RECRUIT

February 13, 2019

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Nine Months Ended December 31, 2018
(IFRS, Unaudited)

Tokyo, February 13, 2019 — Recruit Holdings Co., Ltd. ("Recruit Holdings" or the "Company") announced today its consolidated financial results for the nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018).

As used herein, the "Group" refers to Recruit Holdings Co., Ltd. and its consolidated subsidiaries unless the context indicates otherwise.

The Company's fiscal year is from April 1 to March 31, therefore FY2018 refers to the period from April 1, 2018 to March 31, 2019 and FY2017 refers to the period from April 1, 2017 to March 31, 2018. Q1 refers to three-month period from April 1 to June 30, Q2 refers to three-month period from July 1 to September 30, Q3 refers to three-month period from October 1 to December 31, and Q4 refers to three-month period from January 1 to March 31.

(Amounts are rounded down to the nearest million yen)

Consolidated Operating Results

	Nine Months Ended December 31,		% change
(In millions of yen, unless otherwise stated)	2017	2018	
Revenue	1,616,897	1,730,437	7.0%
EBITDA[1]	215,659	240,136	11.3%
Operating income	166,679	192,183	15.3%
Profit before tax	171,853	201,542	17.3%
Profit for the period	129,144	146,936	13.8%
Profit attributable to owners of the parent	128,613	146,073	13.6%
Profit available for dividends[2]	113,207	138,283	22.1%
Total comprehensive income	155,041	145,481	-6.2%
Earnings per share – Basic (yen)	76.99	87.43	-
Earnings per share – Diluted (yen)	76.83	87.26	-
Earnings per share – Adjusted[3] (yen)	73.48	90.43	23.1%

Consolidated Balance Sheet Data

(In millions of yen, unless otherwise stated)	As of March 31, 2018	As of December 31, 2018
Total assets	1,574,032	1,656,538
Total equity	840,660	944,769
Equity attributable to owners of the parent	835,605	938,095
Ratio of equity attributable to owners of the parent (%)	53.1%	56.6%

Dividends

(yen)	FY2017	FY2018	FY2018 (Forecast)
At the end of Q1	-	-	
At the end of Q2	11.00	13.50	
At the end of Q3	-	-	
At the end of Q4	12.00		13.50
Total	23.00		27.00

Note: There is no revision of the dividends forecast from the previously announced figures.

Consolidated Financial Forecast for FY2018

(In millions of yen, unless otherwise stated)	FY2017	FY2018 (Forecast)	% change
Revenue	2,173,385	2,302,000	5.9%
EBITDA	258,413	285,000	10.3%
Operating income	191,794	210,000	9.5%
Profit attributable to owners of the parent	151,667	153,000	0.9%
Profit available for dividends	131,820	153,000	16.1%
Earnings per share – Basic (yen)	90.79	91.59	-
Earnings per share – Adjusted (yen)	86.74	101.76	17.3%

Note: There is no revision of the financial forecast from the previously announced figures.

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Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

Travel Book Philippines, Inc., PT. Go Online Destinations, and Mytour Vietnam company limited, in Overseas Marketing (Others, Marketing Solutions) in Media & Solutions were divested and excluded from Q1 FY2018. GO ONLINE DESTINATIONS SINGAPORE PTE. LTD. was divested and excluded from Q2 FY2018.

Changes in Accounting Policies and Changes in Accounting Estimates

There has been a change in (1) accounting policy required by IFRS, and no change in (2) other accounting policies except for item (1), or (3) accounting estimates.

Number of Shares Issued - Common Stock

	As of March 31, 2018	As of December 31, 2018
Number of shares issued including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	25,412,567	25,176,070

	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018
Average number of shares during the period	1,670,436,113	1,670,832,595

Definition of the Management KPIs

Below definitions apply to throughout this documentation.

1. EBITDA = operating income + depreciation and amortization ± other operating income/expenses
2. Profit available for dividends = profit attributable to owners of the parent ± non-recurring income/losses, etc.
3. Earnings per share – Adjusted or Adjusted EPS = adjusted profit[4] / (number of shares issued at the end of the period - number of treasury shares at the end of the period)
4. Adjusted profit = profit attributable to owners of the parent ± adjustment items[5] (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
5. Adjustment items = amortization of intangible assets arising due to business combination ± non-recurring income/losses

Forward-Looking Statements

The consolidated financial forecasts mentioned in this document are forward-looking statements which incorporate the Company's assumptions and outlook for the future and estimates based on the Company's plans as of today. These forward-looking statements are based on information available to and certain assumptions by the Company as of today, and there can be no assurance that the relevant forecasts will be achieved. Please note that significant differences between the forecasts and actual results may arise from various factors in the future, including due to changes in economic conditions, changes in clients' needs and users' preferences, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other reasons. For the earnings forecast, please refer to P12 “1. Management’s Discussion and Analysis, Qualitative Information on Consolidated Financial Results Forecast.”

Quarterly earnings releases are not subject to the review by certified public accountants nor independent auditors.

Link for full set of Q3 FY2018 Earnings Results material:

https://recruit-holdings.com/ir/library/report/

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1. Management's Discussion and Analysis

Consolidated Results of Operations for Q3 FY2018

Results of Operations

(In billions of yen)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2018	Variance	% change	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Variance	% change
Revenue[1]	553.8	587.0	33.2	6.0%	1,616.8	1,730.4	113.5	7.0%
HR Technology	57.4	85.1	27.7	48.4%	156.6	236.9	80.2	51.3%
Media & Solutions	166.7	178.2	11.5	6.9%	498.7	527.6	28.9	5.8%
Staffing	336.2	331.1	(5.1)	-1.5%	978.9	986.1	7.1	0.7%
Operating income	58.2	65.6	7.3	12.6%	166.6	192.1	25.5	15.3%
Profit before tax	58.6	72.4	13.8	23.7%	171.8	201.5	29.6	17.3%
Profit for the period	46.6	53.7	7.0	15.1%	129.1	146.9	17.7	13.8%
Profit attributable to owners of the parent	46.5	53.3	6.8	14.7%	128.6	146.0	17.4	13.6%
Management Key Performance Indicators (In billions of yen, unless otherwise stated)								
EBITDA[1]	76.4	84.8	8.4	11.1%	215.6	240.1	24.4	11.3%
HR Technology	7.0	13.1	6.0	84.9%	23.2	36.8	13.5	58.4%
Media & Solutions[2]	46.1	48.6	2.5	5.5%	128.3	140.1	11.7	9.2%
Staffing[2]	22.1	25.1	2.9	13.4%	62.8	69.2	6.3	10.1%
Earnings per share – Adjusted (yen)	25.18	31.79	6.61	26.3%	73.48	90.43	16.95	23.1%
Average exchange rate during the period (yen)								
US dollar	-	-	-	-	111.69	111.14	(0.55)	-0.5%
Euro	-	-	-	-	128.55	129.47	0.92	0.7%
Australian dollar	-	-	-	-	85.96	81.72	(4.24)	-4.9%
Exchange rate effects on revenue[3,4,5] (In billions of yen)								
Consolidated	-	(6.3)	-	-	-	(5.6)	-	-
Staffing segment: Overseas	-	(6.1)	-	-	-	(4.8)	-	-

