan.
   
   (2) Dividend whose record date is in the current fiscal year, but the effective date is in the following
   fiscal year

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Source of dividends</th>
<th>Total amount of dividends (in millions of yen)</th>
<th>Dividend per share (yen)</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 15, 2018 Meeting of the Board of Directors (Note)</td>
<td>Retained earnings</td>
<td>20,060</td>
<td>12</td>
<td>March 31, 2018</td>
<td>June 20, 2018</td>
</tr>
</tbody>
</table>
   
   (Note) Total amount of dividends includes dividends of ¥13 million on the shares in the Company held by
   the Board Incentive Plan.

4. Class and number of shares to be issued upon the exercise of stock acquisition rights at the end of the
   year ended March 31, 2018 (excluding those for which the first day of the exercise period has not
   arrived)
   Common stock: 2,285,700 shares
(Notes on Financial Instruments)

1. Matters Related to Status of Financial Instruments

   In the course of conducting business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign currency risk, interest rate risk and price risk). The Group monitors those financial risks in order to avoid or reduce the risks as necessary.

   The Group uses derivative transactions to hedge foreign currency risk and interest rate risk, and not for speculative purposes.

(1) Credit risk

   The Group’s trade receivables such as notes and accounts receivable – trade and receivables associated with credit guarantee are exposed to customer credit risk.

   The Group examines new clients to understand and mitigate at an early stage the potential uncollectibility of receivables due to deterioration in financial conditions. With regard to trade receivables and receivables associated with credit guarantee, the Group manages due dates and balances for each client and also monitors the financial condition of main clients on a regular basis. In addition, the Group enters into transactions only with financial institutions with high credit ratings to mitigate counterparty risk.

   The Group is not exposed to credit risk that is excessively concentrated in a particular counterparty.

(2) Liquidity risk

   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 conducts concentration and management of funds by group financing, under which the Group receive funds from consolidated subsidiaries with surplus funds and lends them to those with shortages.

(3) Market risk

1) Foreign currency risk

   The Group 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.

2) 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 interest expense.

3) Price risk

   The Group 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.
2. 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 amounts approximate the fair values are not included in the table below. Long-term borrowings mostly bear variable interest, and thus reflect market interest rates. Therefore, their carrying amounts approximate the fair values.

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>49,871</td>
</tr>
</tbody>
</table>

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

(Notes on Per Share Information)
Equity per share attributable to owners of the parent: ¥500.20
Basic earnings per share: ¥90.79

(Notes) 1. The Company has 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 attributable to owners of the parent. 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 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 1,163,598 shares.

The average number of treasury stock deducted for the calculation of basic earnings per share is 1,163,567 shares for the current fiscal year.

2. The Company implemented a 3-for-1 stock split of its common stock effective on July 1, 2017. Equity per share attributable to owners of the parent and basic earnings per share are calculated assuming that the stock split was implemented at the beginning of the current fiscal year.

(Significant Subsequent Events)
Acquisition of Companies, etc. through Share Purchase

The Company has entered into a definitive agreement on May 9, 2018 to acquire Glassdoor, Inc., an unlisted US company, in cash through RGF OHR USA Merger Sub Inc., a subsidiary of the Company. The outline of this acquisition is set out below.

1. Outline of the acquisition
(1) Name of the acquiree and description of its business
Name of the acquiree: Glassdoor, Inc.
Description of business: Job site known for its large repository of company reviews and salary information

(2) Purpose of the acquisition
The Company believes that there are significant opportunities to use technology to achieve innovation in the HR industry. In 2012, the Company acquired Indeed, a leading job search site to be the platform for global online recruiting. In the mid-term, the Company seeks to further expand in the US and globally through both organic growth and M&A investments.

In line with this growth strategy, the Company has decided to enter into an agreement to acquire Glassdoor, Inc. (“Glassdoor”), one of the largest and fastest growing job sites in the world. The Company foresees significant opportunities for growth as Glassdoor and Indeed collaborate to meet
challenges faced by both job seekers and employers. This acquisition enhances the Company’s position as the leader in job search, job aggregation, job seeker and employer matching, and utilizing direct job seeker input to improve the overall job search experience. (3) Date of acquisition
In the second quarter of the fiscal year ending March 31, 2019 (from July 1, 2018 to September 30, 2018)
(4) Legal form of acquisition
  Purchase of shares
(5) Name of the entity after the acquisition
  There will be no change to the name of the entity after the acquisition.
(6) Percentage of voting rights acquired
  The percentage of voting rights held after the acquisition is 100%.
(7) Financing
  Scheduled to be financed through cash on hand.