[1] The sum of the three segments does not correspond with consolidated revenue and EBITDA due to Eliminations and Adjustments, such as intra-group transactions.
[2] The treatment of cost allocations in intra-group transactions was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA for Q3 and the nine-month period of FY2018.
[3] The amounts shown are calculated by: (revenue for the current period in foreign currency) x (foreign exchange rate applied for the reporting period - the rate applied for the same period of the previous year)
[4] Monthly average exchange rates are applied to the HR Technology segment.
[5] The amount for Q3 FY2018 is calculated by deducting the amount for FY2018 six-month period from that for FY2018 nine-month period.

Overview

Recruit Holdings' consolidated revenue for Q3 FY2018 was 587.0 billion yen, an increase of 6.0% from the same period of the previous year. This was due to growth, particularly in the HR Technology segment, and in the Media & Solutions segment. The exchange rate movements negatively impacted consolidated revenue during the period by 6.3 billion yen. Consolidated revenue for the nine months ended December 31, 2018 was 1.73 trillion yen, a year-on-year increase of 7.0%.

Consolidated operating income for Q3 FY2018 was 65.6 billion yen, an increase of 12.6% year on year. All three segments, HR Technology, Media & Solutions, and Staffing, recorded higher profit. Consolidated operating income for the nine-month period was 192.1 billion yen, a year-on-year increase of 15.3%.

Profit before tax for Q3 FY2018 was 72.4 billion yen, an increase of 23.7% year on year, primarily due to the increase in share of profit of associates and joint ventures. Profit before tax for the nine-month period was 201.5 billion yen, a year-on-year increase of 17.3%.

Profit for the period for Q3 FY2018 was 53.7 billion yen, an increase of 15.1% year on year, and profit for the nine-month period was 146.9 billion yen, a year-on-year increase of 13.8%. Profit attributable to owners of the parent for Q3 FY2018 was 53.3 billion yen, an increase of 14.7% year on year and that for the nine-month period was 146.0 billion yen, a year-on-year increase of 13.6%.

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Management Key Performance Indicators

Consolidated EBITDA for Q3 FY2018 was 84.8 billion yen, an increase of 11.1% year on year, mainly resulting from higher profit in all three segments, HR Technology, Media & Solutions, and Staffing. Consolidated EBITDA for the nine-month period was 240.1 billion yen, an increase of 11.3% year on year.

Adjusted EPS for Q3 FY2018 was 31.79 yen, an increase of 26.3% year on year, and adjusted EPS for the nine-month period was 90.43 yen, an increase of 23.1% year on year. Quarterly profit available for dividends was 49.3 billion yen, an increase of 27.4% year on year and that for the nine-month period was 138.2 billion yen, an increase of 22.1% year on year. To show the Company's earnings capability from operations more accurately, all profits and losses associated with the convertible bond issued by 51job, Inc., an equity-method affiliate of the Company, were included in the adjustment items as non-recurring income or losses from Q1 FY2018, whereas only certain profits and losses were included in the previous quarters. The change was made because such profits and losses are originated from the same convertible bond from the same issuer, and the impact from the losses which had not been included in the adjustment items is expected to increase. Assuming this change was applied in Q3 FY2017, adjusted EPS for Q3 FY2018 increased by 20.0% year on year.

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Results of Operations by Segment

HR Technology

This reportable segment consists of the operations of *Indeed*, an online job search engine, the operations of *Glassdoor*, an online jobs and recruiting platform, and their related businesses.

Quarterly revenue in the HR Technology segment was 85.1 billion yen, an increase of 48.4% year on year. Revenue growth continued to be supported by a favorable economic environment and tight labor market resulting in increased sponsored job advertising revenue from new and existing clients at Indeed. Revenue from Glassdoor, which was acquired during Q1, also contributed to the growth. Revenue for the nine-month period was 236.9 billion yen, an increase of 51.3% year on year. On a US dollar basis, reported revenue growth was 48.2% for Q3 and 51.6% for the nine-month period. The Group adopted IFRS 15 in Q1 FY2018, and changed its accounting policy. Assuming the same accounting policy change was applied to revenue in FY2017 on a pro forma basis, revenue growth was 53.7% for Q3 and 57.2% for the nine-month period in US dollar terms.

Quarterly segment EBITDA was 13.1 billion yen, an increase of 84.9% year on year. To support future revenue growth, the HR Technology segment continued to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement. The timing of these investments fluctuates throughout the year. Segment EBITDA for the nine-month period was 36.8 billion yen, an increase of 58.4% year on year.

The operating results and relevant data for this reportable segment are as follows:

(In billions of yen, unless otherwise stated)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2018	Variance	% change	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Variance	% change
Segment revenue	57.4	85.1	27.7	48.4%	156.6	236.9	80.2	51.3%
Segment EBITDA	7.0	13.1	6.0	84.9%	23.2	36.8	13.5	58.4%
Revenue in millions of US dollars[1]	509	754	245	48.2%	1,403	2,128	724	51.6%

[1] These are the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.

During Q2 FY2018, the Group re-examined contracts with customers and reassessed the previous identification of a customer based on the IFRS 15 definition. As a result, it was concluded that sales agents for some transactions should be defined as the customer. Accordingly, revenues from certain customers which were previously presented on a gross basis with agent commissions classified in cost of sales are now presented on a net basis. Assuming the same accounting policy change was applied to revenue in FY2017 on a pro forma basis, the year-on-year comparison for the revenue in US dollars is as follows:

(In millions of US dollars)	FY2017 Q1	FY2017 Q2	FY2017 Q3	FY2017 Q4	FY2018 Q1	FY2018 Q2	FY2018 Q3	FY2017 Nine months	FY2018 Nine months
Revenue in millions of US dollars[1] (accounting policy change applied)	402	460	490	557	634	739	754	1,353	2,128
% change	-	-	-	-	57.6%	60.6%	53.7%	-	57.2%

[1] These are the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.

Indeed:
Indeed strives to continuously enhance the job seeker experience by investing aggressively in its platform. Indeed attracts approximately 250 million monthly unique visitors[1] and job seeker traffic continued to grow double digits year on year during the quarter. Indeed's client base continued to expand, as the number of employers and recruitment based firms using Indeed to hire grew year on year, resulting in strong revenue growth. As of December 31, 2018, Indeed had approximately 8,000 employees located in 29 cities in 14 countries.

Glassdoor:
Glassdoor's user generated company reviews, salaries and insights help increase workplace transparency for millions of job seekers. Glassdoor attracts approximately 64 million monthly unique visitors[1] and traffic grew double digits year on year during the quarter. Revenue growth was primarily driven by its employer branding and job advertising solutions, as Glassdoor's client base continued to expand. Glassdoor had approximately 800 employees as of December 31, 2018.

[1] Source: Internal data based on Google Analytics, Monthly Unique Visitors, October 2018

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Media & Solutions

In this reportable segment, a number of vertical platforms and related businesses are divided into two major operations: Marketing Solutions, which mainly offers solutions to support clients' business operations and to attract users, and HR Solutions which mainly supports enterprise clients' recruiting activities.

Quarterly revenue in the Media & Solutions segment was 178.2 billion yen, an increase of 6.9% year on year. This was primarily driven by increased revenue in the Housing and Real Estate, and Beauty subsegments in Marketing Solutions and increased revenue in the Recruiting in Japan subsegment in HR Solutions. As a result, revenue for the nine-month period was 527.6 billion yen, a year-on-year increase of 5.8%.

Quarterly segment EBITDA was 48.6 billion yen, an increase of 5.5% year on year. This was mainly due to increased revenue in Marketing Solutions. Segment EBITDA for the nine-month period was 140.1 billion yen, an increase of 9.2% year on year. Due to the new management structure effective on April 1, 2018, the treatment of cost allocations in intra-group transactions (such as management service fees and general administrative fees) was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA this quarter. Excluding this impact, segment EBITDA for the quarter and for the nine-month period increased by 2.1%[1] and 5.4%[1], respectively. In Marketing Solutions, quarterly segment EBITDA and segment EBITDA for the nine-month period increased by 8.5%[1] and 10.6%[1] respectively, and those for HR Solutions decreased by 2.1%[1] and increased by 3.5%[1] respectively.

[1] For comparison purposes, calculated based on internal managerial reporting numbers.

The operating results and relevant data for this reportable segment are as follows:

	Three Month Ended December 31,		Variance	% change	Nine Month Ended December 31,		Variance	% change
(In billions of yen)	2017	2018			2017	2018		
Segment revenue	166.7	178.2	11.5	6.9%	498.7	527.6	28.9	5.8%
Marketing Solutions	93.4	100.7	7.3	7.9%	282.0	295.2	13.2	4.7%
Housing and Real Estate	23.5	26.5	3.0	12.8%	73.3	76.0	2.6	3.6%
Bridal	14.4	14.1	(0.3)	-2.2%	42.2	41.9	(0.3)	-0.9%
Travel	14.0	15.0	0.9	6.7%	44.6	46.7	2.0	4.6%
Dining	9.9	10.2	0.3	3.4%	27.6	28.7	1.1	4.2%
Beauty	16.2	19.1	2.9	18.1%	47.0	54.1	7.1	15.3%
Others	15.1	15.5	0.4	2.9%	47.0	47.5	0.5	1.1%
HR Solutions	71.3	76.7	5.3	7.5%	211.3	230.2	18.8	8.9%
Recruiting in Japan	65.1	69.0	3.8	5.9%	193.7	205.7	11.9	6.2%
Others	6.1	7.7	1.5	24.7%	17.6	24.4	6.8	38.8%
Eliminations and Adjustments (Media & Solutions)	1.9	0.7	(1.2)	-62.1%	5.2	2.2	(3.0)	-58.1%
Segment EBITDA	46.1	48.6	2.5	5.5%	128.3	140.1	11.7	9.2%
Marketing Solutions	29.7	33.1	3.4	11.6%	79.7	90.9	11.2	14.1%
HR Solutions	19.8	19.7	(0.0)	-0.2%	58.0	61.3	3.2	5.6%
Eliminations and Adjustments (Media & Solutions)	(3.3)	(4.2)	(0.8)	-	(9.4)	(12.1)	(2.6)	-

Business Key Performance Indicators	FY2017				FY2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Hot Pepper Gourmet Number of seats reserved online, (cumulative total from the beginning of each fiscal year) (Dining)[1, 2]	14.48	28.28	52.75	71.21	19.05	37.18	65.77
Hot Pepper Beauty Number of online reservations (cumulative total from the beginning of each fiscal year) (Beauty)[1, 2]	18.24	37.95	57.58	78.23	22.72	47.19	71.63
AirREGI registered accounts[3]	292	305	318	333	349	364	381
Paid *Study Sapuri* users (Others, Marketing Solutions)[3, 4]	404	444	454	476	559	586	598
Market data							
Number of new housing construction starts in Japan (Housing and Real Estate)[5]	249,916	246,924	244,511	205,045	245,040	246,378	245,907
Job-offers-to-applicants ratio[6, 7] (Recruiting in Japan)	1.49	1.52	1.57	1.59	1.60	1.63	1.63

[1] Pre-cancellation reservation basis.
[2] Figures are shown in millions.
[3] Figures are shown in thousands.
[4] Figures in FY2018 indicate the total number of users for high school, junior high school, elementary school and English courses, whereas previously disclosed figures in FY2017 only included users of high school courses. Therefore, the numbers for FY2017 are changed retrospectively.
[5] Source: Statistical Survey of Construction Starts, Ministry of Land, Infrastructure, Transport and Tourism of Japan
[6] Source: Ministry of Health, Labour and Welfare of Japan
[7] Figures are the average of each month in each quarter.