2. Acquisition cost of the acquire
  Purchase price for the acquisition of shares in Glassdoor, Inc.: US$1.2 billion (approximately ¥127.2 billion)

3. Amount of and reason for goodwill recognized, and amounts of assets acquired and liabilities assumed on the date of the business combination
  In the process of calculation at the time of this report.
### Statement of Change in Equity
(April 1, 2017 to March 31, 2018)

(in millions of yen)

<table>
<thead>
<tr>
<th>Common stock</th>
<th>Shareholders’ equity</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Total shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Legal capital surplus</td>
<td>Other capital surplus</td>
<td>Total capital surplus</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of current period</td>
<td>10,000</td>
<td>6,716</td>
<td>25,196</td>
<td>31,912</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restated balance</td>
<td>10,000</td>
<td>6,716</td>
<td>25,196</td>
<td>31,912</td>
</tr>
</tbody>
</table>

Changes of items during period

| | Cash dividends | Provision of general reserve | Net income | Purchase of treasury stock | Disposal of treasury stock | Other changes during the period | Total changes of items during period | Balance at end of current period |
| | (54,602) | (29,812) | 444,077 | - | (132) | (252) | (387,674) | 29,773 |

Valuation and translation adjustments

| | Unrealized gain (loss) on available-for-sale securities | Total valuation and translation adjustments | Stock acquisition rights | Total equity |
| | | | | |
| Balance at beginning of current period | 30,781 | 30,781 | 2,042 | 581,962 |
| Cumulative effects of changes in accounting policies | - | - | (23,149) |
| Restated balance | 30,781 | 30,781 | 2,042 | 558,812 |

Changes of items during period

| Cash dividends | Provision of general reserve | Net income | Purchase of treasury stock | Disposal of treasury stock | Other changes during the period | Total changes of items during period | Balance at end of current period |
| (54,602) | - | 444,077 | - | (252) | (1,260) | (387,674) | 29,773 |
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: Straight-line method
       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

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

(Change in the method for depreciation of property, plant and equipment)

Previously, depreciation of property, plant and equipment (excluding lease assets) other than buildings (excluding building improvements) acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016 was calculated by the declining-balance method. However, effective from the year ended March 31, 2018, said method of depreciation was changed to the straight-line method.

This change was due to the increased need for unifying accounting treatment within the Group as a result of an increased ratio of overseas sales driven by the accelerating global development of the Group, and because, following a review of the actual usage status of property, plant and equipment, the Company determined that the adoption of the straight-line method will allow cost allocation that is more aligned with the actual usage of the assets.

The effect of this change on the non-consolidated financial statements for the year ended March 31, 2018 was immaterial.

(Change in the method of attributing expected retirement benefits to periods)

Previously, the method of attributing expected retirement benefits to periods was based on the straight-line basis. However, effective from the year ended March 31, 2018, said method was changed to the benefit formula basis.

This change was due to the increased need for unifying accounting treatment within the Group as a result of an increased ratio of overseas sales driven by the accelerating global development of the Group, and because the Company determined that the benefit formula basis can better reflect the actual status, following a review of the occurrence pattern of retirement benefit obligations, which found that most part of expected retirement benefits occur at an early stage.

(Change in the revenue recognition standard)

In the Media & Solutions segment, while revenues such as advertising fees from clients on the operation of information sites were recognized upon the placement of the advertisement, as was the case with information magazines previously, such revenues are recognized over the advertising period effective from the year ended March 31, 2018.

In association with the recent advances in information technology (IT), services in the Media & Solutions segment have been transitioning as a whole from those based on paper media, such as magazines, to those based on internet media, such as information sites. Additionally, in order to expand the transaction volume of matching between users and corporate clients over the advertising period in operating information sites, services targeting corporate clients that support businesses over a set period are increasing ever more.

In this context, concerning service rendering associated with the operation of an information site, since the Company has determined that recognizing revenue over the advertising period will better reflect the economic conditions, and since development of IT systems and internal management systems compliant with said change had been completed, the Company changed the method of revenue recognition effective from the year ended March 31, 2018.

These changes in accounting policies have been applied retrospectively, and the cumulative effects of the changes in accounting policies have been reflected in the carrying amount of equity at the beginning of the year ended March 31, 2018. As a result, the beginning balance of retained earnings in the statement of change in equity decreased ¥22,592 million after the retrospective application.
(Notes to Changes in Presentation Methods)

Matters Related to Balance Sheets

“Advanced payments - trade” under “Current assets,” which was presented separately in the previous fiscal year, is included in “Other current assets” from the year ended March 31, 2018, due to a decrease in materiality. “Advanced payments - trade” was ¥97 million for the year ended March 31, 2018.