Marketing Solutions

Housing and Real Estate

Housing and Real Estate revenue consists primarily of advertising revenue generated on *SUUMO*, an online platform and print media for housing and real estate. Revenue grew as a result of continued improvements to the user experience on its online platform, marketing efforts to attract more users to the platform, and sales initiatives to offer solutions to clients. As a result, quarterly revenue increased by 12.8% year on year to 26.5 billion yen and revenue for the nine-month period increased by 3.6% year on year to 76.0 billion yen. Excluding the non-recurring impact from the sale of a subsidiary during Q3 FY2017, revenue for the nine-month period increased by 8.7%[1].

[1] For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue in prior periods from sales of subsidiaries.

Bridal

Bridal revenue consists primarily of advertising revenue generated on *Zexy*, a magazine and online platform which is an all-in-one source of information on wedding planning. Although the number of marriages has been declining in Japan mainly due to the declining population, the subsegment responded proactively to the needs of wedding venue operators to attract marrying couples by launching various marketing promotions. As a result, quarterly revenue decreased by 2.2% year on year to 14.1 billion yen and revenue for the nine-month period decreased by 0.9% year on year to 41.9 billion yen.

Travel

Travel revenue consists primarily of advertising revenue and booking fees from *Jalan*, an online platform and print media for travel in Japan. In Q3 FY2018, both the number of hotel guests booked and the price per night of hotels booked through its online reservation platform increased. As a result, quarterly revenue increased by 6.7% year on year to 15.0 billion yen and revenue for the nine-month period increased by 4.6% year on year to 46.7 billion yen.

Dining

Dining revenue consists primarily of advertising revenue generated on *Hot Pepper Gourmet*, an online platform focusing on online restaurant reservations and print media under the same name. Advertising revenue on *Hot Pepper Gourmet* increased this quarter, reflecting a continued recovery of the dining and restaurant industry. However, dining and restaurant operators continue to face a challenging environment mainly due to the workforce shortage in Japan. In this environment, the subsegment continued to focus on strengthening its relationship with clients by offering operational solutions, such as *Air Series*. As a result, quarterly revenue increased by 3.4% year on year to 10.2 billion yen and revenue for the nine-month period increased by 4.2% year on year to 28.7 billion yen.

Beauty

Beauty revenue consists primarily of advertising revenue generated on *Hot Pepper Beauty*, an online platform focusing on online salon reservations and print media under the same name. With a continued effort to extend its reach to non-urban areas and the outskirts of metropolitan areas, the number of beauty salon clients advertising on *Hot Pepper Beauty* continued to increase year on year. The number of online beauty salon reservations made through *Hot Pepper Beauty* continued to grow double digits due to an increased number of salons available to book on the platform and improved usability of *SALON BOARD,* a cloud-based beauty salon vacancy management and support service. As a result, quarterly revenue increased by 18.1% year on year to 19.1 billion yen and revenue for the nine-month period increased by 15.3% year on year to 54.1 billion yen.

Others

The Others subsegment includes Automobile, Education such as *Study Sapuri*, Overseas Marketing, and *Air Series* businesses. Quarterly revenue increased by 2.9% year on year to 15.5 billion yen and revenue for the nine-month period increased by 1.1% to 47.5 billion yen. While the sale of subsidiaries in Q3 FY2017 and Q1 FY2018 negatively impacted revenue growth, excluding these non-recurring impacts, quarterly revenue and revenue for the nine-month period increased by 7.4%[1] and 8.5%[1] year on year, respectively.

[1] For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue in prior periods from sales of subsidiaries.

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HR Solutions

Recruiting in Japan

Revenue in the Recruiting in Japan subsegment consists primarily of advertising revenue generated on various online job and recruiting sites such as *Rikunabi, Rikunabi NEXT, RECRUIT AGENT* and *TOWNWORK*. The Japanese labor market remained extremely tight, and in this environment, the subsegment focused on enhancing its brand value, strengthening user attractiveness, and reinforcing its sales structure. As a result, quarterly revenue increased by 5.9% year on year to 69.0 billion yen, mainly driven by the increase in placement revenue. Revenue for the nine-month period increased by 6.2% year on year to 205.7 billion yen.

Others

The Others subsegment includes the HR development business in Japan and placement service in Asia. From Q1 FY2018, the recruiting assessment business, which was previously managed in the Recruiting in Japan subsegment, was transferred to this subsegment, resulting in an increase in quarterly revenue and revenue for the nine-month period. Quarterly revenue increased by 24.7% year on year to 7.7 billion yen and revenue for the nine-month period increased by 38.8% year on year to 24.4 billion yen. The growth rate for the nine-month period was higher than that for Q3 as a result of first quarter seasonality positively impacting revenue in the recruiting assessment business, which was transferred to this subsegment from Q1 FY2018.

Staffing

In this reportable segment, there are two major operations: Japan and Overseas.

Quarterly revenue in the Staffing segment was 331.1 billion yen, a decrease of 1.5% year on year. Revenue in Japan operations increased reflecting a tight labor market, while revenue in Overseas operations decreased primarily due to an uncertain outlook for the European economy, the negative impact of foreign exchange rate movements and the adoption of IFRS 15[1]. Revenue for the nine-month period was 986.1 billion yen, an increase of 0.7% year on year.

Quarterly segment EBITDA was 25.1 billion yen, an increase of 13.4% year on year. EBITDA for Japan operations increased mainly due to higher revenue, while EBITDA for Overseas operations also increased as a result of improvement in productivity. In addition, for the Japan operation, placement fee revenue, which has higher profitability than staffing revenue, increased as a result of revisions to Japanese laws which encouraged corporate clients to hire agency workers directly. Segment EBITDA for the nine-month period was 69.2 billion yen, an increase of 10.1% year on year. The growth for the nine-month period was driven primarily by solid performance in Japan operations. In addition, segment EBITDA in Japan operations was positively impacted by the aforementioned change in the treatment of cost allocations in intra-group transactions. Excluding this impact, quarterly Staffing segment EBITDA increased by 10.4%[2] year on year and Staffing segment EBITDA for the nine-month period increased by 7.1%[2], and in Japan operations, quarterly segment EBITDA increased by 19.8%[2] year on year and segment EBITDA for the nine-month period increased by 10.6%[2].

[1] Revenue reporting changed from gross amount (the amount of revenue including commissions paid to agencies) basis to net amount (the amount of revenue excluding commissions) basis.
[2] For comparison purposes, calculated based on internal managerial reporting numbers.

The operating results and relevant data for this reportable segment are as follows:

	Three Months Ended December 31,		Variance	% change	Nine Months Ended December 31,		Variance	% change
(In billions of yen)	2017	2018			2017	2018		
Segment revenue	336.2	331.1	(5.1)	-1.5%	978.9	986.1	7.1	0.7%
Japan	130.6	140.8	10.1	7.8%	380.3	409.0	28.7	7.6%
Overseas	205.6	190.3	(15.2)	-7.4%	598.6	577.0	(21.5)	-3.6%
Segment EBITDA	22.1	25.1	2.9	13.4%	62.8	69.2	6.3	10.1%
Japan	10.6	13.4	2.8	26.6%	31.0	36.3	5.2	17.0%
Overseas	11.5	11.6	0.1	1.2%	31.7	32.8	1.0	3.4%

	FY2017				FY2018		
Market data	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Average number of active agency workers in Japan[1]	343,260	343,857	350,734	348,865	354,177	353,062	-

[1] Source: Japan Staffing Services Association
The figure for this reporting period has not been disclosed at the time of release of this document.

Japan

Demand for agency workers continued to be strong and the number of active agency workers remained at a high level. In this environment, Japan operations focused on increasing the number of registered agency workers and new staffing contracts. As a result, quarterly revenue increased by 7.8% year on year to 140.8 billion yen and revenue for the nine-month period increased by 7.6% year on year to 409.0 billion yen.

Overseas

Quarterly revenue decreased by 7.4% year on year to 190.3 billion yen. The negative impact of foreign exchange rate movements and the adoption of IFRS 15[1] was 6.1 billion yen and 4.0 billion yen, respectively. Excluding these impacts, quarterly revenue decreased by 2.5% year on year. The segment continued to focus on profitability improvement by implementing the Unit Management System[1], and simplifying the operational governance model in Europe. As a result, revenue for the nine-month period decreased by 3.6% year on year to 577.0 billion yen. The negative impact of foreign exchange rate movements was 4.8 billion yen, and the negative impact of the adoption of IFRS 15 was 11.8 billion yen. Excluding these impacts, revenue for the nine-month period decreased by 0.8% year on year.

[1] The Unit Management System divides an organization into small units based on differences in the markets they serve. Each unit is regarded as a company and the Unit Manager is given authority to make decisions.

Capital Resources and Liquidity

Financial Principle

The Group's financial principle is to maintain a strong consolidated balance sheet by utilizing capital raised through borrowings, considering the ratings from Japanese domestic rating agencies as important references. For capital efficiency, the Group implements strict criteria for investment, and sets its Return on Equity (ROE) target to approximately 15%.

Use of Capital

The Company allocates its capital primarily to working capital, corporate taxes, mergers and acquisitions by each segment, asset acquisitions, capital expenditures, repayments of borrowings, payment of interest, and payment of dividends. The Company completed the acquisition of a US-based, private company Glassdoor, Inc. for 143.0 billion yen on June 21, 2018.

Fund Raising

The Group's primary source of liquidity for working capital and investments is cash flow from operations. However, the Group may consider and execute external financing when various conditions are deemed favorable, such as demands for capital, interest rate trends, repayment amount and redemption period of existing interest-bearing debt. For short-term working capital, the Group primarily utilizes borrowings from financial institutions and/or commercial paper. For long-term capital needs, the Group raises funds mainly by borrowings from financial institutions and/or bonds. The Group has registered a maximum 200.0 billion yen worth of corporate bond issuance (unused amount as of end of Q3 FY2018 is 150.0 billion yen) to maintain flexible capital raising capability.

The Group also has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital efficiently. The maximum amount of borrowings in the overdraft commitment is 113.0 billion yen as of end of Q3 FY2018, and the entire amount remains unused.

Credit Ratings

The Group has long-term ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A- from S&P Global Rating Japan as of end of Q3 FY2018.

Cash Management

The Group prioritizes internal lending and borrowing within the Group over external financing, primarily through the cash management system to maximize capital efficiency, assuming legality and economic rationality.

Fund Management

The Group invests only in principal guaranteed financial instruments which are deemed safe and efficient, and not for speculative purposes.

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Analysis of Consolidated Balance Sheet

(In billions of yen)	As of March 31, 2018	As of December 31, 2018	Variance
Assets			
Total current assets	770.9	727.6	(43.3)
Total non-current assets	803.0	928.9	125.8
Total assets	1,574.0	1,656.5	82.5
Liabilities			
Total current liabilities	447.7	424.8	(22.9)
Total non-current liabilities	285.6	286.9	1.3
Total liabilities	733.3	711.7	(21.6)
Equity			
Total equity attributable to owners of the parent	835.6	938.0	102.4
Non-controlling interests	5.0	6.6	1.6
Total equity	840.6	944.7	104.1

Assets

Total current assets as of December 31, 2018 decreased by 43.3 billion yen, or 5.6%, from the end of the previous fiscal year. This was mainly due to a decrease in cash and cash equivalents of 35.4 billion yen. Non-current assets increased by 125.8 billion yen, or 15.7%, from the end of the previous fiscal year. This was mainly due to an increase in goodwill of 98.9 billion yen, mainly resulting from the acquisition of a subsidiary.

Liabilities

Current liabilities as of December 31, 2018 decreased by 22.9 billion yen, or 5.1%, from the end of the previous fiscal year. This was mainly due to a decrease in trade and other payables of 25.6 billion yen. Non-current liabilities increased by 1.3 billion yen, or 0.5%, from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 9.4 billion yen and an increase in other non-current liabilities of 14.0 billion yen.

Equity

Total equity as of December 31, 2018 increased by 104.1 billion yen, or 12.4%, from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 103.6 billion yen, primarily resulting from the recording of profit attributable to owners of the parent.

RECRUIT

Analysis of Consolidated Cash Flows

(In billions of yen)	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Variance
Net cash flows from operating activities	126.1	195.7	69.6
Net cash flows from investing activities	(51.0)	(180.8)	(129.7)
Net cash flows from financing activities	(70.3)	(55.6)	14.7
Effect of exchange rate changes on cash and cash equivalents	2.5	5.2	2.6
Net increase (decrease) in cash and cash equivalents	7.2	(35.4)	(42.7)
Cash and cash equivalents at the beginning of the period	355.1	389.8	34.6
Cash and cash equivalents at the end of the period	362.4	354.3	(8.1)

Cash and cash equivalents as of December 31, 2018 was 354.3 billion yen, a decrease of 35.4 billion yen from the end of previous fiscal year, since cash outflows from investing and financing activities exceeded cash inflows from operating activities.