“Accounts receivable - other,” which was included in “Other current assets” under “Current assets” in the previous fiscal year, is presented separately from the year ended March 31, 2018, due to an increase in materiality.

“Trademark rights” under “Intangible assets,” which was presented separately in the previous fiscal year, is included in “Other” from the year ended March 31, 2018, due to a decrease in materiality. “Trademark rights” was ¥133 million for the year ended March 31, 2018.

“Investments in capital,” “Claims provable in bankruptcy, claims provable in rehabilitation and other” and “Long-term prepaid expenses” under “Investments and other assets,” which were presented separately in the previous fiscal year, are included in “Other assets” from the year ended March 31, 2018, due to a decrease in materiality. “Investments in capital” was ¥4,001 million, “Claims provable in bankruptcy, claims provable in rehabilitation and other” was ¥134 million, and “Long-term prepaid expenses” was ¥3,462 million for the year ended March 31, 2018.

(Notes to Balance Sheets)

1. Accumulated depreciation of property, plant and equipment: ¥31,290 million

2. Guarantee obligation

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indeed, Inc.</td>
<td>¥38,778 million</td>
</tr>
<tr>
<td>Indeed Ireland Operations Limited</td>
<td>¥18,595 million</td>
</tr>
<tr>
<td>STAFFMARK HOLDINGS, INC.</td>
<td>¥10,077 million</td>
</tr>
<tr>
<td>USG People Interservices NV</td>
<td>¥7,052 million</td>
</tr>
<tr>
<td>Start People SAS</td>
<td>¥5,808 million</td>
</tr>
<tr>
<td>Advantage Resourcing America, Inc.</td>
<td>¥2,278 million</td>
</tr>
<tr>
<td>Chandler Macleod Group Limited</td>
<td>¥2,185 million</td>
</tr>
<tr>
<td>ADVANTAGE XPO LIMITED</td>
<td>¥297 million</td>
</tr>
<tr>
<td>Hotspring Ventures Limited</td>
<td>¥106 million</td>
</tr>
<tr>
<td>Other</td>
<td>¥52 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥85,233 million</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Type of Receivables/Payables</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term monetary receivables:</td>
<td>¥90,447 million</td>
</tr>
<tr>
<td>Short-term monetary payables:</td>
<td>¥184,476 million</td>
</tr>
<tr>
<td>Long-term monetary receivables:</td>
<td>¥63,595 million</td>
</tr>
</tbody>
</table>

(Notes to Statement of Income)

   Transaction volume with subsidiaries and associates

<table>
<thead>
<tr>
<th>Type of Transaction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction volume of operating transactions (revenue):</td>
<td>¥48,077 million</td>
</tr>
<tr>
<td>Transaction volume of operating transactions (expenses):</td>
<td>¥231,043 million</td>
</tr>
<tr>
<td>Transaction volume of non-operating transactions (revenue):</td>
<td>¥343,670 million</td>
</tr>
<tr>
<td>Transaction volume of non-operating transactions (expenses):</td>
<td>¥934 million</td>
</tr>
</tbody>
</table>
(Notes to Statement of Change in Equity)
Class and number of treasury stock at the end of the year ended March 31, 2018
Common stock: 25,412,567 shares

(Note) The Company has 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, 2018 is 1,163,598 shares.

(Notes on Tax Effect Accounting)
Breakdown by cause of deferred tax assets and deferred tax liabilities

(Deferred tax assets)
- Allowance for doubtful accounts  ¥381 million
- Loss on valuation of investment securities  ¥3,432 million
- Loss on valuation of shares of subsidiaries and associates  ¥13,124 million
- Accrued enterprise tax and office taxes  ¥12 million
- Accrued employees’ bonuses  ¥294 million
- Liability for employees’ retirement benefits  ¥572 million
- Provision for retirement benefits  ¥412 million
- Unearned revenue  ¥10,974 million
- Unused tax losses  ¥36,877 million
- Other  ¥9,215 million

Subtotal of deferred tax assets  ¥75,298 million
Valuation allowance  ¥(17,452) million
Total deferred tax assets  ¥57,845 million

(Deferred tax liabilities)
- Refund of capital surplus of subsidiaries  ¥(57,424) million
- Unrealized gain (loss) on available-for-sale securities  ¥(7,329) million
- Stocks of subsidiaries and affiliated companies  ¥(44,833) million
- Other  ¥(3,290) million