The major reasons for changes in cash flows for the nine months ended December 31, 2018 are as follows.

Cash Flows from Operating Activities

The main difference between cash flows from operating activities and 201.5 billion yen of profit before tax: the addition of 53.3 billion yen of depreciation and amortization, and the subtraction of 30.3 billion yen of income tax paid.

Cash Flows from Investing Activities

Cash used in investing activities primarily includes payment of 126.8 billion yen for acquiring a subsidiary.

Cash Flows from Financing Activities

Cash used in financing activities primarily includes 42.5 billion yen of dividends paid.

Qualitative Information on Consolidated Financial Results Forecast

There is no revision to the financial forecasts for FY2018 due to the possibility of variances to forecasts in Q4 FY2018. In view of the recent performance, the financial results for FY2018 are expected to exceed the original forecasts previously announced on May 15, 2018.

RECRUIT

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statement of Financial Position

(In millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	389,822	354,355
Trade and other receivables	323,116	312,552
Other current financial assets	19,864	27,666
Other current assets	38,159	33,032
Total current assets	770,962	727,607
Non-current assets		
Property, plant and equipment	57,211	68,119
Goodwill	312,944	411,942
Intangible assets	229,232	249,750
Investments in associates and joint ventures	43,950	45,655
Other non-current financial assets	118,038	124,152
Deferred tax assets	35,590	22,963
Other non-current assets	6,102	6,346
Total non-current assets	803,070	928,931
Total assets	1,574,032	1,656,538

(In millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	204,172	178,544
Bonds and borrowings	24,068	24,754
Other financial liabilities	1,356	1,048
Income tax payables	20,991	29,973
Provisions	7,034	3,007
Other current liabilities	190,145	187,537
Total current liabilities	447,768	424,865
Non-current liabilities		
Bonds and borrowings	159,007	149,556
Other financial liabilities	4,860	1,112
Provisions	5,043	7,101
Net defined benefit liability	45,781	47,379
Deferred tax liabilities	53,172	49,924
Other non-current liabilities	17,738	31,829
Total non-current liabilities	285,603	286,903
Total liabilities	733,372	711,768
Equity		
Equity attributable to owners of the parent		
Common stock	10,000	10,000
Share premium	50,115	49,140
Retained earnings	811,287	914,940
Treasury stock	(32,049)	(32,378)
Other components of equity	(3,748)	(3,606)
Total equity attributable to owners of the parent	835,605	938,095
Non-controlling interests	5,055	6,673
Total equity	840,660	944,769
Total liabilities and equity	1,574,032	1,656,538

RECRUIT

(2) Condensed Consolidated Statement of Profit and Loss

For the Nine-Month Period

(In millions of yen)

	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018
Revenue	1,616,897	1,730,437
Cost of sales	869,278	866,449
Gross profit	747,619	863,987
Selling, general and administrative expenses	577,307	677,180
Other operating income	4,293	8,914
Other operating expenses	7,925	3,538
Operating income	166,679	192,183
Share of profit (loss) of associates and joint ventures	938	2,999
Finance income	4,650	6,734
Finance costs	413	374
Profit before tax	171,853	201,542
Income tax expense	42,709	54,605
Profit for the period	129,144	146,936
Profit attributable to:		
Owners of the parent	128,613	146,073
Non-controlling interests	531	863
Profit for the period	129,144	146,936
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	76.99	87.43
Diluted earnings per share (yen)	76.83	87.26

RECRUIT

For the Three-Month Period

(In millions of yen)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2018
Revenue	553,802	587,097
Cost of sales	297,603	290,051
Gross profit	256,199	297,045
Selling, general and administrative expenses	195,601	229,801
Other operating income	3,444	280
Other operating expenses	5,754	1,912
Operating income	58,288	65,612
Share of profit (loss) of associates and joint ventures	(897)	5,240
Finance income	1,473	1,818
Finance costs	243	179
Profit before tax	58,620	72,491
Income tax expense	11,924	18,751
Profit for the period	46,696	53,740
Profit attributable to:		
Owners of the parent	46,544	53,388
Non-controlling interests	151	351
Profit for the period	46,696	53,740
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	27.86	31.95
Diluted earnings per share (yen)	27.80	31.89

RECRUIT

(3) Condensed Consolidated Statement of Comprehensive Income

For the Nine-Month Period

(In millions of yen)

	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018
Profit for the period	129,144	146,936
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	81	(1,046)
Remeasurements of defined benefit plans	(44)	(101)
Share of other comprehensive income of associates and joint ventures	2	(175)
Subtotal	38	(1,324)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	25,476	(345)
Effective portion of the change in the fair value of cash flow hedges	380	214
Subtotal	25,857	(131)
Other comprehensive income (loss) for the period, net of tax	25,896	(1,455)
Comprehensive income for the period	155,041	145,481
Comprehensive income attributable to:		
Owners of the parent	154,485	144,486
Non-controlling interests	555	994
Total comprehensive income	155,041	145,481

RECRUIT

For the Three-Month Period

(In millions of yen)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2018
Profit for the period	46,696	53,740
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	1,501	(7,586)
Remeasurements of defined benefit plans	(44)	(101)
Share of other comprehensive income of associates and joint ventures	5	(142)
Subtotal	1,462	(7,830)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	3,058	(19,922)
Effective portion of the change in the fair value of cash flow hedges	380	271
Subtotal	3,439	(19,650)
Other comprehensive income (loss) for the period, net of tax	4,901	(27,481)
Comprehensive income for the period	51,597	26,258
Comprehensive income attributable to:		
Owners of the parent	51,445	25,987
Non-controlling interests	152	271
Total comprehensive income	51,597	26,258

RECRUIT

(4) Condensed Consolidated Statement of Changes in Equity

For the Nine Months Ended December 31, 2017

(In millions of yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 2017	10,000	52,529	714,055	(31,640)	3,221	(11,383)	792
Profit for the period			128,613				
Other comprehensive income						25,452	380
Comprehensive income for the period	-	-	128,613	-	-	25,452	380
Transfer from other components of equity to retained earnings			38				
Purchase of treasury stock		(17)		(1,063)			
Disposal of treasury stock		(131)		614	(483)		
Dividends			(54,571)				
Share-based payments					1,026		
Equity transactions with non-controlling interests		(2,245)					
Other		(16)	552				
Transactions with owners - total	-	(2,410)	(53,980)	(449)	543	-	-
Balance at December 31, 2017	10,000	50,119	788,689	(32,089)	3,764	14,068	1,173

	Equity attributable to owners of the parent					
	Other components of equity					
	Net change in financial assets measured at fair value through other compre-hensive income	Remea-surements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2017	-	-	(7,369)	737,575	5,190	742,765
Profit for the period			-	128,613	531	129,144
Other comprehensive income	83	(44)	25,872	25,872	24	25,896
Comprehensive income for the period	83	(44)	25,872	154,485	555	155,041
Transfer from other components of equity to retained earnings	(83)	44	(38)	-		-
Purchase of treasury stock			-	(1,081)		(1,081)
Disposal of treasury stock			(483)	0		0
Dividends			-	(54,571)		(54,571)
Share-based payments			1,026	1,026		1,026
Equity transactions with non-controlling interests			-	(2,245)	(836)	(3,082)
Other			-	536	163	700
Transactions with owners - total	(83)	44	504	(56,335)	(672)	(57,008)
Balance at December 31, 2017	-	-	19,006	835,725	5,072	840,798

For the Nine Months Ended December 31, 2018

(In millions of yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 2018	10,000	50,115	811,287	(32,049)	3,723	(8,354)	881
Cumulative effects of changes in accounting policies			1,360				
Restated balance	10,000	50,115	812,647	(32,049)	3,723	(8,354)	881
Profit for the period			146,073				
Other comprehensive income						(476)	214
Comprehensive income for the period	-	-	146,073	-	-	(476)	214
Transfer from other components of equity to retained earnings			(1,324)				
Purchase of treasury stock		(17)		(1,299)			
Disposal of treasury stock		(153)		969	(815)		
Dividends			(42,603)				
Share-based payments					1,219		
Equity transactions with non-controlling interests		(819)					
Other		16	146				
Transactions with owners - total	-	(974)	(43,780)	(329)	404	-	-
Balance at December 31, 2018	10,000	49,140	914,940	(32,378)	4,127	(8,830)	1,095

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in financial assets measured at fair value through other compre-hensive income	Remea-surements of defined benefit plans	Total			
Balance at April 1, 2018	-	-	(3,748)	835,605	5,055	840,660
Cumulative effects of changes in accounting policies			-	1,360		1,360
Restated balance	-	-	(3,748)	836,965	5,055	842,020
Profit for the period			-	146,073	863	146,936
Other comprehensive income	(1,222)	(101)	(1,586)	(1,586)	130	(1,455)
Comprehensive income for the period	(1,222)	(101)	(1,586)	144,486	994	145,481
Transfer from other components of equity to retained earnings	1,222	101	1,324	-		-
Purchase of treasury stock			-	(1,317)		(1,317)
Disposal of treasury stock			(815)	0		0
Dividends			-	(42,603)		(42,603)
Share-based payments			1,219	1,219		1,219
Equity transactions with non-controlling interests			-	(819)	693	(126)
Other			-	163	(69)	93
Transactions with owners - total	1,222	101	1,728	(43,356)	623	(42,732)
Balance at December 31, 2018	-	-	(3,606)	938,095	6,673	944,769

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(5) Condensed Consolidated Statement of Cash Flows

(In millions of yen)

	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2018
Cash flows from operating activities		
Profit before tax	171,853	201,542
Depreciation and amortization	45,348	53,328
Gain on sales of investments in subsidiaries	(3,486)	(7,435)
(Increase) decrease in trade and other receivables	7,539	13,257
Increase (decrease) in trade and other payables	(7,617)	(24,244)
Other	(18,049)	(15,206)
Subtotal	195,588	221,241
Interest and dividends received	2,519	5,175
Interest paid	(136)	(280)
Income tax paid	(71,820)	(30,375)
Net cash flows from operating activities	126,151	195,761
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(15,208)	(18,999)
Payment for purchase of intangible assets	(33,557)	(35,558)
Payment for purchase of shares of subsidiaries	(5,358)	(126,847)
Proceeds from sales of shares of subsidiaries	6,799	8,041
Other	(3,740)	(7,475)
Net cash flows from investing activities	(51,065)	(180,840)
Cash flows from financing activities		
Repayments of long-term borrowings	(12,479)	(12,478)
Payment for purchase of treasury stock	(1,081)	(1,317)
Dividends paid	(54,451)	(42,536)
Other	(2,385)	721
Net cash flows from financing activities	(70,397)	(55,611)
Effect of exchange rate changes on cash and cash equivalents	2,583	5,223
Net increase (decrease) in cash and cash equivalents	7,272	(35,467)
Cash and cash equivalents at the beginning of the period	355,196	389,822
Cash and cash equivalents at the end of the period	362,469	354,355

(6) Going Concern Assumption

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. Change in Accounting Policies

The Group has applied IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (collectively, "IFRS 15") from the three months ended June 30, 2018.
In applying IFRS 15, the Group adopts a method of recognizing the cumulative effect of applying this standard at the date of initial application, which is accepted as a transitional measure.

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The incremental costs of obtaining a contract are recognized as an asset ("asset recognized for costs of obtaining contracts") if those costs are expected to be recoverable.
The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.
An asset recognized for costs of obtaining contracts is amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates, unless the amortization period of the asset is one year or less. If the amortization period of the asset is one year or less, the incremental costs of obtaining a contract are expensed when incurred by applying the practical expedient specified in IFRS 15.
Thus, certain costs (such as sales commission) which were expensed under the previous accounting standards are capitalized.
As a result, compared with the previous accounting standard, as of the beginning of the nine months ended December 31, 2018, other current assets increased by 1,764 million yen, retained earnings increased by 1,360 million yen, and deferred tax assets decreased by 540 million yen, among other changes.
The Group also identified performance obligations in contracts with customers based on the above five-step approach.
For certain sales transactions through sales agents, the Group reassessed the previous identification of a customer, and concluded that sales agents for some transactions should be defined as the customer. Accordingly, consideration for such transactions is determined based on the transaction price agreed with the agents.
In addition, for transactions where another party is involved in providing services to customers, the Group examined whether it has control over the services before the satisfaction of the performance obligations related to the services, and then has determined that it does not have control over the services. Accordingly, revenues from certain customers which were presented on a gross basis are presented on a net basis.
As a result, compared with the previous accounting standards, in the condensed consolidated statement of profit or loss for the nine months ended December 31, 2018, revenue and cost of sales decreased by 18,676 million yen, respectively.