Total deferred tax liabilities  ¥(112,877) million
Net deferred tax assets  ¥(55,031) million
(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 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>22,863 [98]</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>STAFF SERVICE HOLDINGS CO., LTD.</td>
<td>Ownership Indirect 100%</td>
<td>Transfer of shares</td>
<td>59,500</td>
<td>Long-term loans receivable</td>
<td>59,500</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Recruit Global Staffing B.V. (renamed from USG People B.V. in January 2018)</td>
<td>Ownership Direct 100%</td>
<td>Redemption due to capital reduction</td>
<td>53,557</td>
<td>Accounts receivable - other</td>
<td>66,826</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Receipt of dividends</td>
<td>13,903</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Underwriting of capital increase</td>
<td>271,027</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>RECRUIT GLOBAL TREASURY SERVICES LTD</td>
<td>Ownership Direct 100%</td>
<td>Underwriting of capital increase</td>
<td>91,563</td>
<td>—</td>
<td>—</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: ¥565.50
- Net income per share: ¥265.84

(Notes) 1. The Company has 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 1,163,598 shares.
   The average number of shares of treasury stock deducted for the calculation of net income per share is 1,163,567 shares in the current fiscal year.

2. The Company implemented a 3-for-1 stock split of its common stock effective on July 1, 2017. Equity per share and net income per share are calculated assuming that the stock split was implemented at the beginning of the current fiscal year.
On April 1, 2018, the Company executed an absorption-type split in which the rights and obligations of the Media & Solutions segment of the Company were succeeded to Recruit Administration Co., Ltd., a wholly-owned subsidiary of the Company, by way of a company-split (absorption-type split), in which the Company is the split company.

Recruit Administration Co., Ltd. has been renamed to Recruit Co., Ltd.

Transactions, etc. under Common Control

1. Company name and description of business of the companies involved in the business combination, date of the business combination, legal form of the business combination, financial results of the business to be split, carrying amounts of assets and liabilities of the business to be split, and outline of the transaction including purpose of the transaction

(1) Company name and description of business of the companies involved in the business combination

1) Combining company (divested company)
   Name of the combining company: Recruit Administration Co., Ltd. ("RAD," renamed to Recruit Co., Ltd.)
   Description of business: Media & Solutions Businesses

2) Combined company (divesting company)
   Name of the combined company: Recruit Holdings Co., Ltd.
   Description of business: Formulation of group management policy, and corporate administration

(2) Date of the business combination
   April 1, 2018

(3) Legal form of the business combination
   An absorption-type split in which the Company is the split company and RAD is the successor company.

(4) Financial results of the business to be split
   Net sales ¥573,843 million (fiscal year ended March 31, 2018)

(5) Carrying amounts of assets and liabilities of the business to be split
   Assets ¥450,793 million
   Liabilities ¥154,939 million

(6) Outline of the transaction including the purpose of the transaction
   "Recruit Group is focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest" is the Company's management philosophy. In order to realize the more fulfilling world and to continue evolving on a global basis, the Company recognizes it must continue enhancing its shareholders value, by keeping ahead of changes in the IT business environment, and by executing transactions for expansions, divestitures and restructuring of its business portfolio in the fastest manner.

Given this context, the Company has been pursuing the enhancement of its consolidated business value together with the three Strategic Business Units ("SBUs") of the Global Online HR (currently HR Technology), Media & Solutions, and Global Staffing (currently Staffing) segments since April 2016. Also, the reporting segments have been changed according to the SBUs effective from the fiscal year ended March 31, 2018.

For reasons of both the enhancement of the Company's consolidated business value and managerial resource development, it is an urgent matter for the Company to set the basis for (i) pure holding company functions, (ii) a highly efficient group management structure including group governance, monitoring and managing systems for the group companies' operating performance and financial data, and (iii) SBUs to expand their businesses in line with business strategies based on their respective characteristics and positioning. The Company therefore conducted the Group Reorganization that includes the Company's company-split.
2. Outline of the accounting treatment
   In accordance with “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued September 13, 2013)” and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, issued September 13, 2013),” the business combination is accounted for as a transaction under common control. As a result, the Company acquired additional shares of RAD in exchange for the assets and liabilities, the contracts and other rights and obligations to be succeeded. However, the acquisition cost is determined based on the shareholders’ equity of the transferred business, and no gain or loss on the transfer is recognized.

(Acquisition of Companies, etc. through Share Purchase)
   Omitted as the same information is presented in the consolidated financial statements.

(Notes on Company Subject to Regulation on Consolidated Dividends)
   The Company is subject to regulation on consolidated dividends.