2. Business Combinations

For the Nine Months Ended December 31, 2017

No significant business combinations occurred during the nine months ended December 31, 2017.

For the Nine Months Ended December 31, 2018

(1) Stock acquisition of Glassdoor, Inc.

1) Name of the acquiree and description of its business

Name of the acquiree: Glassdoor, Inc. ("Glassdoor")

Description of business: Operations of online jobs and recruiting site

2) Date of acquisition

June 21, 2018

3) Percentage of voting equity interests acquired

100%

4) Main reason for the business combination

In the mid-term, the Company seeks to further expand its HR Technology business in the United States and globally through both organic growth and M&A. The Company foresees significant opportunities for growth as Glassdoor and Indeed explore ways to 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 seeker and employer matching, and utilizing direct job seeker input to improve the overall job search experience for job seekers and recruiting activities for employers.

5) Method of obtaining control of the acquiree

Stock acquisition in exchange for cash as consideration

6) Component of goodwill recognized

Excess earning power expected from future business development

7) Consideration paid for acquisition and breakdown thereof

(In millions of yen)

Consideration	Amount
Cash and cash equivalents	143,045
Total	143,045

Note: The amount of consideration paid is converted from 1,295 million US dollars at the spot exchange rate as of the acquisition date and includes the adjustments, etc. of net cash held by Glassdoor.

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8) Fair values of assets and liabilities and goodwill as of the acquisition date

(In millions of yen)

Item	Fair value at initial recognition	Change in fair value upon remeasurement	Fair value after remeasurement
Current assets[1]	21,217	(512)	20,705
Non-current assets[2]	1,968	30,574	32,542
Total assets	23,186	30,061	53,247
Current liabilities[3]	11,442	(2,615)	8,827
Non-current liabilities	1,002	(17)	985
Total liabilities	12,444	(2,631)	9,813
Net assets	10,741	32,694	43,435
Goodwill[4]	132,355	(32,764)	99,609
Total	143,097	(52)	143,045

An additional fair value measurement was performed, reflecting new information obtained in the three months ended December 31, 2018. Fair values after the remeasurement are shown in the above table. However, as the fair values of assets acquired and liabilities assumed in the business combination continue to be measured, the allocation of consideration paid for the acquisition has not been completed in the three months ended December 31, 2018.

[1] Cash and cash equivalents of 16,197 million yen are included. The fair value of trade receivables acquired after the remeasurement is 3,378 million yen.

[2] Intangible assets are included. The breakdown of intangible assets included in the fair value after the remeasurement is as follows:

(In millions of yen)

Item	Amount
Customer-related intangible assets	14,466
Trademark rights	9,000
Other	6,106
Total	29,573

[3] Deferred income of 9,167 million yen included in the fair value at initial recognition decreased by 3,186 million yen. As a result, deferred income included in the fair value after the remeasurement is 5,980 million yen.

[4] The amount of goodwill is provisionally determined as the allocation of the consideration paid has not yet been completed.

9) Acquisition-related expenses

Acquisition-related expenses associated with the business combination were 1,193 million yen, which are recorded in “Selling, general and administrative expenses” in the condensed consolidated statement of profit or loss.

3. Operating Segments

(1) Overview of Reportable Segments

The Group's reportable segments are those components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance.
The Group has three reportable segments by type of business, namely, (1) HR Technology segment, (2) Media & Solutions segment, and (3) Staffing segment.
The HR Technology segment consists of the operations of *Indeed*, an online job search engine, *Glassdoor*, an online jobs and recruiting site, and related businesses.
The Media & Solutions segment consists of two business operations, namely, the Marketing Solutions operation and the HR Solutions operation.
The Staffing segment consists of two business operations, namely, Japan and Overseas.

(2) Information on Reportable Segments

Income of reportable segments is EBITDA (operating income + depreciation and amortization ± other operating income/expenses). Segment profit of eliminations and adjustments includes corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in transactions with third parties. Segment assets are not stated as they are not calculated.

RECRUIT

For the Nine Months Ended December 31, 2017

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	152,901	494,844	969,150	1,616,897	-	1,616,897
Intersegment revenue or transfers	3,712	3,878	9,798	17,390	(17,390)	-
Total	156,614	498,723	978,949	1,634,287	(17,390)	1,616,897
Segment profit (loss)	23,280	128,352	62,889	214,522	1,136	215,659
Depreciation and amortization						45,348
Other operating income						4,293
Other operating expenses						7,925
Operating income						166,679
Share of profit (loss) of associates and joint ventures						938
Finance income						4,650
Finance costs						413
Profit before tax						171,853

For the Nine Months Ended December 31, 2018

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	232,580	522,951	974,905	1,730,437	-	1,730,437
Intersegment revenue or transfers	4,320	4,745	11,210	20,276	(20,276)	-
Total	236,900	527,697	986,115	1,750,713	(20,276)	1,730,437
Segment profit (loss)	36,868	140,132	69,262	246,262	(6,126)	240,136
Depreciation and amortization						53,328
Other operating income						8,914
Other operating expenses						3,538
Operating income						192,183
Share of profit (loss) of associates and joint ventures						2,999
Finance income						6,734
Finance costs						374
Profit before tax						201,542

RECRUIT

For the Three Months Ended December 31, 2017

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	56,147	164,695	332,959	553,802	-	553,802
Intersegment revenue or transfers	1,270	2,026	3,311	6,608	(6,608)	-
Total	57,418	166,721	336,271	560,411	(6,608)	553,802
Segment profit (loss)	7,085	46,141	22,140	75,366	1,060	76,427
Depreciation and amortization						15,829
Other operating income						3,444
Other operating expenses						5,754
Operating income						58,288
Share of profit (loss) of associates and joint ventures						(897)
Finance income						1,473
Finance costs						243
Profit before tax						58,620

For the Three Months Ended December 31, 2018

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	83,492	176,479	327,126	587,097	-	587,097
Intersegment revenue or transfers	1,694	1,777	4,026	7,497	(7,497)	-
Total	85,186	178,256	331,152	594,595	(7,497)	587,097
Segment profit (loss)	13,103	48,686	25,100	86,890	(2,001)	84,889
Depreciation and amortization						17,645
Other operating income						280
Other operating expenses						1,912
Operating income						65,612
Share of profit (loss) of associates and joint ventures						5,240
Finance income						1,818
Finance costs						179
Profit before tax						72,491